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133rd General Assembly
Regular Session
2019-2020

Sub. H. B. No. 255

A BILL

To amend sections 107.03, 5703.48, and 5703.95 of
the Revised Code to require the Tax
Commissioner's biennial tax expenditure report
to include information on property tax
exemptions and to require the Tax Expenditure
Review Committee to periodically review each
property tax exemption.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 107.03, 5703.48, and 5703.95 of
the Revised Code be amended to read as follows:

Sec. 107.03. (A) As used in this section, "transportation
budget" means the biennial budget that primarily includes the
following:

(1) Motor fuel excise tax-related appropriations for the
department of transportation, public works commission, and
development services agency;

(2) Other appropriations that pertain to transportation
and infrastructure related to transportation.



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(B) The governor shall submit a transportation budget to 18
the general assembly not later than four weeks after the general 19
assembly's organization. 20

(C) The governor shall submit to the general assembly, not 21
later than four weeks after its organization, a state budget 22
containing a complete financial plan for the ensuing fiscal 23
biennium, excluding items of revenue and expenditure described 24
in section 126.022 of the Revised Code. However, in years of a 25
new governor's inauguration, this budget shall be submitted not 26
later than the fifteenth day of March. 27

(D) In years of a new governor's inauguration, only the 28
new governor shall submit a budget to the general assembly. In 29
addition to other things required by law, each of the governor's 30
budgets shall contain: 31

(1) A general budget summary by function and agency 32
setting forth the proposed total expenses from each and all 33
funds and the anticipated resources for meeting such expenses; 34
such resources to include any available balances in the several 35
funds at the beginning of the biennium and a classification by 36
totals of all revenue receipts estimated to accrue during the 37
biennium under existing law and proposed legislation. 38

(2) A detailed statement showing the amounts recommended 39
to be appropriated from each fund for each fiscal year of the 40
biennium for current expenses, including, but not limited to, 41
personal services, supplies and materials, equipment, subsidies 42
and revenue distribution, merchandise for resale, transfers, and 43
nonexpense disbursements, obligations, interest on debt, and 44
retirement of debt, and for the biennium for capital outlay, to 45
the respective departments, offices, institutions, as defined in 46
section 121.01 of the Revised Code, and all other public 47

purposes; and, in comparative form, the actual expenses by 48
source of funds during each fiscal year of the previous two 49
bienniums for each such purpose. No alterations shall be made in 50
the requests for the legislative and judicial branches of the 51
state filed with the director of budget and management under 52
section 126.02 of the Revised Code. If any amount of federal 53
money is recommended to be appropriated or has been expended for 54
a purpose for which state money also is recommended to be 55
appropriated or has been expended, the amounts of federal money 56
and state money involved shall be separately identified. 57

(3) A detailed estimate of the revenue receipts in each 58
fund from each source under existing laws during each year of 59
the biennium; and, in comparative form, actual revenue receipts 60
in each fund from each source for each year of the two previous 61
bienniums; 62

(4) The estimated cash balance in each fund at the 63
beginning of the biennium covered by the budget; the estimated 64
liabilities outstanding against each such balance; and the 65
estimated net balance remaining and available for new 66
appropriations; 67

(5) A detailed estimate of the additional revenue receipts 68
in each fund from each source under proposed legislation, if 69
enacted, during each year of the biennium; 70

~~(6) A description of each tax expenditure; a detailed 71
estimate of the amount of revenues not available to the general 72
revenue fund under existing laws during each fiscal year of the 73
biennium covered by the budget due to the operation of each tax 74
expenditure; and, in comparative form, the amount of revenue not 75
available to the general revenue fund during each fiscal year of 76
the immediately preceding biennium due to the operation of each 77~~

~~tax expenditure.~~ The most recent report prepared by the 78
department of taxation ~~pursuant to~~ under section 5703.48 of the 79
Revised Code, which shall be submitted to the general assembly 80
as an appendix to the governor's budget. ~~As used in this~~ 81
~~division, "tax expenditure" has the same meaning as in section~~ 82
~~5703.48 of the Revised Code.;~~ 83

(7) The most recent report prepared by the tax expenditure 84
review committee under division (F) of section 5703.95 of the 85
Revised Code, which shall be submitted to the general assembly 86
as an appendix to the governor's budget. 87

Sec. 5703.48. (A) As used in this section ~~and section~~ 88
~~107.03 of the Revised Code, "tax:~~ 89

(1) "Tax expenditure" means a tax provision in the Revised 90
Code that exempts, either in whole or in part, certain persons, 91
income, goods, services, or property from the effect of taxes 92
levied by the state, including, but not limited to, tax 93
deductions, exemptions, deferrals, exclusions, allowances, 94
credits, reimbursements, and preferential tax rates, provided 95
all of the following apply to the provision: 96

~~(1)~~ (a) The provision reduces, or has the potential to 97
reduce, revenue to the general revenue fund; 98

~~(2)~~ (b) The persons, income, goods, services, or property 99
exempted by the provision would have been part of a defined tax 100
base; 101

~~(3)~~ (c) The persons, income, goods, services, or property 102
exempted by the provision are not subject to an alternate tax 103
levied by the state; 104

~~(4)~~ (d) The provision is subject to modification or repeal 105
by an act of the general assembly. 106

(2) "Property tax exemption" means a provision in the 107
Revised Code that exempts or authorizes a subdivision to exempt 108
from taxation all or a portion of the value of real property, as 109
reported on forms otherwise prescribed by the tax commissioner 110
and as categorized by the tax commissioner for purposes of this 111
section as: 112

(a) Charitable and public worship; 113

(b) Public and educational; 114

(c) Local economic development; 115

(d) Other exemptions. 116

(B) The department of taxation shall prepare and submit to 117
the governor not later than the first day of November in each 118
even-numbered year a report ~~describing the effect of~~ containing 119
certain information about tax expenditures on the general 120
revenue fund and property tax exemptions. The report shall 121
contain ~~a~~ each of the following: 122

(1) A description of each existing tax expenditure under 123
existing laws and, in and property tax exemption; 124

(2) In comparative form, a detailed estimate of the 125
approximate amount of revenue not available to the state general 126
revenue fund in each fiscal year of the current and ensuing 127
fiscal bienniums as a result of the operation of each tax 128
expenditure; 129

(3) The aggregate true value of real property exempted in 130
this state for the preceding tax year as the result of the 131
operation of each property tax exemption; 132

(4) The amount of revenue paid from the general revenue 133
fund in the preceding calendar year to reimburse subdivisions 134

for each property tax exemption for which such reimbursement is 135
required. The 136

The report shall be prepared in such a manner as to 137
facilitate the inclusion of the information provided by the 138
report in the governor's budget. 139

Sec. 5703.95. (A) As used in this section, "tax 140
expenditure" ~~has~~ and "property tax exemption" have the same 141
~~meaning~~ meanings as in section 5703.48 of the Revised Code. 142

(B) There is hereby created the tax expenditure review 143
committee, consisting of seven members, composed of the 144
following: 145

(1) Three members of the house of representatives 146
appointed by the speaker of the house of representatives in 147
consultation with the minority leader of the house of 148
representatives. Members described in division (B)(1) of this 149
section shall not all be members of the same party and should be 150
members of the house of representatives committee that deals 151
primarily with tax legislation; 152

(2) Three members of the senate appointed by the president 153
of the senate in consultation with the minority leader of the 154
senate. Members described in division (B)(2) of this section 155
shall not all be members of the same party and should be members 156
of the senate committee that deals primarily with tax 157
legislation; 158

(3) The tax commissioner or the tax commissioner's 159
designee. The member described in division (B)(3) of this 160
section shall be a nonvoting member. 161

The speaker of the house of representatives and the 162
president of the senate shall make initial appointments to the 163

committee not later than thirty days following the effective 164
date of the enactment of this section. Thereafter, the terms of 165
the office for appointed members shall be the same as the term 166
of each general assembly. Members may be reappointed, provided 167
the member continues to meet all other eligibility requirements. 168
Vacancies shall be filled in the manner provided for original 169
appointments. Any member appointed to fill a vacancy before the 170
expiration of the term for which the predecessor was appointed 171
shall hold office as a member for the remainder of that term. 172
Appointed members of the committee serve at the pleasure of the 173
member's appointing authority and may be removed only by the 174
appointing authority. 175

(C) The tax expenditure review committee shall hold its 176
first meeting within ninety days after the effective date of the 177
enactment of this section. At the first meeting, the members 178
shall elect a chairperson, who shall be one of the members 179
described in division (B) (1) or (2) of this section. Thereafter, 180
the committee shall meet at least once during the first year of 181
each fiscal biennium to review existing tax expenditures and 182
property tax exemptions pursuant to division (D) of this 183
section, provided the committee shall hold, for any such 184
expenditure and exemption, at least one meeting at which a 185
person may present to the committee evidence or testimony 186
related to that expenditure or exemption. Any person may submit 187
to the chairperson a request that the committee meet to accept 188
evidence or testimony on a tax expenditure or property tax 189
exemption. The committee is a public body for the purposes of 190
section 121.22 of the Revised Code. 191

The chairperson of the committee shall serve until the 192
thirty-first day of December of each even-numbered year. 193
Thereafter, members shall elect a new chairperson. If the 194

preceding chairperson was a member described in division (B) (1) 195
of this section, the new chairperson shall be a member described 196
in division (B) (2) of this section. If the preceding chairperson 197
was a member described in division (B) (2) of this section, the 198
new chairperson shall be a member described in division (B) (1) 199
of this section. 200

A vacancy on the committee does not impair the right of 201
the other members to exercise all the functions of the 202
committee. The presence of a majority of the voting members of 203
the committee constitutes a quorum for the conduct of business 204
of the committee. The concurrence of at least a majority of the 205
voting members of the committee is necessary for any action to 206
be taken by the committee. 207

Upon the committee's request, a county auditor or county 208
treasurer or the department of taxation, development services 209
agency, office of budget and management, or other state agency 210
shall provide any information in its possession that the 211
committee requires to perform its duties. 212

The staff of the legislative service commission shall 213
assist the committee as directed by the committee. 214

(D) The committee shall establish a schedule for review 215
for each tax expenditure and each property tax exemption so that 216
each expenditure and exemption is reviewed at least once every 217
eight years. The schedule may provide for the review of each tax 218
expenditure and exemption in the order the expenditures and 219
exemptions were enacted or modified, beginning with the least 220
recently enacted or modified ~~tax~~-expenditure or exemption. 221
Alternatively, the review schedule may group tax expenditures_ 222
and property tax exemptions by the individuals or industries 223
benefiting from the ~~expenditures~~ expenditure or exemption, the 224

objectives of each expenditure or exemption, or the policy 225
rationale of each expenditure or exemption. In its review, the 226
committee shall make recommendations as to whether each tax 227
expenditure and property tax exemption should be continued 228
without modification, modified, scheduled for further review at 229
a future date to consider repealing the expenditure or 230
exemption, or repealed outright. For each expenditure and 231
exemption reviewed, the committee may recommend accountability 232
standards for the future review of the expenditure or exemption. 233
The committee may consider, when reviewing a tax expenditure or 234
property tax exemption, any of the relevant factors described in 235
division (E) of this section. 236

(E) In conducting reviews pursuant to division (D) of this 237
section, the committee may consider the following factors: 238

(1) The number and classes of persons, organizations, 239
businesses, or types of industries that would receive the direct 240
benefit or consequences of the tax expenditure or property tax 241
exemption; 242

(2) The fiscal impact of the tax expenditure or property 243
tax exemption on state and local taxing authorities and 244
subdivisions, including any past fiscal effects and expected 245
future fiscal impacts of the ~~tax~~-expenditure or exemption in the 246
following eight-year period; 247

(3) Public policy objectives that might support the tax 248
expenditure or property tax exemption. In researching such 249
objectives, the committee may consider the expenditure's or 250
exemption's legislative history, the ~~tax~~-expenditure's or 251
exemption's sponsor's intent in proposing the ~~tax~~-expenditure or 252
exemption, or the extent to which the ~~tax~~-expenditure or 253
exemption encourages or would encourage business growth or 254

relocation into the state, promotes or would promote growth or 255
retention of high-wage jobs in the state, or aids or would aid 256
community stabilization. 257

(4) Whether the tax expenditure or property tax exemption 258
successfully accomplishes any of the objectives identified in 259
division (E) (3) of this section; 260

(5) Whether the objectives identified in division (E) (3) 261
of this section would or could have been accomplished 262
successfully in the absence of the tax expenditure or property 263
tax exemption or with less cost to the state or local 264
governments; 265

(6) Whether the objectives identified in division (E) (3) 266
of this section could have been accomplished successfully 267
through a program that requires legislative appropriations for 268
funding; 269

(7) The extent to which the tax expenditure or property 270
tax exemption may provide unintended benefits to an individual, 271
organization, or industry other than those the general assembly 272
or sponsor intended or creates an unfair competitive advantage 273
for its recipient with respect to other businesses in the state; 274

(8) The extent to which terminating the tax expenditure or 275
property tax exemption may have negative effects on taxpayers 276
that currently benefit from the tax expenditure; 277

(9) The extent to which terminating the tax expenditure or 278
property tax exemption may have negative or positive effects on 279
the state's employment and economy; 280

(10) The feasibility of modifying the tax expenditure or 281
property tax exemption to provide for adjustment or recapture of 282
the proceeds of the ~~tax~~-expenditure or exemption if the 283

objectives of the ~~tax-expenditure~~ or exemption are not fulfilled 284
by the recipient of the ~~tax-expenditure~~ or exemption. 285

(F) The committee shall prepare a report of its 286
determinations under division (D) of this section and, not later 287
than the first day of July of each even-numbered year, submit a 288
copy of the report to the governor, the speaker of the house of 289
representatives, the president of the senate, the minority 290
leader of the house of representatives, and the minority leader 291
of the senate. The first report shall be submitted either in the 292
year of the effective date of this section or in the first even- 293
numbered year thereafter. If the committee maintains a web site, 294
the committee shall cause a copy of the report to be posted on 295
the web site in a form enabling access to the report by the 296
public within thirty days after the report is submitted under 297
this division. If the committee does not maintain a web site, 298
the committee shall request that the president of the senate and 299
the speaker of the house of representatives cause the report to 300
be posted on the web site of the general assembly. 301

(G) Any bill introduced in the house of representatives or 302
the senate that proposes to enact or modify one or more tax 303
expenditures or property tax exemptions should include a 304
statement explaining the objectives of the ~~tax-expenditure~~ or 305
exemption or its modification and the sponsor's intent in 306
proposing the ~~tax-expenditure~~ or exemption or its modification. 307

Section 2. That existing sections 107.03, 5703.48, and 308
5703.95 of the Revised Code are hereby repealed. 309