



# OHIO VETERINARY MEDICAL ASSOCIATION MEMBER ACTION ALERT

## Ohio House Bill 59 Sales Tax Veterinary Services

### BACKGROUND

The new state budget bill (HB 59) as proposed by Gov. Kasich and introduced in the Ohio House of Representatives would rewrite portions of Ohio's tax code, including making a number of previously exempt services subject to Ohio sales tax. Veterinary services, except for those provided in agriculture on livestock, would become taxable under the proposal.

### KEY FACTS

- **A weakened economy has impacted how and if clients seek care for their pets.** A Bayer study found that 84 percent of practice owners reported a moderate to significant impact from the recession on their business. And AVMA data from 2011 found that of those who did not visit a veterinarian in the past year, 29.3 percent of dog owners and 21.5 percent of cat owners cited inability to pay as the reason. Adding approximately 6 to 7 percent to the cost of veterinary care will only weaken an already soft economic condition for veterinary services.
- **Only three states (New Mexico, South Dakota and Hawaii) now impose a sales tax on veterinary services.** Recent attempts to add veterinary services to the sales tax in California, Maine, Michigan and Georgia have all been wisely turned down by their legislatures.
- **While the governor's proposal does offer some tax reductions to small business owners, a review of the proposal by OVMA's accounting firm found that many veterinary clinics will most likely see all of those savings evaporate,** with the clinic now having to pay sales tax on the services it uses, such as accountants, attorneys, architects, and advertising, among others. What savings remain (less than \$1,000 for a moderately size clinic) would quickly be lost to changes in client visits and spending patterns.
- **None of Ohio's neighboring states impose a sales tax on veterinary services,** meaning those clinics in border counties may well see clients go to veterinarians across state lines to save the 6 to 7 percent tax cost on veterinary visits and procedures in Ohio.
- **Veterinary facilities employ more than 12,000 individuals in Ohio,** according to a 2010 study by The Ohio State University, and contribute \$1.1 billion to Ohio's economy. Clearly, the sales tax proposal could change pet owners' approaches to care, putting Ohio jobs and economic growth at a disadvantage.
- **With the majority of diseases being zoonotic in nature, veterinarians are on the front lines of diagnosis and prevention** of many conditions—which also impacts human health and safety. A decline in veterinary visits caused by expanding the sales tax on services can clearly have negative public health consequences.
- **A decline in veterinary care may also lead to higher levels of pet relinquishment,** modification of care levels and euthanasia driven by economic considerations.
- **The human animal bond continues to grow,** with 66 percent of dog owners and 56 percent of cat owners thinking of their pets as "members of the family." Rising costs can push Ohio pet owners into making difficult and, at times, emotional decisions. This can be particularly true for senior citizens and others on fixed incomes, for whom pets can be especially important to their physical and emotional well being.

### WHAT CAN YOU DO

- **Call, e-mail or write your state representative and state senator** and express opposition to the extension of the sales tax onto veterinary services. You can find who your elected officials are and how to contact them by entering your zip code online at [www.legislature.state.oh.us](http://www.legislature.state.oh.us). If you need assistance, call or e-mail the OVMA office, and we would be happy to help you.
- **Attend OVMA Legislative Day** on April 17 and talk to your lawmakers in person. This event is free to OVMA members and we will provide you with background materials and schedule your office visits.



**OHIO VETERINARY MEDICAL ASSOCIATION** We are one. *Better together.*

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