



# Ohio Legislative Service Commission

---

## Final Analysis

Sam Benham

### Sub. S.B. 172

131st General Assembly  
(As Passed by the General Assembly)

**Sens.** Jordan, Seitz, Jones, Beagle, Burke, Coley, Eklund, Hite, Hottinger, Lehner, Patton, Peterson, Uecker

**Reps.** Scherer, Amstutz, Henne, Baker, Boose, Brenner, Buchy, Dever, Hambley, LaTourette, McClain, Retherford, Romanchuk, Schaffer, Sears, R. Smith, Sprague, Terhar, Thompson, Vitale, Young, Zeltwanger

**Effective date:** September 14, 2016

---

## ACT SUMMARY

- Exempts from sales and use taxation sales of investment metal bullion and investment coins.
- Expands eligibility for a fraternal organization property tax exemption to property of an organization operating under a state governing body that has been operating in Ohio for at least 85 years.
- Extends the deadline for a payment of quarterly municipal income tax employer withholding.
- Modifies the rule for when municipal income tax employer withholding payments are considered to have been made.
- Modifies the rule for when any municipal income tax payment remitted electronically is considered to have been made.

---

\* This version updates the effective date.

---

## CONTENT AND OPERATION

### Sales and use tax exemption for investment metal bullion and coins

The act exempts from sales and use taxation sales of investment metal bullion and investment coins. For the purposes of the exemption, investment metal bullion is gold, silver, platinum, or palladium bullion in excess of the minimum fineness required by a contract market for delivery in satisfaction of a commodity futures contract. (The definition is derived from federal law governing whether the purchase of something by an individual retirement account is a "collectible," and therefore considered a distribution from the IRA; bullion satisfying the federal law definition is not considered a collectible.) An investment coin is defined to be any coin composed primarily of gold, silver, platinum, or palladium.<sup>1</sup> The exemption applies starting with the first day of the first calendar quarter that begins at least 60 days after the act's effective date.<sup>2</sup> The act's effective date is September 14, 2016. Therefore, the exemption applies starting January 1, 2017.

### Fraternal organization property tax exemption

The act changes the eligibility requirements for a property tax exemption for property held or occupied by certain kinds of fraternal organizations. It allows property to qualify if the fraternal organization operates under a governing body that has operated in Ohio for at least 85 years, regardless of how many years the fraternal organization itself has been operating in Ohio.

Under prior law, property qualified if the fraternal organization "has been operating in this state with a state governing body for at least" 85 years.<sup>3</sup> In a recent Ohio Board of Tax Appeals decision, a fraternal organization's tax exemption was denied on the basis that the organization's chapter had not operated in Ohio for 85 years, even though its state governing body had.<sup>4</sup> The act's change applies to tax exemption applications that are pending on or filed after September 14, 2016 (the act's effective date).<sup>5</sup>

---

<sup>1</sup> R.C. 5739.02(B)(54).

<sup>2</sup> Section 3(A).

<sup>3</sup> R.C. 5709.17(D).

<sup>4</sup> *Bd. of Educ. of Springfield City School Dist. v. Testa*, BTA No. 2015-T-404, 2016 Ohio Tax LEXIS 400 (Feb. 17, 2016).

<sup>5</sup> Section 3(B).



## Municipal income tax withholding payments

The act makes two changes to the manner in which municipal income tax withholding payments are remitted to municipal tax administrators. First, it extends the date by which an employer must remit employee withholding taxes on a quarterly basis, from the 15th day after the end of each calendar quarter to the last day of the month following the end of each calendar quarter.<sup>6</sup> Under continuing law, an employer is generally required to remit employee withholdings quarterly if the withholdings do not exceed \$2,399 in the preceding calendar year or do not exceed \$200 in any month of the preceding calendar quarter.

Second, the act modifies the rule for when municipal income tax withholding payments are considered to have been made. Under prior law, a payment was considered to have been made on the date the payment was received by the tax administrator. Under the act, a payment is considered to have been made on the date of the payment's postmark or, for electronic payments, the date of the timestamp assigned by the first system receiving the payment (see below).<sup>7</sup>

## Municipal income tax electronic payments

The act modifies the rule for when any municipal income tax payment remitted electronically is considered to have been made. Under prior law, a payment was generally considered to have been made on the date the payment was credited to an account designated by the tax administrator to receive such payments. Instead, the act provides that a payment is considered to have been made on the date of the timestamp assigned by the first electronic system receiving the payment.<sup>8</sup>

---

## HISTORY

ACTION	DATE
Introduced	05-27-15
Reported, S. Ways & Means	11-18-15
Passed Senate (31-2)	12-09-15
Reported, H. Ways & Means	05-25-16
Passed House (84-10)	05-25-16
Senate concurred in House amendments (28-2)	05-25-16

16-SB172-UPDATED-131.docx/emr

---

<sup>6</sup> R.C. 718.03(B)(1)(b).

<sup>7</sup> R.C. 718.03(B).

<sup>8</sup> R.C. 718.05(I).

