



H.B. 72

124th General Assembly
(As Passed by the House)

Reps. Stapleton, Brinkman, Olman, Jolivette, Latta, Womer Benjamin, Calvert, Hollister, Evans, Core, Collier, Willamowski, Grendell, Flowers, Husted, Wolpert, Metelsky, Jerse, Hartnett, Allen, Coates, Ogg, DePiero, Britton, Distel, Boccieri, Latell, Woodard, Redfern, Niehaus, Callender, Carano, Brown, McGregor, Gilb, Kilbane, Carmichael, Perry, Hoops, Flannery, Schmidt, Schaffer, Otterman, Wilson, Seitz, Roman, Lendrum, Reinhard, Hagan, Buehrer, Schneider, Carey, Seaver, Hughes, S. Smith, Barrett, Clancy, Cirelli, Key, Rhine, Sferra, Beatty, Patton, Fedor, Aslanides, DeBose, Cates, Williams, Trakas, Setzer, Strahorn, D. Miller, Driehaus, G. Smith, Reidelbach

BILL SUMMARY

- Creates an outright sales tax exemption for school fund-raising sales made by student clubs, booster groups, and other organizations affiliated with the school.

CONTENT AND OPERATION

Current sales tax exemption for school fund-raising; six-day rule

(sec. 5739.02(B)(9))

Currently, state and county sales taxes do not apply to sales made by certain charitable organizations or churches as long as the sales do not occur on more than six days per calendar year. If the organization or church makes sales on seven or more days in a year, these subsequent sales become taxable, and the organization must charge the sales tax to purchasers, and pay the tax over to the state, just as any retail business must do.

For the purpose of the six-day exemption rule, primary and secondary schools and various affiliated nonprofit groups are considered to be charitable organizations, so their sales are exempt for up to six days. These groups include student clubs or groups, parent-teacher associations, booster groups, and similar organizations that raise money to support or fund a school's curricular or

extracurricular activities. If the school and one or more affiliated groups each makes sales during a year, the six-day exemption rule applies separately to the school and to each group.

Six-day exemption rule lifted for schools and affiliated groups; all sales are exempt

(sec. 5739.02(B)(9) and (43))

The bill removes the six-day sales tax exemption limit for primary and secondary schools and their affiliated nonprofit organizations. Therefore, all sales made by schools or their affiliated groups would be exempted from sales taxes regardless of the number of days on which sales occur. But, in order for sales made by an affiliated organization to be exempt under the bill, the organization must be recognized by the school's administration as an affiliated organization.

The bill also makes a modification in how affiliated organizations are described: under the bill, the organization must "raise money to support" the school's curricular or extracurricular activities, whereas under current law the organization must "raise money to support or fund" the school's curricular or extracurricular activities. The practical effect of this change is probably inconsequential.

Finally, the bill makes a technical correction to the six-day exemption rule that is not related to the school sales tax exemption rule. The bill strikes references to manufactured and mobile homes as items that a church or charitable organization must charge sales tax for if it sells a manufactured or mobile home. Since prior legislation (S.B. 142 of the 122nd General Assembly) makes dealers responsible for paying sales taxes on new manufactured and mobile homes, and used manufactured and mobile homes are no longer taxable, sales by charitable organizations or churches will no longer be taxable in any case.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	02-06-01	pp. 138-139
Reported, H. Ways & Means	03-14-02	p. 1552
Passed House (97-0)	03-20-02	pp. 1584-1585

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