



**Sub. S.B. 269\***

126th General Assembly

(As Reported by S. Ways and Means and Economic Development)

**Sens. Amstutz, Austria, Clancy, Gardner, Grendell, Jacobson, Jordan, Padgett, Schuler, Wachtmann, Zurz**

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**BILL SUMMARY**

- Exempts from the use tax items held by a person, not for that person's own use, and donated without charge to a charitable organization or the state or its political subdivisions.

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**CONTENT AND OPERATION**

**Use tax exemption for property donated to charitable organizations**

(R.C. 5741.02(C)(10))

Under continuing law, the state levies an excise tax on the storage, use, or other consumption in Ohio of tangible personal property or the benefit realized in Ohio of any service provided (the use tax). Counties and transit authorities also may levy "piggyback" use taxes. A thing is considered "used" in this state, and therefore subject to the use tax, "if its consumer gives or otherwise distributes it, without charge, to recipients in this state" (R.C. 5741.01(C), not in the bill).

The bill exempts from state and local piggyback use taxes, tangible personal property held by a person, not for that person's own use, but rather for donation to (1) a nonprofit organization operated exclusively for charitable purposes (see **COMMENT**) in Ohio, only if no part of the net income of the organization receiving the property inures to the benefit of a private shareholder or individual, and no substantial part of the organization's activities consists of carrying on propaganda or otherwise attempting to influence legislation, or (2) the state or any political subdivision of the state, but only if the property is donated for exclusively public purposes. In either case, the person donating the property must donate it without charge.

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\* This analysis was prepared before the report of the Senate Ways and Means and Economic Development Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

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## COMMENT

The bill defines "charitable purposes" as follows:

[T]he relief of poverty; the improvement of health through the alleviation of illness, disease, or injury; the operation of an organization exclusively for the provision of professional laundry, printing, and purchasing services to hospitals or charitable institutions; the operation of a home for the aged . . . ; the operation of a radio or television broadcasting station that is licensed by the federal communications commission as a noncommercial education radio or television station; the operation of a nonprofit animal adoption service or a county humane society; the promotion of education by an institution of learning that maintains a faculty of qualified instructors, teaches regular continuous courses of study, and confers a recognized diploma upon completion of a specific curriculum; the operation of a parent-teacher association, booster group, or similar organization primarily engaged in the promotion and support of the curricular or extracurricular activities of a primary or secondary school; the operation of a community or area center in which presentations in music, dramatics, the arts, and related fields are made in order to foster public interest and education therein; the production of performances in music, dramatics, and the arts; or the promotion of education by an organization engaged in carrying on research in, or the dissemination of, scientific and technological knowledge and information primarily for the public.

(R.C. 5741.02(C)(10), by reference to R.C. 5739.02(B)(12).)

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## HISTORY

ACTION	DATE
Introduced	02-01-06
Reported, S. Ways and Means and Economic Development	---

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