



# SALT WATCH

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Plan  
Execute*

## *Breaking News*

### Key CAT Changes Highlight HB 59 Amendments

#### Governor Receives Budget Bill

On June 21<sup>st</sup>, GBQ published a "Breaking News" SALT Watch describing changes to House Bill 59 proposed by the joint Ohio House and Senate conference committee. On Tuesday, June 25<sup>th</sup>, the conference committee on the budget made last minute amendments. Yesterday afternoon, the House and Senate both approved the bill. Below are the highlights of the approved legislation related to the state's tax system as submitted to Governor John Kasich. Please note key changes to the Commercial Activity Tax are bolded.

#### Sales / Use Tax

- Increase of the state sales tax rate from 5.5% to 5.75% effective September 1, 2013.
- Application of sales tax to certain digital products and magazine subscriptions.
- Full membership in the Streamlined Sales Tax Agreement aimed at collecting tax from remote sellers.

#### Income Tax

- 10% reduction to all personal income tax rates over three years.
- 50% income tax cut for small businesses up to \$250,000.
- A nonrefundable state Earned Income Tax Credit.

#### Commercial Activity Tax

- **Previously proposed reduction of the annual CAT exemption from \$1 million to \$500,000 is removed.**
- **Proposes a graduated minimum tax based on the taxpayer's total annual taxable gross receipts and due May 10<sup>th</sup> of each calendar year. This structure replaces the \$150 minimum tax on the first \$1M in taxable gross receipts that all CAT taxpayers pay under existing law.**
  - **\$1M or less of annual taxable gross receipts - \$150**
  - **\$1 – \$2M of annual taxable gross receipts - \$800**
  - **\$2 – \$4M of annual taxable gross receipts - \$2,100**
  - **Greater than \$4M of annual taxable gross receipts - \$2,600**



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### Next Steps

By law, the bill must be finalized by this Sunday, June 30<sup>th</sup>. Governor Kasich may exercise his line item veto power and then sign the bill. GBQ SALT will publish a SALT Watch providing a more detailed analysis of the bill when it is signed into law. In the meantime, if you have any questions, please do not hesitate to contact GBQ's State and Local Tax Team.

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