



Ralph D. Clark

*Bill Analysis*  
Legislative Service Commission

## **H.B. 430**

126th General Assembly  
(As Introduced)

**Reps. Boccieri, Woodard, Carano, Yuko, DeGeeter, Garrison, Brown, Hood, Williams, Allen, Reidelbach, Harwood, Miller, S. Patton, Otterman, Barrett, Oelslager**

---

### **BILL SUMMARY**

- Expands the existing sales tax exemption for natural gas sales to include sales of natural gas even if the sale is not made by a "natural gas company"--i.e., even if the sale is made by a nonutility gas supplier or by a political subdivision aggregating gas purchases for residents.
- Exempts sales of propane gas from sales tax if the gas is used to heat a home.

---

### **CONTENT AND OPERATION**

#### **Expanded sales tax exemption for natural gas**

(R.C. 5739.02(B)(7))

Under current law, the retail sale of natural gas is exempted from the state and county sales taxes but only if the gas is sold by a "natural gas company" and is delivered through pipes or conduits. By statutory definition, a natural gas company is a public utility engaged in the business of supplying or distributing natural gas for lighting, power, or heating purposes to consumers within Ohio. "Natural gas company" does not include a governmental aggregator or a "retail natural gas supplier." A government aggregator is a county, township, or municipal corporation that aggregates the provision of natural gas service within the political subdivision through a supplier. A retail natural gas supplier is a company or not-for-profit entity that supplies or arranges for the supply of natural gas to customers other than mercantile customers; such suppliers include natural

gas brokers, marketers, and aggregators.<sup>1</sup> (R.C. 4929.01, not in bill.) Generally, such suppliers are nonutilities selling natural gas to consumers through the "customer choice" program, whereby consumers purchase gas from a supplier (which may, but does not need to be, a natural gas company) and the gas is delivered through a natural gas company's distribution system.

The bill exempts natural gas sales from sales tax regardless of whether the gas is sold by a natural gas company. In other words, the bill extends the existing exemption to natural gas sold by a retail natural gas supplier or through a governmental aggregator. To be exempted, natural gas still must be delivered to the consumer through pipes or conduits.

**New exemption for propane gas used to heat homes**

(R.C. 5739.02(B)(48))

The bill creates a new sales tax exemption for sales to an individual of propane gas used by the individual to heat a home.

---

**HISTORY**

ACTION	DATE
Introduced	11-22-05

H0430-I-126.doc/jc

---

<sup>1</sup> A mercantile customer is a consumer of more than 500,000 cubic feet of gas per year at a single location, other than for residential purposes, or a consumer of gas "as part of an undertaking having more than three locations" anywhere, excluding gas for residential purposes. R.C. 4929.01.