



Peter A. Cooper

*Bill Analysis*  
*Legislative Service Commission*

## **H.B. 762**

123rd General Assembly  
(As Introduced)

**Rep. Schuck**

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### **BILL SUMMARY**

- Reduces the sales and use tax on purchases of used motor vehicles by reducing the taxable sales price by the amount of the trade-in allowance.

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### **CONTENT AND OPERATION**

#### **Trade-in allowance for used motor vehicles not subject to sales, use taxes**

(secs. 5739.01(H)(2) and 5741.01(G)(1) and (2))

Currently, sales and use taxes apply to the sale of motor vehicles purchased or titled in Ohio. If the motor vehicle is new and is purchased from a new motor vehicle dealer, and the dealer accepts a motor vehicle in trade from the purchaser, the sales and use tax applies to the price paid by the purchaser *after* any trade-in allowance is deducted. In other words, the tax does not apply to the part of the purchase price that is paid, in effect, by the trade-in. But if the vehicle purchased is not new, or is not purchased from a new motor vehicle dealer, the sales and use tax applies to the entire purchase price--no reduction in the tax is made for any trade-in allowance given by the seller to the purchaser.

The bill requires any trade-in allowance to be deducted from the sales price for the purpose of computing the sales and use tax, regardless of whether the trade-in is for a new or a used vehicle, and regardless of whether the purchase is made from a new or a used motor vehicle dealer.

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## HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	08-29-00	p. 2212

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