

Executive

TAXCD21 Opportunity Zone tax credit

**R.C. 122.84, 107.036, 122.86, 5747.02, 5747.82, and
5747.98**

Creates a new Opportunity Zone Investment tax credit equal to 10% of an individual's investment in an Opportunity Zone investment fund, up to \$1 million per biennium. Permits the credit to be used to reduce personal income tax liability and makes it nonrefundable. Prohibits the Director of Development Services, to whom applicants must apply to be issued a tax credit certificate, from issuing more certificates than would cause the tax credits claimed in any fiscal biennium from exceeding \$50 million. (Under federal income tax law, investments made in an Opportunity Zone fund and held for at least five years accrue the federal tax benefit of deferred and reduced taxable capital gains. The proposed Ohio credit does not have a minimum holding period.)

Fiscal effect: May reduce income tax revenue. The Executive estimates a GRF tax revenue loss of \$30 million in FY 2021. Would reduce transfers through the Local Government Fund (Fund 7069) and the Public Library Fund (PLF, Fund 7065), each by 1.66% of any GRF revenue reductions under codified law, to local governments and public libraries. A provision of H.B. 166 would transfer 1.68% of tax revenue to the PLF in FY 2020 and 2021. Amounts retained by the GRF would be reduced by 96.68% of any revenue reduction under codified law, and by 96.66% taking account of the higher PLF percentage specified in the bill for the upcoming biennium.

TAXCD23 State administration of municipal income taxes

R.C. 718.83, 321.24 and 5745.05

Requires a municipal corporation to remit payment to the Treasurer of State if the net distribution amount for a municipal corporation's state-administered municipal income tax accounts is less than zero in any month. (Continuing law allows businesses to elect to have the Department of Taxation administer the business' municipal income taxes beginning in 2018. The Commissioner is required to distribute municipal income tax revenue on a monthly basis, after deducting 0.5% of such revenue to cover the Department's administrative expense. A municipal corporation's net distribution amount might be less than zero if audit adjustments and refunds exceed collections in a given month.)

Requires that the payment be remitted within thirty days of receiving notice of the deficiency. Allows the Commissioner to recover unpaid amounts by reducing a delinquent municipal corporation's municipal income tax distributions, electric light and telephone company income tax distributions, and property tax distributions.

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Requires the Director of Budget and Management to transfer money from the GRF to the Municipal Income Tax Fund in the event that the balance of the Municipal Income Tax Fund is not sufficient to cover the required monthly distributions of municipal income tax revenue. Requires, in the event of such a transfer, for the Director and the Commissioner to develop a plan to repay the GRF as soon as practical.

Fiscal effect: Will facilitate administration of the state-administered municipal income tax.

TAXCD22 Municipal Net Profit Tax Fund
R.C. 718.85, 718.83 and 718.90; Section 701.20

Creates a separate Municipal Net Profit Tax Fund to receive revenue from the state-administered municipal tax on business income, and from which to distribute this revenue to the municipal corporations to which it is owed. (Under current law, the revenue from that tax is deposited into the Municipal Income Tax Fund, Fund 7095, which also receives revenue from the state-administered municipal income tax on electric and telephone companies.) Requires the Director of Budget and Management to transfer all money balances in Fund 7095 that were collected from the state-administered municipal tax on business income into the new fund.

Fiscal effect: None.

TAXCD27 Legal age for a a person to receive or purchase cigarettes
R.C. 2927.02, 2927.022

Increases from 18 to 21 the legal age for a person to receive or purchase cigarettes, other tobacco products, alternative nicotine products, or papers used to roll cigarettes.

Defines and includes vapor products within the definition of "alternative nicotine product."

Requires clear and visible posting of signage indicating the legal age at locations where cigarettes, tobacco, and alternative nicotine products are sold.

Fiscal effect: The Executive estimates a GRF revenue loss of \$2.7 million in FY 2020 and \$4.0 million in FY 2021 under the sales and use tax from this provision, and GRF losses of \$14.3 million in FY 2020 and \$18.7 million in FY 2021 from cigarette tax effects. The provision may also increase the costs of local law enforcement agencies if it results in more violation cases.

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TAXCD24 Lead abatement tax credit

**R.C. 3742.50, 5747.02, 5747.08, 5747.26, and 5747.98;
Section 757.10**

Authorizes taxpayers to apply to the Department of Health for a nonrefundable income tax credit for costs incurred to abate lead hazards in a dwelling built before 1978. Limits the amount of each credit to the lesser of actual lead abatement costs incurred, the amount of such costs listed on an application for the credit, or \$10,000. Authorizes the credits beginning in taxable years beginning on or after January 1, 2020. Authorizes any unused credit to be carried forward up to 7 years.

Fiscal effect: Not more than \$5 million in total credits may be awarded in a biennium.

TAXCD25 Tax increment financing term extension

**R.C. 5709.40, 5709.41, 5709.73, 5709.78, and Section
757.20**

Authorizes municipalities, townships, and counties, under certain conditions, to extend the term of a tax increment financing (TIF) property tax exemption by up to 30 additional years. Provides that, to be eligible for such an extension, the TIF (1) must generate \$1.5 million in service payments in the immediately preceding year, (2) must not generate more than \$1.5 million in any other preceding year (this requirement only applies after 2020), and (3) the property owner must compensate the school district fully for its property tax losses. (Current law limits the term of TIF tax exemptions to 30 years. TIFs exempt tax revenue on a specified percentage, up to 100%, of the increase in real property value, and redirects service payments equal in amount to taxes that would otherwise be due into a special fund used to pay for new infrastructure.)

Fiscal effect: Some units of local government may incur ongoing tax revenue losses, relative to revenues from the increase in property value if the TIF was not in effect.

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TAXCD15 Tax refunds**Section: 409.20**

Specifies that appropriation item 110635, Tax Refunds, is to be used to pay refunds under section 5703.052 of the Revised Code. Appropriates any additional amounts that may be necessary for this purpose.

TAXCD16 Vendor's license payments**Section: 409.20**

Specifies that appropriation item 110631, Vendor's License Application, is to be used to make payments to county auditors under section 5739.17 of the Revised Code. Appropriates any additional amounts that may be necessary to make such payments.

TAXCD17 International Registration Plan administration**Section: 409.20**

Specifies that appropriation item 110616, International Registration Plan Administration, is to be used under section 5703.12 of the Revised Code for audits of persons with vehicles registered under the International Registration Plan.

TAXCD18 Travel expenses for the Streamlined Sales Tax Project**Section: 409.20**

Specifies that the Tax Commissioner may disburse funds, if available, for the purposes of paying travel expenses incurred by members of Ohio's delegation to the Streamlined Sales Tax Project, as appointed under section 5740.02 of the Revised Code, from appropriation item 110607, Local Tax Administration. Requires that any travel expense reimbursement paid for by the Department of Taxation is to be done in accordance with applicable state laws and guidelines.

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TAXCD19 Tobacco Settlement Enforcement**Section: 409.20**

Specifies that appropriation item 110404, Tobacco Settlement Enforcement, is to be used by the Tax Commissioner to pay costs incurred in the enforcement of divisions (F) and (G) of section 5743.03 of the Revised Code.

TAXCD20 Property tax administration**Section: 409.20**

Specifies that in FY 2020 and FY 2021, (1) the Tax Commissioner is not to compute or certify the amounts calculated under divisions (A) and (B) of section 321.24 of the Revised Code as amended by H.B. 166, (2) the Director of Budget and Management is not to transfer any amounts from the GRF to the Property Tax Administration Fund (Fund 5V80), and (3) the Tax Commissioner is not to subtract any amounts computed under section 5703.80 of the Revised Code from the payments made from the GRF to county treasurers under division (F) of section 321.24 of the Revised Code.

Fiscal effect: Uses balances in Fund 5V80 to pay the Department of Taxation's costs to administer property taxes in the upcoming biennium. Reimburses local governments in full, rather than net of administrative charges, for tax revenues that would otherwise be lost because of the 10% and 2.5% rollbacks and homestead exemption. This provision continues a change in procedure begun for FY 2018 and FY 2019 by Section 757.30 of H.B. 26 of the 132nd G.A., the transportation budget.

TAXCD28 Business Incentive Tax Credits**Section: 757.30**

Provides a table that lists an estimate of the specified business incentive credits that may be authorized in each fiscal year of the FY 2020-FY 2021 biennium, an estimate of the credits expected to be claimed in each fiscal year, and an estimate of the amount of credits authorized that will remain outstanding at the end of the FY 2020-FY 2021 biennium.

Specifies that in totality, the table provides an estimate of the state revenue forgone due to business incentive credits in the FY 2020-FY 2021 biennium and future biennia.

Executive**RDFCD3 Municipal Income Tax****Section: 387.20**

Specifies that appropriation item 110995, Municipal Income Tax, is to be used to make payments to municipal corporations under section 5745.05 of the Revised Code. Appropriates additional amounts if it is determined that additional amounts are necessary to make such payments.

Requires the Tax Commissioner, if the Municipal Income Tax Fund (Fund 7095) has insufficient cash to meet monthly distribution obligations under section 718.83 of the Revised Code, to certify to the Director of Budget and Management the amount of additional cash needed. Requires the Commissioner, in such a case, to submit a plan to the Director requesting the necessary cash be transferred from one or a combination of the following funds: the Municipal Tax Administrative Fund (Fund 5N50), the Local Sales Tax Administrative Fund (Fund 4350), the General School District Income Tax Administrative Fund (Fund 4380), the Motor Fuel Tax Administrative Fund (Fund 5V70), the Property Tax Administrative Fund (Fund 5V80), or the GRF. Requires the plan to include a proposed repayment schedule to reimburse those funds for any cash transferred. Permits the Director, after receiving the certification and funding plan from the Tax Commissioner and determining that sufficient cash is available, to transfer the cash to Fund 7095 in accordance with the plan submitted by the Commissioner or as otherwise determined by the Director, and subsequently permits the Director to transfer cash from Fund 7095 to reimburse the funds from which cash was transferred.

Fiscal effect: Will facilitate administration of the municipal income tax.
