



OHIO CHAMBER OF COMMERCE LEGISLATIVE UPDATE



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Ohio Senate Releases First Round of State Budget Revisions

The Ohio Senate has released its first round of revisions to the state operating budget (House Bill 96), and the Ohio Chamber's Government Affairs team has analyzed the proposed changes against the Chamber's stated priorities.

The most noteworthy Senate change is its proposal to reduce the state income tax to a flat rate of 2.75% beginning in FY2026. At present, there are three state income tax rates: 0% for taxable income from \$0 to \$26,050, 2.75% for taxable income from \$26,051 to \$100,000, and 3.5% for taxable income over \$100,000. The Senate proposal is a phased-in approach over two years, with the top rate dropping to 3.125% for 2025, then down to 2.75% for 2026.

In fulfilling Ohio's constitutional requirements for a balanced budget, the major sources of replacing lost income tax revenue appear to be eliminating or reducing some of the House earmarks in the budget, diverting interest earnings on a host of state funds into the General Revenue Fund, and conducting nips and tucks across a wide spectrum of other budget line items. The Senate budget also proposes the elimination of several sales tax exemptions for certain categories of goods.

Of these jeopardized tax exemptions, one of the most significant is Ohio's data center sales tax exemption. The Ohio Chamber has already signed a coalition

letter with several companies and organizations to urge its restoration, as the language “*creates tremendous uncertainty around many potential data center projects*” and the exemption’s abrupt cutoff could “*significantly impair the ability to finance, construct and secure tenants for both single-user and critical multi-tenant data centers throughout Ohio.*”

Read the first round of revisions [here](#).

House Bill 15

The Ohio Chamber spoke at an Energy Foundation dinner, the Ohio Chamber Day and the Midwest Sustainability Summit on the passage of HB 15 (Electricity Energy Bill) and the next steps in that process as well as other bills that may be introduced given the final version of HB 15. The community energy bill has been introduced, as has



a customer billing bill. We suspect a residential demand bill will be introduced later this year. Picture (right) is from the great panel discussion with OBEP (Ohio Business Energy Partnership) members at the Sustainability Summit in Cincinnati.

House Bill 176 – Regulatory Sandbox

The Ohio Chamber testified in support of the legislation this past week. The legislation would allow companies to test new products and services in a relaxed regulatory “sandbox” or QA environment with volunteer clients and consumers to determine if regulations need to be changed or could be eliminated. According to the Mercatus Center, Ohio remains the 6th most regulated state. HB 176 would address some of this regulatory burden. Two years ago, Ohio passed similar

legislation that was aimed at only fintech products and services. HB 176 would widen that to a larger group of consumer goods and services.