



**STRONGER COUNTIES. STRONGER OHIO.**

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Cheryl Subler, Executive Director

## OHIO SENATE WAYS AND MEANS COMMITTEE

### Senate Bill 235 – Opponent Testimony

December 14, 2021

Jon Honeck  
Senior Policy Analyst

Good morning Chairman Blessing, Vice Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee. My name is Jon Honeck and I am a Senior Policy Analyst with the County Commissioners Association of Ohio. Thank you for the opportunity to share the views of CCAO on Senate Bill 235.

It has been said that Ohio's 88 counties are the branch offices of the state. Counties deliver vital services to Ohio's residents, most notably public safety and the administration of justice. For most counties, the sales tax is the largest revenue source for the county general fund. For this reason, CCAO opposes legislation that reduces the sales tax base and lowers revenue to counties. I would like to remind the committee that the General Assembly recently enacted a major sales tax exemption for temporary employment services in the operating budget bill (HB 110), which will reduce revenue to counties and transit authorities by \$38.5 million per year.

The LSC Fiscal Note for Senate Bill 235 estimates annual revenue losses to counties and transit authorities of \$7.8 million from the proposed exemption for documentary services charged by auto dealers, and \$2.1 million from the exemption for electronic tax filing fees. Additional losses would occur through a reduction in Local Government Fund distributions.

The current law taxation of the automobile dealer documentary service fee recognizes that this service is an essential part of the transaction for the vast majority of consumers, and therefore the fee should be included in the total price of the sale. Current policy reflects a compromise that allows dealers to charge a standard, non-negotiable fee, in lieu of including these services as part of the price of the vehicle.



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With regard to the proposed exemption for tax filing services, the General Assembly decided several decades ago to tax certain electronic services provided to businesses in recognition of the changing nature of the economy. Tax filing fees fall into this category. This change was necessary because the sales tax was originally structured to apply to goods and not services. It is important to recognize that taxpayers have a choice in their filing options. They may file through a third party for a fee, or they may file for free directly through the Ohio Department of Taxation's I-file system or by using a paper form. Given the options available, we believe that current law should remain in place.

For these reasons, CCAO is opposed to SB 235. Thank you for allowing me to share the views of CCAO on this bill. I would be pleased to answer any questions.



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