



H.B. 614
123rd General Assembly
(As Introduced)

Reps. Roberts, Allen, Barrett, R. Miller, Netzley, Trakas, Sullivan, Redfern

BILL SUMMARY

- Eliminates the semiannual crediting to the Recycling and Litter Prevention Fund of \$5 million of revenue generated by the corporation franchise tax and the additional "litter" tax on corporations, and instead provides that all revenue generated by the litter tax be credited to that fund.

CONTENT AND OPERATION

Current law imposes an additional "litter" tax on most corporations that are subject to the corporation franchise tax. (The additional tax is not imposed on financial institutions.) The purpose of the litter tax is to provide funding for the Department of Natural Resources' Division of Recycling and Litter Prevention. The litter tax rates for corporations that pay their tax on the net income basis are 0.11% of the first \$50,000 of net income and 0.22% of net income above \$50,000. For corporations that pay on the net worth basis, the rate is 0.14 mill (i.e., 0.00014) multiplied by the corporation's net worth. But corporations that manufacture or sell certain "litter stream" products must pay the litter tax at higher rates: 0.11% of the first \$50,000 of net income and 0.44% of net income above \$50,000, or 0.28 mill (i.e., 0.00028) multiplied by net worth.¹ The maximum amount of litter tax that a corporation or group of affiliated corporations must pay is capped at \$5,000, or \$10,000 for corporations that pay at the higher rates for manufacturers and sellers of litter stream products. (R.C. 5733.065 and 5733.066.)

¹ "Litter stream products" include alcoholic beverages and soft drinks, containers and packaging for such beverages and drinks, take-out food packaging, tobacco products, candy, and gum. In general, for a corporation to be liable for the higher "litter stream" tax rates, its sales of litter stream products must be at least 5% of its total sales.

Every six months, \$5 million of revenue generated by the litter tax and corporation franchise tax is credited to the Recycling and Litter Prevention Fund.² The \$5 million amount does not change regardless of whether more or less than \$5 million is raised by the litter tax over that period. Litter tax revenue in excess of the amount credited to the Recycling and Litter Prevention Fund is credited to the General Revenue Fund (GRF), Local Government Fund, and Local Government Revenue Assistance Fund in the same proportions as revenue generated by the corporation franchise tax (that is, 95.2% to the GRF, 4.2% to the Local Government Fund, and 0.6% to the Local Government Revenue Assistance Fund). (R.C. 5733.122.)

The bill eliminates the semiannual crediting of \$5 million to the Recycling and Litter Prevention Fund, and instead provides that all litter tax payments are to be credited directly to that fund.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	03-21-00	pp. 1699-1700

H0614-I.123/ejs

² *The Department of Natural Resources is required to use the Recycling and Litter Prevention Fund for statewide waste reduction, recycling, and litter prevention programs, including recycling market development. The Department can make grants from the fund for the purposes of such programs.*