



H.B. 285

125th General Assembly
(As Introduced)

Reps. Grendell, Faber, Fessler, McGregor, Aslanides, Buehrer, Carano, Distel, Hartnett, Schmidt

BILL SUMMARY

- Exempts towing charges from sales taxation if provided by an automobile club.

CONTENT AND OPERATION

Sales tax exemption for towing service by automobile club

(R.C. 5739.01(B)(3)(t); Section 3)

Beginning August 1, 2003, charges for automobile towing service became subject to the state and county sales taxes. The taxes apply to the service of towing or otherwise conveying wrecked, disabled, or illegally parked motor vehicles. (Charges for towing service by or on behalf of a local government--e.g., for cars parked in violation of local law--are not taxable, because services performed by, and sales made to, a local government are exempted from sales taxes.)

The bill exempts automobile towing service from the sales taxes if it is provided by an automobile club.¹ For the purposes of the exemption, an "automobile club" is any person or organization that, in exchange for dues, assessments, or periodic payments, promises to assist its members or subscribers "in matters relating to travel, the operation, use, and maintenance of a motor vehicle, and the supplying of services" such as towing, community traffic safety

¹ *The bill does not clearly address how it affects towing services provided by a towing company under contract with an automobile club, rather than by the club itself. According to a Department of Taxation information release, a towing company under a contract with an automobile club must bill the club for the tax (up to the maximum towing charge coverage provided by the club) and bill the club member for any balance.*

service, travel and touring service, theft or reward service, map service, emergency road service, bail bond service, legal fee reimbursement relating to defending against traffic offenses, and accident, sickness, or death insurance coverage.

The exemption applies on the first day of the first month that begins after the bill's effective date.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	09-23-03	p. 1083

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