

April 17, 2007

The Honorable Bob Gibbs
Chairman, House Ways & Means Committee
Ohio House of Representatives
77 S. High Street, 11th Floor
Columbus, OH 43215

RE: Estate Taxes

Chairman Gibbs and Members of the House Ways & Means Committee:

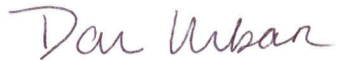
Thank you for allowing the Council of Smaller Enterprises (COSE) to submit testimony on revising Ohio's estate tax. COSE represents over 17,000 small business owners in Northeast Ohio. We group small businesses together to create greater strength in advocacy and purchasing. The estate tax is a very important issue for many of our members, and we welcome the General Assembly's attempt to lower or eliminate this burden on small business owners and individuals alike.

Ohio is one of only a few states with an estate tax that is not tied to the federal estate tax, which is currently on track toward being phased out. In other words, regardless of what the federal government already collects for its estate tax, Ohio will still collect 7% on any assets totalling over \$338,333. This puts a serious damper on the transfer of assets once a business owner passes away. As Thomas C. Pitrone noted in his testimony on behalf of the Ohio Small Business Council and COSE, the estate tax no longer affects only the wealthiest members of society. Anyone who owns a home and has saved for retirement may find themselves subject to the estate tax.

Anyone who owns a small business, too, may be subject to the estate tax. And the effects can be disheartening for those who attempt to assume responsibility for the business with a slice of the assets missing after the estate tax has been levied. Often times, the result is that the business finds that it must cease operations, which has the secondary effect of putting that business's employees out of work. In an effort to reduce the burden on small business owners and individuals while recognizing that many local governments depend on estate tax revenue, COSE supports raising the exemption threshold in a cautious phase out process. Over time, the state and local governments should become less dependent on revenue generated as a result of the death of small business owners or individuals, and the estate tax can be appropriately eliminated. Because HB 3 removes the statewide estate tax almost immediately and compels local governments to levy their own estate taxes, potentially pitting municipalities against each other, we believe that HB 4, amended to include a gradual phase out of the estate tax, would be a more suitable basis for estate tax reform.

Chairman Gibbs and members of the committee, thank you again for allowing COSE to submit testimony on House Bills 3 and 4. We look forward to continuing this discussion in the coming deliberations on estate tax reform. If you have any questions or would like more information, please feel free to contact Claire Walker, Director, Advocacy at 216.592.2417.

Sincerely,

A handwritten signature in cursive script that reads "Dan Urban".

Dan Urban
Wickens, Herzer, Panza, Cook & Batista LPA
Chairman, COSE Advocacy Committee