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Senator John Eklund – Sponsor Testimony
Senate Bill 224
Senate Finance Committee
January 30, 2018

Good Afternoon Chairman Oelslager, Vice-Chair Manning, Ranking Member Skindell and members of the committee. Thank you for the opportunity to give sponsor testimony on Senate Bill 224, that will exempt from Ohio sales taxes sales of goods that ultimately are delivered overseas to non-citizens of the United States. I would like to have Ohio law to be clear that the State of Ohio will not tax those foreign individuals who make online purchases.

Some online vendors do not deliver to foreign countries. In response to that phenomenon small businesses have started to facilitate on-line transactions between those vendors and foreign individuals. They allow the foreign buyer to have the goods shipped to their address in Ohio (rather than overseas) and then arrange for the delivery of the goods to the buyer. The Ohio Department of Taxation has taken the position that Ohio's sales tax applies to the original sales transaction notwithstanding that neither the vendor nor the buyer are located in Ohio and the only nexus the goods have to Ohio is a temporary stop enroute to a foreign country.

That is akin to Ohio collecting sales tax on a New Yorker's purchase of Omaha Steaks ® because the beef transfers from an air carrier to a truck in Coshocton. That, to me, is overreach.

Thank you for the opportunity to provide testimony on SB 224, and I will be glad to answer any questions you may have.