



STATEHOUSE REPORT

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House committee assignments announced

The membership of the Ohio House's 19 committees and six subcommittees was announced by Speaker Rosenberger (R-Clarksville). [Click here](#) to review the rosters and identify the committee assignments that your lawmaker(s) have received.



The Finance & Appropriations Committee is by far the largest. Other sizeable panels include: Agriculture & Rural Development; Health & Aging; and Public Utilities. The announcement also sets times and meeting rooms for the committees, and as previously indicated none are slated to meet in the evenings. And continuing the practice of the last General Assembly the legislative week has been truncated to two days and all of the panels are scheduled for either Tuesday or Wednesday.

Members of the House Local Government Committee include: Representatives Anieiski (Chair), Ryan (Vice-Chair), Baker, Becker, Boose, Hambley, Rezabek, Ruhl, Vitale, Rogers (Ranking Member), Ashford, Boyd, and Reece.

Amazon "nexus" in Ohio may lead to Ohioans paying sales tax on their purchases from Amazon

As Vadata Inc, an Amazon-owned subsidiary, prepares to build a new \$1.1 billion data center in central Ohio with the support of state approved tax incentives, legislation is being drafted that aims to require the online retail giant to collect the state sales tax from its Ohio in-state customers.

[Rep. Cheryl Grossman \(R-Grove City\)](#) said she believes the data center project will create the physical presence that's necessary for states to require companies to remit the sales tax on purchases from in-state consumers. Rep. Grossman said she views the issue as a matter of fairness since Ohio-based businesses that have a physical presence in the state are at a

competitive disadvantage to large, online retailers that don't charge their customers any sales tax.



A 1992 U.S. Supreme Court decision ruled that an out-of-state company must have a "nexus" within a state in order to be required to collect the sales tax. Rep. Grossman said current state law on the subject is vague and she plans to sponsor legislation that would clarify that Amazon's data center qualifies as a nexus for the purposes of the sales tax. "My goal is a level playing field and for those companies that have brick and mortar establishments in the state of Ohio it makes it very difficult for them to compete sometimes," she said.

The Department of Taxation (ODT) has said the Vadata cloud computing facility would not qualify as the physical presence necessary for Amazon to collect the sales tax, citing an Ohio Supreme Court decision that ruled the opening of a catalogue company's subsidiary did not establish nexus for the purposes of sales tax collection. Since the Ohio Supreme Court ruling in the SFA Folio case relied on a prior U.S. Supreme Court decision, ODT views that as the controlling law on the issue of subsidiaries

This issue is part of a larger discussion regarding the Streamlined Sales Tax Compact and the states' ability to tax internet sales. ODT has estimated that taxing all online sales would generate about \$274 million in fiscal year 2015 and \$345 million in FY 2016 in Ohio. The traditional retail industry has been lobbying Congress to pass legislation to allow states to require their online competitors to assess taxes based on where the customer is located. The so-called "Marketplace Fairness Act" passed the U.S. Senate last year, but died in the U.S. House. The bill is expected to be reintroduced this session. The taxation of internet sales is particularly relevant as policymakers and government leaders talk about moving from income-based taxation to more consumption-based sales taxation. Trends show that consumers are doing more "on-line" shopping which is leading to less in store sales which results in an eroding base of sales that are subject to the sales tax. It is anticipated that this trend will continue to grow and cause sales tax revenue to decrease while at the same time a greater and greater reliance on state revenues is placed upon the sales tax.

As Amazon expands its distribution system and builds more and more warehouses around the country other states are increasingly forcing them to remit the sales tax. Minnesota and Maryland recently became the 22nd and 23rd states where the online retailer assesses the sales tax, making about 69% of the U.S. population subject to pay taxes on their Amazon purchases, according to the Wall Street Journal. All of Ohio's neighbors except Michigan currently require the company to remit.

Another marijuana legalization constitutional amendment proposal surfaces

ResponsibleOhio, one of several groups working to place their own marijuana legalization constitutional amendment on the November ballot, released [greater details for its plan](#) that would direct 85% of the authorized tax revenue primarily to local governments while reserving 15% of the tax for mental health and addiction prevention and treatment programs, marijuana research, non-profit medical marijuana dispensaries and regulatory operations.

A 15% flat tax would be imposed at every stage of the marijuana supply chain that would include the growing, wholesale, production and retail sales of marijuana.

The marijuana tax revenue for local governments would be distributed on a per-capita basis with 55% going to municipal and township governments and 30% to county governments. The proponents indicated that the local governments will receive the tax to use for “vital public services” which they claim will be for “public safety and health, including police, fire and emergency medical services, road and bridge repair and other infrastructure improvements.”



ResponsibleOhio had previously announced that marijuana would be grown at 10 predetermined facilities and quality-checked at one of five testing facilities that will be located near college campuses. After being tested, the labeled and sealed marijuana will be made into wholesale products at manufacturing facilities before being sold at licensed retail stores approved by local voters, according to the plan. The number of retail stores would be capped at no more than one location per 10,000 Ohioans. While residents age 21 and older would be able to purchase marijuana for recreational purposes, those who have a medical necessity certificate for the substance would be able to obtain it at non-profit medical dispensaries where taxes wouldn't be imposed.

Drug Free Action Alliance (DFAA), a competing marijuana legalization group, has criticized ResponsibleOhio for its plan to delineate in the final amendment where growing operations will be located, similar to how casino addresses were placed into the constitution through a ballot initiative. The DFAA indicated that it intends to fully illustrate the many ways this drug legalization scheme is bad for Ohio families and workers when constitutional amendment language is officially filed, noting that, marijuana cartel-like benefactors continue to talk in vague, glowing terms while refusing to dignify the intelligence of Ohio voters by simply offering the specific details of their scheme.

Hearing Schedule

Tuesday, January 27

House Ways & Means, (Chr. McClain, J., 644-6265), Rm. 121, 1:30 pm

- Introduction of Committee Members
- Election of Committee Secretary
- Overview of Committee Rules and Procedures

House Finance & Appropriations, (Chr. Smith, R., 466-1366), Rm. 313, 3:00 pm

- Introduction of Committee Members
- Election of Committee Secretary
- Overview of Committee Rules and Procedures
- Introduction by the Legislative Service Commission

Wednesday, January 28

Senate Session, (Chr. Faber, K., 466-4900), Senate Chamber, 1:30 pm

House Session, (Chr. Rosenberger, C., 466-3357), House Chamber, 1:30 pm