

OSCPA 2023-2024 LEGISLATIVE AND REGULATORY PRIORITIES

Top issues from OSCPAs legislative and regulatory agenda for the 135th General Assembly (2023 – 2024) which began January 2023. As the 135th Ohio General Assembly proceeds, this list will continue to grow as issues are introduced or otherwise identified of positive interest or negative concern to OSCPAs members.

OSCPA priorities enacted this session

- 1) **State/Federal Tax Conformity Legislation.** [Senate Bill 10](#) incorporates into Ohio law the Internal Revenue Code changes made since February 17, 2022, when H.B. 51 (134th GA) brought Ohio into conformity with federal law and its applicability to Ohio’s income taxes. S.B. 10 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. STATUS: S.B. 10 passed the Ohio House on March 1 with an emergency clause by a vote of 88-7 after previously passing the Ohio Senate on Feb. 8 with a vote of 30-0. OSCPAs testified as a proponent in both the House and Senate Ways & Means Committees. Gov. DeWine signed S.B. 10 into law on March 15 and it took effect immediately.

OSCPA priorities pending this session

- 1) **Biennial Budget Bill.** Governor DeWine released his version of the FY24-25 budget to the Ohio House on 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). The 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. STATUS: The Ohio House Finance Committee has already begun budget hearings and the official bill number is [House Bill 33](#).
- 2) **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; OSCPA 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.
- 2) **Deduction of Bonus Depreciation and Expensing Allowances.** [House Bill 116](#) seeks to amend R.C. 5747.01 to allow taxpayers to deduct in a single year the full bonus depreciation and enhanced expensing allowances the taxpayer deducts for federal income tax purposes. The bill creates an election allowing taxpayers to eliminate the addback and phase out subtraction. STATUS: H.B. 116 is scheduled for its first hearing in the House Ways & Means Committee on March 28.
 - 3) **Municipal Notices and Late Filing Fees.** [House Bill 105](#) places 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: H.B. 105 had its first hearing in the House Ways & Means Committee on March 21.
 - 4) **Municipal Net Profits Tax Safe Harbor.** [House Bill 121](#) allows businesses with remote/hybrid employees or owners to use a modified apportionment formula. It would provide the following: when an employee or owner works at a remote work location, the business may elect to apportion any property, payroll, or sales (gross receipts) attributable to that employee or owner to a designated location owned or controlled either by the business or one of its customers. STATUS: H.B. 121 was introduced on March 21.
 - 5) **Resident tax credit for SALT cap deduction from other states.** OSCPA-supported [Senate Bill 246](#) (134th GA), also known as Ohio's version of the SALT cap deduction parity/workaround, authorized pass-through entity (PTE) owners to claim a refundable credit against the owner's Ohio income tax liability equal to the owner's proportionate share of the tax paid by the PTE. Those who "elect" to be subject to this new entity-level tax in response to the federal \$10,000 SALT deduction cap limit placed on individuals must file the new Form IT 4738. The ODT's guidance on this process can be found by [clicking here](#). Thirty states have addressed this issue, and five states have introduced bills – see the [map of states](#). OSCPA is now advocating for a resident tax credit that would modify the income tax treatment of income subject to other states' PTE taxes. STATUS: Language has been drafted but not introduced yet.
 - 6) **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 is pursuing a reintroduced version of 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, 134th GA), OSCPA supported clarifying language that Section 29 of House Bill 197 (133rd 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 held oral arguments on March 1, 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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