



June 7, 2026

Representative Bill Roemer
Chair, Ohio House Ways and Means Committee
77 S. High Street
Columbus, OH 43215

Chair Roemer,

On behalf of the nearly 21,000 members of the National Federation of Independent Business (NFIB) in Ohio, we appreciate the opportunity to provide proponent testimony on House Bill 642.

For reference, NFIB is a small business trade association founded over 80 years ago that is dedicated to representing the interests of small and independent businesses across our state and nation. NFIB's mission is to promote the right of our members to own, operate and grow their businesses. NFIB members come from all industry sectors and each of the 88 counties across Ohio. Our average member has 20 or fewer employees and has less than \$2 million in annual gross receipts.

House Bill 642 is a commonsense measure that would eliminate the five-year carryover limit for net operating losses in Ohio's municipal income tax system. For small businesses in Ohio, earnings can fluctuate significantly. Economic downturns and unexpected challenges can result in losses that may take years to recover.

Under current law, businesses can carry forward losses indefinitely for state income tax, but only five years for municipal income tax. As a result, businesses are unable to fully utilize losses simply because they take longer than the timeframe allows. By eliminating the five-year timeframe, House Bill 642 would ensure that businesses are taxed on their long-term profitability rather than on the timing of their earnings.

Ohio's municipal income tax system is already one of the most complex things a small business must navigate. Aligning municipal net operating losses with state policy would be a step towards simplifying the process and providing greater certainty for business owners.

We appreciate Representative Demetriou for leading this effort and urge the committee's support. Thank you for the opportunity to provide proponent testimony and please feel free to contact me at Jacob.Flowers@nfib.org if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Jacob Flowers". The signature is fluid and cursive.

Jacob Flowers
Assistant State Director