Policy Matters Ohio

TESTIMONY
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Tax & Budget

Testimony on HB 292 before the Senate Ways & Means Committee

Zach Schiller

Good morning, Chairman Eklund, Ranking Member Williams and members of the committee. My name is Zach Schiller and I am research director of Policy Matters Ohio, a nonprofit, nonpartisan organization with the mission of creating a more prosperous, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to testify. I would like to address one point regarding House Bill 292: The length of time that someone needs to be in Ohio to be considered a resident for income-tax purposes. Ohio law allows for someone to live in the state far too long each year without qualifying as a resident.

Unlike most other states, Ohio uses what the state calls “contact periods” for measuring how much time individuals spend in the state and whether they are required to pay the income tax. A contact period is defined as an overnight stay, so someone coming to Ohio on a Monday and leaving Tuesday has one such period (not two). Under existing law and unchanged under House Bill 292, an individual is presumed to be a nonresident if they have no more than 212 contact periods during the year. This is a far more liberal policy than most other states, which typically use a requirement of 183 days, not contact periods. Fred Church, then deputy tax commissioner at the Ohio Department of Taxation, testified in a 2006 legislative hearing on a bill proposing to increase the number of contact periods to 183 that, *“Under this bill, an individual could spend 45 full work weeks in Ohio and still be a non-resident.”* (italics in the original) That’s because someone coming to Ohio Monday morning and leaving Friday evening would have only four contact periods each week, and the total for the year would be 180.

Since then, the number of contact periods to be a resident has been further increased to the current 213. Using Church’s guideline, someone can now come to Ohio on a Monday and leave on a Friday every week all year, and still not be considered an Ohio resident for income-tax purposes. While it is helpful that the bill adds some new requirements so that, for instance, you can’t be a nonresident if you have a valid driver’s license or receive in-state tuition at a state institution of higher education, the extremely long time one can be in Ohio without becoming a resident is not justifiable. While it may be beneficial to certain Florida snowbirds, it distorts what it means to be an Ohioan and is out of line with general practice. We urge the committee to scale back the residency requirement to 183 days, so someone who is in Ohio most of the time is in fact an Ohioan under tax law.

Thank you for this opportunity to testify.