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HOUSE WAYS AND MEANS COMMITTEE

HOUSE BILL 223 OPPONENT TESTIMONY (written only)

May 4, 2021

Jon Honeck
County Commissioners Association of Ohio

Chair Merrin, Vice Chair Riedel, Ranking Member Sobecki, and Members of the House Ways and Means Committee:

Thank you for allowing me the opportunity to explain CCAO's concerns with HB 223, legislation which would allow a vendor to receive a sales tax refund for unpaid and uncollectible private label credit card account debt.

CCAO is opposed to this bill because of the ongoing revenue loss it creates for counties and because it undermines a long-established principle in sales tax law that a vendor may only claim a refund for bad debt that it keeps on its own books. HB 223 will cause annual sales tax revenue losses for counties of \$3.7 million, based on LSC's estimate of a four percent charge-off rate during good economic times. During an economic downturn, charge-off rates will grow significantly higher, leading to an even larger revenue loss for counties at a time when their overall sales tax revenue is declining. In this way, the bill will intensify the revenue losses that counties experience during a recession.

Aside from its revenue impact, HB 223 would establish a harmful precedent for sales tax law by allowing vendors to claim refunds for uncollectible debts kept on the books of lenders. Sales tax refunds should be made available to entities that have actually incurred losses and kept those losses on their books. This is a clear, understandable rule that Ohio has used for decades and should not be undermined.

We urge the committee not to support HB 223 in its current form. If the committee does move forward, the bill should contain a clear statement that its provisions apply to purchases made after its effective date. Thank you for allowing me the opportunity to share the views of CCAO on this issue. We would be pleased to discuss this issue in greater detail with the committee and the bill sponsor.



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