



Ohio Legislative Service Commission

Bill Analysis

Mackenzie Damon

S.B. 47

129th General Assembly
(As Introduced)

Sen. Kearney

BILL SUMMARY

- Authorizes a commercial activity tax credit for grocery stores operating in underserved areas equal to 10% of the grocery store's annual tax liability.

CONTENT AND OPERATION

CAT credit for underserved grocery stores

The bill proposes a nonrefundable credit against the commercial activity tax for businesses classified as "underserved community grocery" stores. To be eligible, a business must first qualify as a "supermarket and other grocery (except convenience) store" under the North American Industry Classification System (NAICS).¹ In addition, the location of the grocery store must be in a census tract where there is a below-average density of supermarkets and groceries or where a majority of households are low-income households.²

The bill allows a credit equal to 10% of a qualifying grocery store's commercial activity tax liability.³ The commercial activity tax is levied on a business' annual taxable gross receipts. Businesses with annual taxable gross receipts between \$150,000 and \$1 million pay an annual minimum tax of \$150; businesses with over \$1 million in annual

¹ The NAICS is a collaborative effort among government agencies in Canada, Mexico, and the United States (including the U.S. Office of Budget and Management) to classify businesses according to type of economic activity. The NAICS is reviewed every five years; the last review occurred in 2007. See www.census.gov/naics.

² R.C. 5751.54(A)

³ R.C. 5751.54(B)

gross receipts pay the \$150 minimum tax plus 0.26% of the gross receipts exceeding \$1 million.⁴

Qualifying grocery stores may claim the credit for tax periods beginning on or after January 1, 2011.⁵ The bill does not limit the number of years in which an underserved community grocery store may claim the proposed credit.

HISTORY

ACTION	DATE
Introduced	02-01-11

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⁴ R.C. 5751.03

⁵ R.C. 5751.54(B)

