



Conference Committee Synopsis

Legislative Service Commission

Sub. S.B. 143

124th General Assembly

The Conference Committee recommends the bill, As Passed by the Senate, with the following changes:

Topic	Senate Version	House Version	Conference Committee Recommendation
<p>THE SIMPLIFIED SALES AND USE TAX ADMINISTRATION ACT (MODEL ACT)</p>			
<p>Participation in multi-state discussions (R.C. 5740.02)</p>	<p>Ohio must participate in multi-state discussions regarding the development of a streamlined sales and use tax system and amending the interstate agreement.</p>	<p>Ohio must participate in such multi-state discussions, but participation is contingent on holding discussions with the other states in conformance with requirements substantially similar to Ohio's open meetings law; any person is permitted to bring an action for injunction or mandamus in the Franklin County Court of Common Pleas to enforce these requirements.</p>	<p>A modified House version, with Ohio's participation in meetings of the states that have implemented the model act being contingent on holding those meetings in conformance with requirements substantially similar to Ohio's open meetings law. Such meetings may be closed during discussions regarding proprietary information, personnel matters, competitive bidding, certification of service providers, or other matters that</p>

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			<p>may be discussed in closed meetings under Ohio's open meetings law. Ohio may participate in teleconferences, special meetings, meetings of working groups, committees, or steering committees if they are conducted under public participation rules established by states that have implemented the model act. Does not include specific authority to bring an action in the Franklin County Court of Common Pleas.</p>
<p>Voting on amending the interstate agreement (R.C. 5740.02)</p>	<p>In all matters where voting is required to amend the Streamlined Sales and Use Tax Agreement (interstate agreement), requires that the Tax Commissioner, based on the votes of the majority of the delegation, cast Ohio's vote.</p>	<p>In all matters where voting is required to amend the interstate agreement, requires the unanimous approval of the state's three-person delegation to cast Ohio's vote.</p>	<p>Senate version.</p>
<p>Authority to enter into the interstate agreement (R.C. 5740.03; Section 5)</p>	<p>The Tax Commissioner may enter into the interstate agreement if it satisfies the conditions specified in the bill; no further action by the General Assembly is required for the Commissioner to enter into the agreement.</p>	<p>The Commissioner may enter into the interstate agreement if it satisfies the conditions specified in the bill, but the General Assembly must first authorize the Commissioner to do so.</p>	<p>The Commissioner may enter into the interstate agreement if it satisfies the conditions specified in the bill, but the General Assembly must first authorize the Commissioner, by concurrent resolution, to do so.</p>



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Consumer privacy requirements (<i>R.C. 5740.08</i>)	Requires that certified service providers preserve the privacy of consumers.	The same, but further requires that certified service providers protect consumer information "in the same manner as required of the Department of Taxation for taxpayer information."	House version.
Travel expenses for Ohio's delegation to the Streamlined Sales Tax Project (<i>Section 7</i>)	No provision.	No provision.	Increases by \$10,000 the Tax Department's appropriation for local tax administration in fiscal years 2002 and 2003, to allow the Tax Commissioner to pay travel expenses incurred by Ohio's delegation to the Streamlined Sales Tax Project.
THE STREAMLINED SALES AND USE TAX AGREEMENT (INTERSTATE AGREEMENT)			
Situs of sales (<i>R.C. 5739.033 and 5741.05</i>)	Revises the statutory standards for attributing the source of transactions to a taxing jurisdiction (determining where a sale occurred) to comply with the interstate agreement's uniform "sourcing" standards, and requires that manufacturers and consumers that do not hold direct payment permits, but	No provision.	Senate version.



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	know that property or a service will be concurrently available for use in more than one taxing jurisdiction, deliver to the vendor a multiple points of use exemption form.		
Establishing the situs of a transaction involving a direct payment permit holder (R.C. 5739.031)	Provides that a direct payment permit holder is not required to deliver a multiple points of use exemption form to a vendor; instead, the holder must use a uniform method of apportioning tax due where property or a service is concurrently available for use in more than one taxing jurisdiction.	No provision.	Senate version.
Local sales and use tax rate and territorial boundary changes (R.C. 306.73, 5739.021, 5739.023, 5739.026, 5739.04, and 5741.08)	Limits the frequency of local sales and use tax rate changes in accordance with the interstate agreement, and requires any board operating a transit authority to notify the Tax Commissioner of tax rate changes and any changes in the transit system's territorial boundaries.	No provision.	Senate version.



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Nexus with this state (R.C. 5703.65 and 5741.01(I))	Provides that registration with the central registration system envisioned by the interstate agreement cannot be used (1) as the only basis to establish nexus with Ohio (meaning that a vendor would have to pay Ohio taxes), or (2) to establish "substantial nexus" for use tax purposes.	No provision.	Senate version.
Monetary allowances for certified service providers and certain vendors (R.C. 5739.06, 5739.12, 5741.01(O), and 5741.12)	Provides that if the Tax Commissioner enters into the interstate agreement, the Commissioner must provide a monetary allowance from the taxes collected to a certified service provider, and to any vendor registered under the interstate agreement that (1) selects a certified automated system to perform part of its sales or use tax functions, or (2) uses a proprietary system to calculate taxes due and has entered into a performance agreement.	No provision.	Senate version.
Delivery charges (R.C. 5739.01(H) and 5741.01(G))	Adopts the interstate agreement's uniform definition of delivery charges by excluding them from the "price"	No provision.	Senate version.



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	on which sales and use taxes are calculated, if the delivery charges are separately stated on a bill.		
MISCELLANEOUS			
Conforming Ohio law with the federal Mobile Telecommunications Sourcing Act (<i>R.C. 5739.01, 5739.033(A), and 5739.034</i>)	Revises Ohio sales and use tax law to require that Ohio and its local governments treat charges for "mobile telecommunications services," and determine where such services were deemed to have occurred and which taxing jurisdictions may tax those services, in the manner required by the federal Mobile Telecommunications Sourcing Act; provides that the Tax Commissioner may provide an electronic database to be used by a home service provider.	Expands on the Senate version by adding provisions regarding how taxes are charged under the federal Act when taxable and nontaxable charges are aggregated, the liability of a home service provider when the Tax Commissioner provides an electronic database, and the use of an enhanced zip code when an electronic database is not established; mandates that a mobile telecommunications service provided to a customer with a place of use outside Ohio is not subject to taxes or charges in Ohio; and requires a home service provider to obtain a customer's place of primary use according to the federal Act.	House version.
	Delays the effective date of the mobile telecommunications sourcing provision until August 1, 2002.	No provision.	Senate version.



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Taxpayer's payment of use taxes (<i>R.C. 5747.083</i>)	No provision.	Prohibits the Tax Commissioner from requiring taxpayers to report or pay use taxes on their personal income tax returns, if sales or use taxes were paid at the time of purchase to Ohio or another state.	House version.
Commission to study Ohio's tax structure (<i>Section 4</i>)	No provision.	Requires the appointment of a commission, by the end of January, 2002, to study Ohio's tax structure, "including taxes that impact the state's economy and the employment of its citizens"; findings must be submitted to the Governor in time to be included in the Governor's consideration of state budget recommendations for FY 2004 and 2005.	Senate version.

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