

Fiscal Note & Local Impact Statement

123rd General Assembly of Ohio

Ohio Legislative Budget Office: a nonpartisan agency providing fiscal research for the Ohio General Assembly
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BILL: **H.B. 612** DATE: **May 24, 2000**

STATUS: **As Enacted-Effective September 29, 2000** SPONSOR: **Rep. Jolivette**
(Certain provisions effective July 1, 2001)

LOCAL IMPACT STATEMENT REQUIRED: **Yes**

CONTENTS: **Makes various changes to tax laws**

State Fiscal Highlights

STATE FUND	FY 2001	FY 2002	FUTURE YEARS
General Revenue Fund			
Revenues	\$8.5 million decrease	\$2.7 million decrease	\$2.7 million decrease
Expenditures	\$325,000 decrease	\$325,000 decrease	\$325,000 decrease
Highway Bond Retirement Funds			
Revenues	\$1,050,000 decrease	\$400,000 decrease	\$400,000 decrease
Expenditures	- 0 -	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2001 is July 1, 2000 – June 30, 2001.

- Eliminates the vendor's license annual renewal requirement and the related \$10.00 fee. This results in a \$2.7 million annual loss to the GRF.
- Eliminates the \$2.00 annual fee for the International Fuel Tax Agreement and the Ohio Motor Fuel Use Tax decal program. This results in a \$400,000 annual loss in revenue that would have been allocated, after deducting administrative costs, to highway bond retirement funds for as long as needed, then used for supplementary highway construction.
- Increases the threshold for making quarterly estimated income tax payments from \$300 to \$500. This will result in a shifting of \$6.5 million in income tax revenues between fiscal years. Revenues will be lower in the first year, but return to the original level in the second year and thereafter.
- Authorizes the Tax Commissioner to permit taxpayers to file fuel use tax returns and pay the tax annually. This will result in a shifting of \$650,000 in motor vehicle fuel use tax revenues between fiscal years. Revenues will be lower in the first year, but return to the original level in the second year and thereafter.
- Administrative savings of at least \$325,000 annually will result from fewer license renewals and returns to process and from data entry time savings due to rounding of all amounts reported on tax returns for all taxes.



Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2000	FY 2001	FUTURE YEARS
Counties, municipalities and townships			
Revenues	\$700,000 decrease	- 0 -	- 0 -
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The shifting of income tax revenues may cause shifting in the amounts distributed to the Local Government Fund (LGF), the Local Government Revenue Assistance Fund (LGRAF), and the Library and Local Government Support Fund (LLGSF). Revenues may be lower in the first year, but higher in the second. After the second year, this change will have no effect on revenues.

Detailed Fiscal Analysis

The bill makes various changes to improve the efficiency of the Department of Taxation. The changes that have a fiscal impact are: eliminating the vendor’s license annual renewal requirement and the related \$10.00 fee; eliminating the \$2.00 annual fee for the International Fuel Tax Agreement and the Ohio Motor Fuel Use Tax decal program; increasing the threshold for making estimated income tax payments from \$300 to \$500; and authorizing the Tax Commissioner to permit taxpayers to file fuel use tax returns and pay the tax annually.

Eliminating the vendor’s license annual renewal requirement and the related \$10.00 fee will result in an annual \$2.7 million decrease in fee revenues. The decrease will fall solely on the General Revenue Fund. License renewal fees are deposited into the GRF.

Eliminating the \$2.00 annual fee for the International Fuel Tax Agreement and the Ohio Motor Fuel Use Tax decal program will result in an annual \$400,000 decrease in fee revenues. The revenue from these fees is distributed to highway bond retirement funds for as long as needed, then used for supplementary highway construction.

Increasing the threshold for making quarterly estimated income tax payments from \$300 to \$500 will reduce the number of taxpayers required to make these payments. This will not affect their tax liabilities, just the timing of their payments. This will result in a shifting of \$6.5 million in income tax revenues between fiscal years. Revenues will be lower in the first year, but return to the original level in the second year and thereafter.

Authorizing the Tax Commissioner to permit taxpayers to file fuel use tax returns and pay the tax annually will also affect the timing in which revenues are received. This will result in a shifting of \$650,000 in motor vehicle fuel use tax revenues between fiscal years. Revenues will be lower in the first year, but return to the original level in the second year and thereafter.

The Department of Taxation estimates that the administrative changes in the bill would result in annual savings of at least \$325,000. Administrative savings will result from no longer having to process vendor license renewals, having fewer quarterly estimated income tax and fuel use tax returns to process, and the data entry time savings due to rounding of all amounts reported on tax returns for all taxes.

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