

# Publications

## The Ohio SALT Chronicle – Issue 2

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## HB 126 Almost Two Years Later – Implementation Status

In April 2022, Ohio Governor DeWine signed Am Sub. House Bill 126, 134<sup>th</sup> General Assembly (HB 126); a significant restriction on the activities of local Boards of Education (BOEs) in pursuing property taxpayers for increases in tax. Ohio is one of a very limited number of states that allows this third-party interference in the property tax assessment process.

## Legislative Proposals to Eliminate the Ohio CAT and PIT are Attention Grabbing but Raise Many Questions and Uncertainties

**The Facts Part I:** HB 386 and SB 216 were introduced in late January. Both proposals would phase out Ohio's Commercial Activities Tax (CAT) and Personal Income Tax (PIT) and repeal them on January 1, 2030. Both proposals were assigned to their respective ways and means committees. To date, neither committee has met to hear testimony.

**The Facts Part II:** In last year's Ohio budget bill (Am. Sub. HB 33), the General Assembly based its biennium spending on forecasted CAT revenues of \$4.3B, PIT revenues of \$22.6B, and Sales/Use tax revenues of \$28B.

## Amendment to Ohio CAT R&D Tax Credit Statute Causing Problems for Taxpayers

In last year's Ohio budget bill (Am. Sub. HB 33), the Ohio General Assembly amended the Ohio Commercial Activity Tax (CAT) Research and Development Investment (R&D) Tax Credit statute (R.C. 5751.51), and in so doing effectively gave justification to the Ohio Department of Taxation's aggressive audit policy.

## Hotel Income and Sales of Hotels Have Been Down Since COVID, but Counties Continue to Place High Real Property Values on Many of These Properties

During the COVID-19 pandemic, hotels nationwide experienced an 85% drop in gross operating profit and a 103% decline in net operating income (*Boston University Hospitality Review*, "Hotels in Financial Distress and their Resolution," June 2021). Some estimates have hotel values declining as much as 35%, depending on the characteristics and location of the hotel, with a full recovery not expected until sometime in 2024.

## Ohio Department of Taxation Begins to Issue Findings That Implement Recent Exempt Facility Legislation

As part of HB 66, the Ohio General Assembly amended key definitions in RC 5709.20 that govern the State of Ohio's exempt facility or pollution control tax exemption program. The legislation became effective on April 3, 2023. The new law applied retroactively to all exempt facility applications and appeals pending on the effective date.