



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Bill Analysis

Mackenzie Damon

### **H.B. 720**

132nd General Assembly  
(As Introduced)

**Reps.** Antani and T. Smith

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### **BILL SUMMARY**

- Requires voter approval before the rate of any county sales and use tax may be increased.
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### **CONTENT AND OPERATION**

#### **Voter approval of county sales and use tax rate increases**

The bill requires that, before a board of county commissioners may increase the rate of a county sales and use tax, the proposal must first receive the approval of voters.

Under current law, voter approval is not required for a county sales and use tax levied under R.C. 5739.026 to raise general fund revenue or to a tax imposed under R.C. 5739.021, which authorizes a tax of up to 1% for general fund revenue or for courts and other criminal and administrative justice services. Voter approval is required to increase the rate of a tax only if the rate increase will be used for certain special purposes or a combination of purposes under R.C. 5739.026, which authorizes a tax of up to 0.5% for one or a combination of several distinct purposes, including: (1) to make debt payments on bonds issued by a convention facilities authority, (2) to fund a transit authority, (3) to make permanent improvements, (4) to fund a 9-1-1 system, (5) to provide for the operation and maintenance of a detention facility, (6) to acquire agricultural easements, (7) to provide emergency medical services, and (8) to fund a regional transportation improvement project. Apart from those circumstances, generally, a board of county commissioners may, but is not required to, submit a rate increase to voters at the board's discretion. In any case, the board of commissioners must hold at least two hearings on any rate increase.

Current law also provides that, when a rate increase is not submitted to voters before it takes effect, it may be repealed by voters through the referendum process. If a rate increase is adopted by resolution as an emergency measure, the board of commissioners may, but are not required to, arrange to have a repeal question put on the ballot before the increase takes effect.

Under the bill, all rate increases would be subject to prior voter approval. Similar to other local tax questions, the board of county commissioners must first pass a resolution proposing the tax rate increase and then submit that resolution to the local board of elections. The board of elections submits the question to voters at the next general election or the next primary election that occurs in an even-numbered year. If approved, the tax will take effect in the first calendar quarter beginning at least 65 days after the board of elections certifies the election results.<sup>1</sup>

### **County sales and use taxes: background**

Currently, all 88 of Ohio's counties (plus eight transit authorities)<sup>2</sup> levy a local sale and use tax, at rates ranging from 0.5% to 1.5%. These local sales taxes "piggy-back" on Ohio's state sales tax – the same exemptions and filing requirements that apply to the state sales tax also apply to local sales taxes.

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## **HISTORY**

<b>ACTION</b>	<b>DATE</b>
Introduced	08-14-18

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<sup>1</sup> R.C. 305.31, 5739.021, 5739.022, and 5739.026.

<sup>2</sup> Transit authority sales tax proposals are already subject to prior voter approval. R.C. 5739.023.

