



Ohio Society of Association Executives

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IMMEDIATE RELEASE

Ohio Society of Association Executives Speaks Out Against Tax on Lobbyists and Other Service Industries

COLUMBUS, OHIO (MARCH 21, 2017) – Although the Ohio Society of Association Executives (OSAE) believes firmly that reducing and simplifying Ohio's state income tax is a worthy and necessary goal for the Kasich administration to undertake, the organization does not believe that increasing the state sales tax rate and extending state and local sales taxes to services not already taxed under Ohio law is the proper way to approach this goal. The proposed increase was included as part of House Bill 49, the state's 2018-2019 biennial budget bill, which was introduced in early February.

Not only will new taxes on targeted services and higher sales tax rates hurt individual consumers, they will negatively impact sales, reduce the state's competitiveness to new business and also raise costs for consumers and business operators alike, including small businesses, which are often not-for-profit trade and professional associations. Broad professional service taxes are only found in three states – Hawaii, New Mexico and South Dakota. Thus, it is easy to see why implementing such a policy in a Midwestern state like Ohio would make it less attractive for future business growth as well as damaging to businesses already practicing here.

"The Ohio Society of Association Executives always stands poised to assist the Ohio General Assembly as it examines ways to reduce taxes and lessen the burden on consumers and business operators," said OSAE Executive Director Jarrod A. Clabaugh. "However, leveling broad sales taxes to shift the burden onto professional services is not the way to do it, which is why OSAE and our Board of Directors oppose – along with many other industry groups and coalitions – this change as proposed within HB 49."

At its March 3, 2017 Board of Directors Meeting, OSAE discussed the impact that the proposed tax would have on small businesses and the unnecessary and time-consuming burdens it would place upon trade associations and professional societies if enacted. Not only would the tax be hard to calculate, it is expected that organizations would have to modify their accounting and dues structures to accommodate the new tax.

"This proposal shifts tax onto the low-hanging fruit for political expediency and unfairly targets the small non-profits that only hope to have their voice heard in the political process," said OSAE President-Elect Tom Balzer, President & CEO of the Ohio Trucking Association, whose organization is also a part of the Ohio Service Industry Coalition, which also opposed the proposed tax. "While the governor is talking about working together and ensuring all sides be heard, his proposal to put a barrier on those wanting to engage in political discourse and the compliance costs associated with such a change far outweigh the benefits. Not only would it create an undue burden on associations to determine which of their services are taxable and which are not, there would be inconsistencies in reporting and audit exposure for nonprofits."

Typically, OSAE refrains from expressing political opinions. However, this tax – if enacted – would greatly impact its membership, the association industry and businesses operating in Ohio, as a whole.

About The Ohio Society of Association Executives (OSAE):

Since its founding in 1938, the Ohio Society of Association Executives (OSAE) has provided a variety of tangible services and benefits that enhance growth, development and professional expertise among its membership. As a nonprofit serving Ohio's powerful association industry, OSAE is committed to its leadership role among Ohio's associations -- to serve as the indispensable resource for association executives -- assisting you as you make vital contacts both within and outside your particular industry. Together, all our nonprofit organizations comprise a powerful body of support for Ohio's businesses, association management industry and Ohioans.

OSAE fosters excellence, leadership and professionalism in association management.

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