



H.B. 153

126th General Assembly
(As Introduced)

Reps. Mitchell, Perry, Allen, Beatty, Brown, S. Smith, Harwood, Ujvagi,
Yates, Miller, Hartnett

BILL SUMMARY

- Narrows the sales and use tax exemption for motor vehicles purchased by nonresidents by applying it only to residents of another state that provides a reciprocal exemption for Ohio residents purchasing vehicles in the other state.

CONTENT AND OPERATION

Exemption for motor vehicle sales to nonresidents

(R.C. 5739.02(B)(23))

Under current law, a motor vehicle purchased by a nonresident of Ohio is exempted from the sales and use tax (both state and county) if the purchaser presents an affidavit to the seller attesting to four things: (1) that the purchaser is a nonresident, (2) that the purchaser will possess the vehicle in Ohio solely to take it out of the state, (3) that the vehicle will be permanently registered and titled in another state, and (4) that the vehicle will not be used in Ohio. Generally, a nonresident who buys a vehicle under these circumstances will have to pay any sales or use tax in the person's home state where the car is registered and titled, assuming the home state levies such a tax.

The bill narrows the exemption by allowing it only for motor vehicle purchases by a person who is a resident of a state that extends the same kind of exemption to residents of Ohio. In other words, if a resident of another state purchases a vehicle in Ohio and makes the affidavit described above, the purchase is exempt from Ohio sales tax only if the purchaser's home state would give the same exemption to an Ohio resident purchasing a vehicle in that state and bringing it back to Ohio. If the nonresident's home state does not provide such an exemption, then the nonresident must pay Ohio sales or use tax and also any county tax.

The bill begins to apply to motor vehicle purchases in the first month that begins at least 30 days after the bill's effective date.

HISTORY

| ACTION | DATE | JOURNAL ENTRY |
|------------|----------|---------------|
| Introduced | 03-24-05 | pp. 354-355 |

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