



THE BUCKEYE INSTITUTE

Interested Party Testimony Submitted to the Ohio Senate Ways and Means Committee on House Bill 133

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Thank you, Chairman Eklund, Vice Chair Terhar, Ranking Member Williams, and members of the Committee for the opportunity to testify today regarding House Bill 133 and the tax and regulatory exemptions for out-of-state emergency-response personnel.

My name is Greg R. Lawson. I am the research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

House Bill 133 exempts out-of-state workers from most of Ohio’s state and local taxes if they are here responding to a Governor-declared state of emergency. The bill also rightly exempts such workers from state and local occupational licensing requirements. Given Ohio’s byzantine local tax policies and its arcane occupational licensing regime, these exemptions are necessary and proper.

According to the Tax Foundation, a leading non-partisan tax research organization, Ohio has the unfortunate distinction of owning the worst municipal income tax system in the country.¹ Ohio also boasts some of the nation’s most stringent occupational licensing requirements—requirements that The Heritage Foundation², the Brookings Institute³, and even the Obama⁴ and Trump administrations⁵ have all agreed hurt workers and make it more difficult for people to work in their chosen professions. Our state’s outmoded tax and licensing policies are even more absurd and risk even harsher consequences when imposed upon out-of-state rescue and emergency personnel coming to lend Ohio a helping hand.

The Buckeye Institute’s *Ohio Illustrated: A Visual Guide to Taxes and the Economy*,⁶ co-authored by the Tax Foundation, highlights the complexity and burdens of Ohio’s local tax system currently imposed on out-of-state emergency responders who are here only to help. Not content to impose its onerous tax and licensing schemes on its own citizens, Ohio extends its failed policies to men and women from other states who have come to help restore our power, our water, and rebuild our infrastructure in the days after a disaster. A simple “thank you” would likely be more appreciated.

As The Buckeye Institute’s **Economic Research Center** has explained repeatedly,⁷ Ohio’s occupational licensing requirements—essentially government permission slips to go to work in the morning—do not work for Ohioans, so one can only wonder why such requirements would

¹ Scott Drenkard and Greg R. Lawson, *In State Tax Battle, the Tar Heels Soar Above the Buckeyes*, Forbes, September 23, 2013.

² Salim Furth, *Costly Mistakes: How Bad Policies Raise the Cost of Living*, The Heritage Foundation, November 23, 2015.

³ Morris M. Kleiner, *Reforming Occupational Licensing Policies*, The Hamilton Project, March 2015.

⁴ The White House, *Occupational Licensing: A Framework for Policymakers*, July 2015.

⁵ Secretary of Labor Alexander Acosta, *Speech before the 44th Annual Meeting of the American Legislative Exchange Council*, U.S. Department of Labor, July 21, 2017.

⁶ *Ohio Illustrated: A Visual Guide to Taxes and the Economy*, The Buckeye Institute and The Tax Foundation, June 7, 2017.

⁷ Orphe Pierre Divounguis, PhD, Bryce Hill, and Greg R. Lawson, *Still Forbidden to Succeed: The Negative Effects of Occupational Licensing on Ohio’s Workforce*, The Buckeye Institute, December 18, 2017; and Tom Lampman, *Forbidden to Succeed: How Licensure Laws Hold Ohioans Back*, The Buckeye Institute, November 18, 2015.

ever work for *non*-Ohioans trying to relieve our communities hit hardest by some natural disaster. The fact is, of course, they won't.

House Bill 133's exemptions are both necessary and proper. Necessary: because when Ohio takes a devastating blow and must rebuild communities after floods, tornados, or winter storms, the last thing those communities should have to endure is bureaucratic red-tape preventing would-be responders from turning on the electricity or restoring potable drinking water while they wait for their licenses to clear. And proper: because sending a petty, unexpected tax bill to those who left the safety and comfort of their own home-states to help rescue ours is no way to show gratitude.

Once policymakers recognize the necessity and propriety of exempting non-Ohioans from these nettlesome policies, The Buckeye Institute hopes that Ohioans will soon get some much-needed relief from this broken system, too.

Thank you for your time and I look forward to responding to any questions that you might have.

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About The Buckeye Institute

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