

Taxation

H.B. 51

Primary Sponsor: Rep. Lampton

Effective date: Emergency: Incorporation of Internal Revenue Code changes and public meetings and hearings effective February 17, 2022; provisions addressing valuation adjustments effective May 19, 2022

- Allows a county auditor to initiate the property valuation adjustment process for destroyed or damaged property.
- Requires the Department of Taxation to prescribe a form to be used to request a valuation adjustment.
- Incorporates changes to federal tax law taking effect since March 31, 2021, into Ohio income tax law.
- Establishes a policy for virtual public meetings and hearings for use until June 30, 2022.

H.B. 66

Primary Sponsor: Rep. Hoops

Effective date: April 3, 2023; operating appropriations effective January 2, 2023

Property taxation

Exemption reporting

- Requires the Tax Commissioner's biennial report on state tax expenditures to include information on property tax exemptions.

Community school tax exemption

- Removes a requirement that community schools file an annual statement after an initial application with the Tax Commissioner as a condition of retaining a property tax exemption.

Combined school district property and income tax levies

- Allows a school district to propose to renew an emergency property tax levy and a combination income and property tax levy in a single ballot question.
- Applies the changes to resolutions adopted or proceedings that are pending or completed on or before April 3, 2023.

ADAMHS district taxing authority

- Requires revenue from certain joint-county alcohol, drug addiction, and mental health service (ADAMHS) district property taxes to be spent for the benefit of the residents of the county from which it is collected.
- Requires a member county of a joint-county ADAMHS district and, in certain circumstances, a withdrawing county from such a district to continue to levy and collect an ADAMHS-related tax following reorganization of the district.
- Requires, under certain circumstances, a new ADAMHS-related county tax to be labeled as a renewal or replacement for ballot language purposes.

Tax abatements

- Provides a temporary period for the owner of property located in an enterprise zone to apply for exemption from property taxation and abatement and refund of unpaid taxes.
- Provides a temporary period for a school district that acquired property in February 2021 to apply for abatement and remission of paid taxes, penalties, and interest for that tax year, payable to the person that paid them.
- Provides a temporary period for an agricultural society that acquired property from a county in March 2021 to apply for tax exemption for the property, notwithstanding the fact that the property has outstanding taxes assessed prior to its transfer.

Exemption and abatement of certain TIF property

- Allows municipal corporations that adopted a tax increment financing ordinance between June 1 and December 31, 2002, to temporarily file for tax exemption according to the terms of the ordinance, including parcel-by-parcel exemptions.
- Applies the temporary provision to exemption applications pending on April 3, 2023.

Sales and use tax exemptions

- Exempts the following from sales and use tax:
 - Electronic tax filing and payment services used in business to report or pay income tax, other than employee withholding, on behalf of an individual;
 - Certain taxable services that might be provided incidentally or supplementally to those electronic tax preparation services;
 - Documentary service charges imposed by motor vehicle and manufactured home dealers from the sales and use tax; and
 - Certain watercraft that are seasonally stored or repaired in Ohio.

Pollution control, energy conversion facilities

- Modifies existing property and sales and use tax exemptions for facilities primarily devoted to pollution control, energy conversion, and thermal efficiency improvement, as follows:
 - Extends the exemptions to leased property;
 - Extends the exemptions to property that primarily benefits a business, so long as that benefit aligns with an exempt purpose;
 - Extends the exemptions to property used to haul industrial waste to a point of disposal or treatment, or to store, filter, process, or dispose of such waste.
- Applies the changes to new exemption applications and applications pending on April 3, 2023.

Income tax credits

Commercial vehicle operator training

- Authorizes a nonrefundable income tax credit of up to \$25,000 per year for training expenses paid by employers after 2023 and before 2028 to train employees to operate a commercial vehicle.
- Limits the total amount of credits awarded each year to \$1.5 million.

Donations to scholarship organizations

- Modifies the credit cap of an existing income tax credit for donations to scholarship granting organizations for joint filers.

Refunds of tax penalties

- Allows taxpayers to obtain a refund of any tax-related penalties and fees the taxpayer overpaid or paid improperly.

Tax Expenditure Review Committee

- Eliminates the Tax Expenditure Review Committee as of April 3, 2023.

Video service changes

- Limits “video service” to “the provision by a video service provider of video programming” (a person granted video service authorization under Ohio’s video service authorization law is a video service provider).
- Provides that direct-to-home satellite services, as defined under federal law, and video streaming content, are not video services.
- Clarifies that direct-to-home satellite services and video streaming services are subject to sales tax.

Appropriations

- Appropriates \$30 million in FY 2023 to provide grants to eligible minor league sports teams.
- Appropriates \$35 million in the FY 2023 – FY 2024 biennium to fund certain cultural and sports facilities projects.

H.B. 95

Primary Sponsors: Reps. Manchester and Lightbody

Effective date: July 18, 2022; appropriation effective April 18, 2022

Tax credits to assist beginning farmers

- Authorizes a nonrefundable income tax credit for beginning farmers who attend a financial management program.
- Authorizes a nonrefundable income tax credit for individuals or businesses that sell or rent farmland, livestock, buildings, or equipment to beginning farmers.
- Requires the Department of Agriculture, and allows land grant state universities (Ohio State University and Central State University), to certify individuals as beginning farmers.
- Sunsets the credit on January 1, 2028.
- Limits the total amount of tax credits awarded to \$10 million.

Tax increment financing

- Allows a municipality to concurrently exempt improvements to the same parcel through both an incentive district tax increment financing (TIF) arrangement and a subsequent project or urban redevelopment TIF, if each exemption was authorized before March 1, 2022.
- Prescribes rules for allocating the exemption percentage, school district and county reimbursements, and service payment uses between the two TIF exemptions.
- Requires that municipal TIFs created after March 1, 2022, terminate and replace any prior TIF exemption granted to the same parcel by the same municipality.
- Establishes an alternative means by which a subdivision may effectuate notice to bind future owners of the property to TIF service payments.

Property tax abatement

- Provides a temporary period for a municipal corporation that acquired property from the state in 2020 to apply for abatement of unpaid taxes, penalties, and interest.

Motor vehicle show sales

- Expands the types of trucks that may be sold at certain motor vehicle shows to include motor vehicles that have a gross vehicle weight rating of 6,800 pounds or more.

Federal school lunch appropriation

- Appropriates \$338 million of federal funds in FY 2022 for the federal school lunch program.

H.B. 126

Primary Sponsor: Rep. Merrin

Effective date: July 21, 2022

- Limits a political subdivision from filing a property tax valuation complaint against property it does not own, unless the property was sold within a certain timeframe and the sale price was at least 10% and \$500,000 more than the auditor's current valuation.
- Requires the legislative authority of a political subdivision, before filing any property tax complaint, to pass a resolution at a public meeting authorizing the filing.
- Removes a requirement that school boards receive notice from a county board of revision (BOR) when certain property tax complaints are filed.
- Requires a BOR to dismiss an original complaint filed by a political subdivision within one year after the complaint is filed if the board does not render a decision by then.
- Prohibits a political subdivision that has filed a complaint or counter-complaint from appealing a BOR decision.
- Prohibits a property owner and a political subdivision from entering into a private payment agreement whereby the owner pays the political subdivision to dismiss, not file, or settle a complaint or counter-complaint.

H.B. 140

Primary Sponsor: Rep. Merrin

Effective date: September 13, 2022

- Requires property tax election notices and ballot language to display a property tax levy's rate in dollars for each \$100,000 of the county auditor's appraised value (i.e., true value), instead of in dollars for each \$100 of taxable value, in the following manner:
 - For a levy that is a renewal, decrease, increase, or expansion of an existing tax, the levy's effective tax rate for property classified as residential/agricultural;
 - For all other levies, the levy's voted millage rate.
- Requires most election notices and ballot language to state the estimated amount the levy would collect annually.
- Prohibits any portion of a property tax question from being printed on the ballot in boldface type or with differing font size, with some exceptions.
- Modifies the deadline for the county auditor's certification of a fixed-sum emergency levy or growth levy.

H.B. 223

Primary Sponsor: Rep. Hillyer

Effective date: March 23, 2023

- Allows vendors to deduct sales tax remitted for bad debts on private label credit accounts when the debt is charged off as uncollectible by the credit account lender or by a person succeeding to the accounts (e.g., debt collector).

H.B. 513

Primary Sponsors: Reps. Cross and Roemer

Effective date: Vetoed

- Would have allowed a wholesaler or distributor to obtain a refund of excise taxes on cigarettes, other tobacco products, and nicotine vapor products remitted on bad debts arising from the sale of those products.
- Would have authorized an exemption from the state's vapor products tax for certain distributors.
- Would have prohibited local regulation of tobacco products and alternative nicotine products.

H.B. 515

Primary Sponsors: Reps. Hoops and Riedel

Effective date: September 23, 2022

- Specifies two situations in which income from the sale of an ownership interest in a business is considered business income for Ohio income tax purposes.
- Changes, from daily to monthly, the reporting and payment period for the sports gaming tax.

S.B. 225

Primary Sponsor: Sen. Schuring

Effective date: September 13, 2022

Historic building rehabilitation tax credit

- Increases, from \$60 million to \$120 million, the amount of historic building rehabilitation tax credits that may be awarded by the Director of Development in each of FY 2023 and FY 2024.
- Allows several credit enhancements for rehabilitation projects approved by the Director before July 1, 2024.

- Permits owners of projects approved after June 30, 2020, and before the act's effective date, September 13, 2022, to reapply for an enhanced credit so long as construction on the project has not yet commenced.
- Provides that a state historic rehabilitation tax credit certificate is "effective" on the date that all historic buildings rehabilitated by the project are "placed in service," according to the meaning prescribed by federal income tax law.
- Requires the Director to consider the potential for increased attendance and gross revenue in determining whether to approve a project rehabilitating a historic theater.

Ohio opportunity zone investment tax credit

- Expands eligibility to receive an Ohio opportunity zone investment tax credit to investors in Ohio opportunity zones that are not subject to the personal income tax.
- Transitions the overall cap on the amount of Ohio opportunity zone investment tax credits from a biennial to an annual limit, and requires that compliance be determined based on the amount of credits awarded by the Director rather than the amount of credits claimed by recipients or transferees.
- Increases the cap for the FY 2022-FY 2023 biennium from \$50 million to \$75 million, and sets caps of \$50 million for FY 2024 and \$25 million for FY 2025 and thereafter.
- Requires the Director to conduct two application periods annually, each covering qualifying investments made during the preceding six months.
- Expands the circumstances under which a tax credit may be transferred.

Tax increment financing and downtown redevelopment districts

- Allows for retrospective application of two provisions of H.B. 110 of the 134th General Assembly related to tax increment financing districts (TIFs) and downtown redevelopment districts (DRDs).

Canton Hartford-Houtz Poor Fund

- Relieves the city of Canton of the requirement to appoint a board of trustees to take charge of property bequeathed to the city by an 1879 act of the General Assembly.
- Authorizes the city to distribute all moneys and proceeds bequeathed to it under the 1879 act to the Canton Ex-Newsboys Association or any other charitable organization.

S.B. 231

Primary Sponsor: Sen. Hottinger

Effective date: September 13, 2022

- Expressly authorizes the Department of Taxation to issue an income tax refund in the name of both a deceased taxpayer and the taxpayer's legal representative.

S.B. 246

Primary Sponsors: Sens. Rulli and Lang

Effective date: June 14, 2022

- Levies a tax on a pass-through entity's (PTE's) income apportioned to Ohio at a rate of 5% for taxable years beginning in 2022 and 3% for taxable years thereafter, but only if the PTE elects to become subject to the tax.
- Authorizes a PTE owner to claim a refundable credit against the owner's Ohio income tax liability equal to the owner's proportionate share of the tax paid by the PTE.
- Credits all tax revenue to the GRF.