



H.B. 346

125th General Assembly
(As Introduced)

Rep. Young

BILL SUMMARY

- Repeals the additional 1% sales and use tax rate increase, currently scheduled to expire June 30, 2005.

CONTENT AND OPERATION

Reduction of state sales, use tax rate

(R.C. 5739.02(A)(1), 5739.025, and 5739.10)

The rate of the state sales and use tax currently is 6%. The rate is increased from 5% to 6% for the 2004-2005 biennium under the main operating appropriations act (Am. Sub. H.B. 95). The rate is scheduled to revert to 5% beginning July 1, 2005.

The bill repeals the rate increase, returning the rate to 5%. The rate reduction would take effect on the first day of the month that begins after the bill's effective date. The bill's effective date would be immediate, because it is not subject to the 90-day referendum period. (See Sections 3 and 4.)

The bill makes various conforming changes to current law setting forth how sales and use taxes must be computed. (R.C. 5739.025.) The law prescribes statutory tables for computing the total state and county tax for any possible county tax rate. Under current law, these tables are scheduled to be superseded by a computational rule on January 1, 2006. Accordingly, current law and the bill make various references to December 31, 2005, the last day the tables apply. These references are to the changeover from the rate tables to the computational rule, not to the date the tax rate increase would be repealed.

The bill also conforms the rate of the "backup" vendor tax by reducing it to 5%. (R.C. 5739.10.) The backup tax imposes a legal tax liability on vendors equal to any amount of sales tax a vendor does not remit to the state. It is intended

to encourage vendors' compliance with their obligation to collect and remit sales taxes.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	12-09-03	p. 1260

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