



OHIO LEGISLATIVE SERVICE COMMISSION

Eric Makela

Fiscal Note & Local Impact Statement

Bill: H.B. 720 of the 132nd G.A.

Status: As Introduced

Sponsor: Reps. Antani and J. Smith

Local Impact Statement Procedure Required: No

Subject: To require voter approval to increase a county's sales tax rate

The bill requires any proposed increase in sales tax rates to be brought to question at the next general or primary election, to be held at least 90 days after its approval by the board of county commissioners. Currently, county sales tax increases can be passed by a resolution of the board of county commissioners, and are subject to a referendum provided in sections 305.31 to 305.41 of the Revised Code; increases can also be approved by a majority of voters in a special election. H.B. 720 requires any such resolution to be approved by a majority of electors voting on the tax at either a primary or general election. If approved, the tax would become effective at the beginning of the next calendar quarter, no less than 65 days after the election results are finalized.

The bill has the potential to affect county permissive sales tax revenues by changing the likelihood of an increase in a county's sales tax rate. That likelihood depends in turn on the outcomes of ballot measures. While many observers would likely predict that the bill would reduce county sales tax revenues by making it more difficult to increase a county's tax rate, LSC staff do not know of a reliable way to predict voter behavior. Since January 1, 2014, a total of 24 county sales and use tax measures have appeared on ballots, and have been passed with a 67% success rate. Of those 24, only one appeared in a special election. During this time, 14 measures focused on a continuation or renewal of a previously passed rate increase, meaning only ten of the 24 ballot issues addressed raising the county sales tax rate. Of those ten ballot issues, three were passed.

The bill has no direct fiscal effect on the state. Any indirect fiscal effects would arise through changes in consumption of taxable goods and services, and therefore the state sales tax base, that may result from the bill's effect on county tax rates.