



H.B. 49 – BIENNIAL BUDGET

BACKGROUND:

The Associated General Contractors of Ohio, Ohio Contractors Association, National Electrical Contractors Association of Ohio, Mechanical Contractors Association of Ohio, and Construction Employers Association represent commercial construction companies. Our members build and renovate a wide variety of vertical and horizontal structures such as roads, bridges, schools, manufacturing facilities, water and sewer lines, office buildings, underground utilities, apartments and dormitories, parking structures, and utility and waste water treatment plants... to name a few.

Most Ohio contractors are considered small-to-medium sized businesses; the majority are structured as pass-through entities and are closely-held or family-owned. Contractors work across numerous municipal corporations. Construction is a high volume, low margin industry with multiple tiers of contractors.

Workforce is a major issue for commercial contractors. According to a recent poll, over 70 percent of surveyed Ohio contractors plan to expand headcount; 59 percent responded that they are having a hard time filling salaried positions, and 65 percent responded they are having a hard time filling some craftworker positions.

WE SUPPORT CENTRALIZED COLLECTION OF MUNICIPAL NET PROFITS TAX.

Contractors file net profits taxes in many different cities (one member stated 80-100 cities) – each with their own forms, rules, procedures and appeals processes. Oftentimes the cost of compliance exceeds the taxes owed. The Governor’s proposal to centralize collection and administration of net profit return filings for businesses via the Ohio Business Gateway (OBG) would save contractors a significant amount time, money and administrative headaches.

While current Ohio law allows taxpayers the option to file net profits returns and make payments via the OBG, it is not a streamlined process—each return must be filed individually and paid separately, and many cities require proof of the filing to be mailed to them. H.B. 49 would streamline the process by having businesses file one form and make a single payment online through OBG, with the Department of Taxation (ODT) processing payments and distributing revenues back to the appropriate local government, just as ODT does for county sales taxes, school district income taxes, and municipal income tax on electric, light, and telephone companies.

WE OPPOSE THE SALES TAX INCREASE AND EXPANSION.

Reducing and simplifying Ohio’s state income tax is a laudable goal, but we oppose shifting the tax burden by raising the state sales tax rate and extending state and local sales taxes to services not currently taxed under Ohio law.

- Sales Tax Expansion: Under the Governor’s budget proposal, *landscape design service* and *interior design and interior decorating service* would be subject to sales tax. The definitions of those services are broad and could inadvertently include some preconstruction services.
- Sales Tax Increase: Higher sales tax rates could hurt the economy and the state’s competitiveness by raising costs for Ohio’s individual and business consumers.



WE SUPPORT ENCOURAGING PREAPPRENTICESHIP PROGRAMS AND CAREER TRAINING PATHWAYS

H.B. 49 requires the Ohio Departments of Education and Job and Family Services, in consultation with the Governor’s Office of Workforce Transformation (OWT), to establish an option for career-technical education students to participate in preapprenticeship training programs that impart the skills and knowledge needed for successful participation in a registered apprenticeship program.

The Ohio State Apprenticeship Council (OSAC) registers apprenticeship programs for a number of different industries. Most reputable construction apprenticeship programs—union and open shop (nonunion)—are registered through OSAC. The Council has been working with OWT and ODE to create a process by which preapprenticeship programs can be recognized, and preapprenticeship graduates may have a direct path into registered apprenticeship programs.

It is important that no changes are made to the budget proposal that could undermine those efforts, nor steer funding to favor one program over another or to individual contractors. Preapprenticeship students deserve a pathway into registered apprenticeship programs, and contractors need to know that preapprenticeship training meets the appropriate industry standards.

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