Ohio Legislative Service Commission

Bill Analysis

Sam Benham

H.B. 450

130th General Assembly
(As Introduced)

Reps. Patterson, Lundy, R. Hagan, Hood, Barborak, Fedor

BILL SUMMARY

- Exempts sales of school supplies, clothing, computers, and computer accessories from sales and use taxation during a three-day period in August each year.

CONTENT AND OPERATION

Sales tax holiday

The bill establishes a three-day period each year during which school supplies, clothing, computers, and computer accessories are exempt from state and county sales and use taxes. The tax-exempt period begins on the first Friday of August.

The tax exemption applies to each of the following:

(1) Items of clothing up to $100 each. "Clothing" does not include accessories, sports equipment, or clothing that is rented or used in a trade or business.

(2) Items of school supplies up to $20 each. "School supplies" includes pens, pencils, notebooks, book bags, lunch boxes, calculators, and similar items, but does not include furniture, items that are rented, or items used in a trade or business.

(3) Personal computers up to $750 each. Electronic book readers and tablets qualify as "personal computers," but cell phones, video game consoles, and digital media receivers do not.

(4) Computer accessories up to $750 each. An accessory does not include any system, device, or software "that is designed or intended primarily for recreational use."

The exemption applies regardless of whether the sale occurs in Ohio or outside Ohio: if the sale occurs in Ohio, the sale is exempt from the sales taxes; if the sale occurs outside Ohio (for example, by mail-order or over the Internet) but the item is used in Ohio, the sale is exempt from the use taxes that would otherwise apply.[1]

Administration

The bill requires the Tax Commissioner to adopt rules necessary to implement the sales tax exemption, and to provide informational bulletins explaining the exemption to vendors.[2]

HISTORY

ACTION	DATE
Introduced	02-18-14

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[1] R.C. 5739.02(B)(54).

[2] R.C. 5739.05(A)(2).