



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 419
133rd General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Swearingen

Michael Hinel, Attorney

SUMMARY

- Exempts from state and local use tax certain watercraft seasonally stored or repaired in Ohio but purchased outside the state.

DETAILED ANALYSIS

Watercraft use tax exemption

The bill exempts certain watercraft purchased outside Ohio from state and local use taxes. In general, use tax is imposed on items purchased outside Ohio and used or stored in the state if no Ohio sales tax was paid. The use tax is assessed at the same state and local (i.e., county and transit authority) rates as the corresponding sales tax and applies to most purchases of tangible personal property, including watercraft.

Under the bill, a watercraft purchased outside the state is specifically exempted from use tax if all of the following apply:

- The watercraft is in Ohio only for storage or maintenance;
- The watercraft is not used or stored in Ohio from May through September of any year;
- The watercraft does not have to be registered in Ohio (e.g., the watercraft is registered in another state and used in Ohio for fewer than 60 days);
- The owner paid sales or use taxes in another jurisdiction (i.e., another state, a political subdivision of another state, or the District of Columbia) on the watercraft.¹

Under continuing law, a watercraft on which sales or use tax has been paid to another jurisdiction is taxable in Ohio only to the extent that Ohio's use tax rate exceeds the rate paid to

¹ R.C. 5741.02(C)(11); R.C. 1547.53(B) and 1547.531(B), not in the bill.

the other jurisdiction.² Tangible personal property “halted temporarily” in Ohio is subject to use tax, unless the use is specifically exempted by law.³ There is a limited exemption for a nonresident’s transient use of property in the state.⁴

Application

The exemption applies to the storage or use of all such watercraft beginning on the first day of the first month that begins on or after the bill’s effective date.⁵

HISTORY

Action	Date
Introduced	11-19-19

H0419-I-133/ks

² R.C. 5741.02(C)(5).

³ *Beatrice Foods Co. v. Lindley*, 70 Ohio St.2d 29, 33 (1982) (stating that use tax levied on tangible personal property brought permanently to or halted temporarily in the state does not violate the Commerce Clause of Article I, Section 8 of the U.S. Constitution).

⁴ R.C. 5741.02(C)(4).

⁵ Section 3 of the bill.