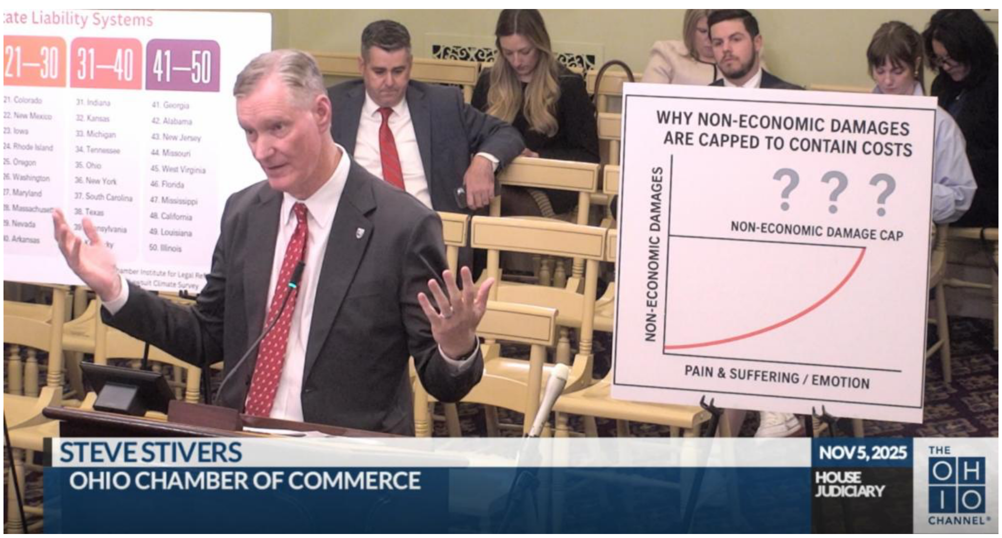
OHIO CHAMBER OF COMMERCE LEGISLATIVE UPDATE

Ohio Chamber President/CEO Testifies Against House Bill 447



Before the House Judiciary Committee last week, Ohio Chamber President/CEO Steve Stivers delivered opponent testimony on House Bill 447 (HB 447). This legislation threatens to increase operating costs for Ohio businesses and presents significant challenges to Ohio's business community by undermining longstanding pro-business reforms to Ohio's civil justice environment.

Under House Bill 447, Ohio's existing non-economic damage caps will increase by 65% overnight and will go up each year by the rate of inflation. That will result in our state's current non-economic damage cap moving from $350,000 per plaintiff to $580,000 per plaintiff. The automatic yearly inflation increase will also inject uncertainty into our civil justice system that will make it impossible for businesses to precisely predict future liabilities.

Non-economic damages are harms like mental anguish and pain and suffering, which cannot be measured in dollars and cents. That is why in 2005 Ohio lawmakers – led by then-State Senator Steve Stivers – enacted Senate Bill 80, which included a hard cap on non-economic damages that is not subject to yearly increases.

The stability stemming from our current non-economic damages helped turn Ohio into a top 5 state for business according to CNBC. It also resulted in making all forms of insurance for both Ohioans and Ohio businesses more affordable with some of the most competitive rates in the country.

House Bill 447 will undo these positive reforms and increase the cost of living and doing business in Ohio at a time when the state's economy is rebounding from record levels of inflation. Further, even with Ohio's existing non-economic damage caps in place, a recent US Chamber of Commerce study found plaintiff-bar driven lawsuits cost Ohio households over $2,500 per year in higher prices for the goods they use every day.

House Bill 447 remains pending in the House Judiciary Committee, and the Ohio Chamber looks forward to future conversations with lawmakers to share why its enactment will harm Ohio businesses and consumers.

Last week, the Ohio Chamber of Commerce provided proponent testimony on House Bill 129 (HB 129) before the Ohio Senate Local Government Committee.

HB 129 works to address sharp increases in property taxes by modernizing how certain school levies are calculated. Beginning in tax year 2026, the bill would include fixed-sum levies, such as existing emergency and substitute levies, in the calculation of a school district's 20-mill floor and the 2-mill floor for joint vocational school districts.

The legislation also authorizes school districts to levy fixed-sum property taxes in limited cases, such as during fiscal distress or a declared emergency. These levies could be used only for current operating expenses, would be limited to five years, and could not be renewed.

HB 129 passed the Ohio House with strong bipartisan support and a vote of 81–16.

Ohio Chamber Honored for Child Care Advocacy

At its recent *Momentum* conference in Dublin, the early childhood non-profit organization (and Chamber member) Groundwork Ohio honored the Ohio Chamber of Commerce with its *Groundwork Champion Award* for the Chamber's continued advocacy for improved child care in Ohio. The award *"honors long-standing, cross-sector partners who have helped lay the groundwork for change through steadfast leadership, meaningful collaboration, and bold investment in the early childhood movement."* Over the last three years, the Ohio Chamber has made expanding access and affordability to child care an ongoing policy priority. The Chamber's recent state budget efforts involved pushes to lower costs, increase provider capacity and develop a robust early childhood education workforce.

Groundwork Ohio is the only statewide policy and advocacy organization solely focused on young children during the prenatal period through age 5, and it has led the way in Ohio with conducting research, providing empirical data and organizing grassroots activism on behalf of early childhood needs. The Chamber and Groundwork Ohio, along with other partners, also formed a state team for Ohio under the U.S. Chamber Foundation's Early Childhood & Business Advisory Council. This effort culminated in April with the U.S. Chamber Foundation's publication of *"Untapped Potential: Ohio,"* an economic study in partnership with the Ohio Chamber and Groundwork Ohio. The report revealed that insufficient child care coverage costs Ohio $5.48 billion annually, including $1.52 billion in missed annual tax revenue and $3.97 billion in child care-related employee turnover and absenteeism costs to Ohio employers. The Chamber is thrilled to continue partnering with Groundwork Ohio and other stakeholders on this critical family and workforce issue.

Tax Update

Last week, the Ohio Chamber of Commerce provided proponent testimony on two bills, House Bill 503 (HB 503) and Sub. House Bill 186 (HB 186).

Recent years have shown the hardship on Ohioans as their property tax bills have significantly increased, presenting a growing financial challenge for many residents. A study conducted by the Ohio Chamber Research Foundation and Ernst Young found that property taxes in the peer locations in Ohio were 72% higher than those of the peer locations analyzed across the county. This same study also found in its compliance survey findings that Ohio's municipal income tax is, by far, the most burdensome and costly tax to administer in Ohio. High local property taxes not only negatively impact current residents of Ohio, but they also act as a disincentive for businesses looking to locate in our state.

House Bill 186 ensures that revenue from voted school district levies operating at the 20-mill or 2-mill floor does not exceed the rate of inflation over the preceding three years. Under the bill, property owners in affected districts will receive an inflation cap credit to offset property taxes charged above the inflationary limit. The bill will also partially reimburse school districts for revenue lost due to the temporary credit in HB 186. HB 186 is pending in the Ohio Senate Local Government Committee.

The Chamber also provided proponent testimony on HB 503. HB 503 adds transparency and fairness to Ohio's municipal income tax system by requiring voter approval of any change to a city's reciprocity credit. It also allows voters to initiate changes to their reciprocity credit through petition, ensuring that the people directly affected by these changes have a voice in the decision. HB 503 would ensure a more stable tax environment, allow companies to plan ahead, retain skilled workers and stay competitive in Ohio's job market. HB 503 has another hearing in the Ohio House Ways and Means Committee this week.