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# OHIO LEGISLATIVE SERVICE COMMISSION

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and Drafting

Legislative Budget  
Office

H.B. 57  
133<sup>rd</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsors:** Reps. Patterson and Cera

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### SUMMARY

- Exempts from sales and use tax bulk sales of firewood and certain other types of heating fuel.
- Reimburses the Local Government Fund and Public Library Fund for their shares of revenue reductions resulting from the exemption.
- Reimburses counties and transit authorities for reductions in their sales and use tax collections resulting from the exemption.

### DETAILED ANALYSIS

#### Sales and use tax heating fuel exemption

The bill exempts five categories of products from state and local sales and use tax – firewood, kerosene, liquid petroleum gas (i.e., propane), coal, and #2 fuel oil – provided the product is purchased in bulk, i.e., unpackaged, and used for heating purposes.<sup>1</sup> The exemption applies beginning in the first full month after the bill’s effective date.<sup>2</sup>

#### Local government reimbursements

The bill requires payments to be made from the General Revenue Fund (GRF) to the Local Government Fund (LGF) and the Public Library Fund (PLF) for revenue lost to those two funds as a result of the bill’s heating fuel sales and use tax exemption. The bill also requires similar GRF “hold harmless” payments to be made to counties and transit authorities that levy sales and use taxes for tax revenue lost because of the exemption.

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<sup>1</sup> R.C. 5739.02(B)(58).

<sup>2</sup> Section 3 of the bill.

## Local Government Fund and Public Library Fund

Continuing law requires that a certain percentage of tax revenue credited to the GRF be disbursed monthly to counties, townships, municipal corporations, and other types of subdivisions through the LGF and to public libraries, park districts, and some other subdivisions through the PLF. Under current law, 1.68% of GRF tax revenue is credited to the LGF and 1.70% is credited to the PLF.<sup>3</sup> Reductions in GRF tax revenue from any cause therefore reduces the amount credited to the LGF and PLF proportionately.

The bill requires the Director of OBM to increase the monthly payment to the LGF and PLF to offset the monthly amount of revenue forgone to the GRF because of the bill's heating fuel exemption, as estimated by the Tax Commissioner, multiplied by the percentage of GRF taxes required to be transferred to each fund. Essentially, the bill holds the LGF and PLF harmless from revenue loss resulting from the exemption.<sup>4</sup>

## County and transit sales and use tax

Continuing law authorizes counties and transit authorities to levy sales and use taxes within a subdivision's territorial limits for various purposes. These taxes are administered and collected by the Tax Commissioner and paid to counties and transit authorities on a monthly basis.<sup>5</sup>

Similar to the LGF and PLF reimbursement mechanism, the bill requires monthly payments from the GRF to each county and transit authority equal to the reduction in the subdivision's sales and use tax collections resulting from the bill's exemption, as estimated by the Tax Commissioner. Money received by a county or transit authority from this supplemental payment must be used for the same purposes as the underlying tax.<sup>6</sup>

## HISTORY

Action	Date
Introduced	02-12-19

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<sup>3</sup> Beginning July 1, 2021, the percentage of GRF tax revenue credited to the LGF and PLF is scheduled to decrease to 1.66% for each fund.

<sup>4</sup> R.C. 131.44 and 131.51.

<sup>5</sup> R.C. 5739.21(B) and 5741.03(B), not in the bill.

<sup>6</sup> R.C. 5739.212 and 5741.033.