

## OSCPA 2023-2024 LEGISLATIVE AND REGULATORY PRIORITIES

Top issues from OSCPAs legislative and regulatory agenda for the 135<sup>th</sup> General Assembly (2023 – 2024) which began January 2023. As the 135<sup>th</sup> Ohio General Assembly has just started, no bills have yet been introduced, but many are being drafted. This list will continue to grow and issues are introduced or otherwise identified of positive interest or negative concern to OSCPAs members.

### OSCPA priorities this session

- 1) **State/Federal Tax Conformity Legislation.** Senate Bills 10 & 20, and a yet-to-be-introduced House bill will seek to incorporate into Ohio law the Internal Revenue Code changes made since February 17, 2022, when H.B. 51 (134<sup>th</sup> GA) brought Ohio into conformity with federal law and its applicability to Ohio’s income taxes. If enacted, this legislation will incorporate federal tax provisions that were enacted as part of the Inflation Reduction Act (H.R. 5376) signed on August 16, 2022, and the Consolidated Appropriations Act, 2023 (H.R. 2617) passed on Dec. 23, 2022.
- 2) **Biennial Budget Bill.** Governor DeWine is expected to release his version of the FY24-25 budget bill to the Ohio House by January 31, 2023. The legislature must complete the process by midnight on June 30, 2023 so the funding will be in place by the beginning of Ohio’s FY 2024 (July 1, 2023). Typically this bill is several thousand pages long and incorporates not only billions in funding for state agencies, local governments and more, but also numerous policy changes.
- 3) **Addressing the CPA Profession’s Workforce Challenges.** The ability to hire and retain skilled talent is one of the top challenges facing the CPA profession. OSCPAs is working with AICPA, NASBA, other state CPA societies and other Ohio business groups to find solutions to make Ohio more attractive, economically and culturally, to keep the best and brightest here in our state. Among OSCPAs initiatives:
  - **CPA Pipeline.** Concurrent with discussions with targeted CPA societies and AICPA, OSCPAs is quickly evaluating the best ways to encourage more Ohio students to pursue the CPA designation, how best to create more education options for Ohio candidates, and how best to ease the Exam challenges -- all while still working to protect interstate mobility.
  - **Make Ohio a Job Magnet.** Working with the DeWine Administration, state legislators and other Ohio business organizations, OSCPAs continues to pursue improvements to improve our economic climate for employers and employees alike.
  - **Diversity and Inclusion.** Over the past several years, OSCPAs has formally supported legislation that would make Ohio a more welcoming and diverse state and will continue to support bills that make Ohio more inclusive. Efforts include:
    - i. Seeking to expand Ohio anti-discrimination laws by including gender preference and sexual orientation under the list of protected classes. OSCPAs believes this change will help Ohio attract a more diverse population of CPAs, allow our state to better compete for top talent and enhance economic development efforts in our state. Legislation in past General Assemblies did not make it across the finish line; OSCPAs will be working with other interested parties on a successful outcome this session.

- ii. OSCPA serves on the steering committee of organizations supporting this issue and working to secure legislative support. Related, OSCPA is a member of [OhioBusinessCompetes.com](#), a broad business coalition with over 1,200 member businesses across the state supporting DEI in the workplace.
  - iii. OSCPA is also prioritizing efforts to end racism in our state through a multipronged approach: Board and CEO leadership, including reengaging OSCPA's Diversity and Inclusion Task Force; significant organizational financial support to mobilize and engage Ohio CPAs in this effort; and advancing public policy efforts that focus on ending racism.
- 4) **Repeal Marriage Tax Penalty.** [House Bill 615](#) from the 2021-22 legislative session proposed to modify the joint filing credit for taxable years beginning in 2024 and after, such that joint filers would not pay more income tax on their state return than they would if they filed separately. STATUS: The Society will pursue a reintroduced version of this legislation again in 2023.
- 5) **Municipal Notices and Late Filing Fees.** Last session OSCPA worked closely with Rep. Bill Roemer, CPA (R-Richfield) to secure the introduction of [House Bill 519](#) (134<sup>th</sup> GA) to place limits on late filing penalties under R.C. 718.27. In some cases, taxpayers currently can be charged up to \$150 in late filing fees even if they owe no tax. The legislation: (1) limits the late filing penalty to \$25, rather than the bill's previous cap at 50% of tax liability or the \$150 cap in current law; (2) requires any late filing penalty assessed on a taxpayer's first late filing to be refunded or abated once the taxpayer files the overdue return. Additionally, for taxpayers who have a filing extension, it will prohibit tax administrators from sending inquiries or notices prior to the taxpayer filing the return or prior to the extended due date, whichever comes first. Further, if this prohibition is violated, tax administrators would be required to reimburse the taxpayer for any costs incurred to respond to that inquiry. STATUS: The Society will pursue this legislation again in 2023.

## **Litigation of Note**

The following case is a priority area of concern to Ohio CPAs:

- 1) **Municipal Income Withholding and Refunds.** In the 2021 budget bill (H.B. 110, 134<sup>th</sup> GA), OSCPA supported clarifying language that Section 29 of House Bill 197 (133<sup>rd</sup> GA) was not intended to apply to the taxability of the employee's wages. This law change early in the pandemic addressed the significant withholding challenges faced by employers of workers who suddenly were working remotely – often outside of the city where the business itself was located. Although OSCPA preferred the Senate's original language in H.B. 110 granting refunds for both tax years 2020 and 2021, the final version only clarified 2021 refunds. At least for tax year 2021, this change allowed qualified employees to receive a refund of taxes withheld to a municipality where they neither lived nor physically performed services.

The courts will need to decide the refund issue for 2020. Several cases were filed in Ohio questioning the constitutionality of requiring individual taxpayers to pay income tax to municipalities where they neither live nor physically worked. Two cases have reached the Ohio Supreme Court. Both were decided against the plaintiffs (taxpayers) at the appellate level, and the Ohio Supreme Court declined to hear the first appeal in March 2022. However, the Ohio Supreme Court voted 4-3 on June 7, 2022 to take up the second case, [Schaad v. Alder](#). OSCPA agrees with taxpayers' constitutionality concerns and filed an amicus brief on Aug. 10, 2022. The Court has scheduled oral arguments for March 1, 2023, leaving 2020 refunds up in the air until a decision is released in mid-2023.

**For more information on any of these issues, please reach out to OSCPA's Government Relations Team:**

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*Updated January 12, 2023*