

As Introduced

**131st General Assembly
Regular Session
2015-2016**

H. B. No. 23

Representative Amstutz

A BILL

To amend sections 131.44, 1509.73, 5741.01, 1
5741.03, and 5741.032 of the Revised Code to use 2
one-half of any income from oil and gas leases 3
on state land to fund temporary income tax 4
reductions, to modify the law governing the use 5
of new Ohio use tax collections from remote 6
sellers for income tax reductions, and to 7
require the Director of Budget and Management to 8
recommend whether or not income tax rates should 9
be permanently reduced after the Director 10
certifies a temporary rate reduction resulting 11
from the accrual of money in the Income Tax 12
Reduction Fund. 13

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

Section 1. That sections 131.44, 1509.73, 5741.01, 14
5741.03, and 5741.032 of the Revised Code be amended to read as 15
follows: 16

Sec. 131.44. (A) As used in this section: 17

(1) "Surplus revenue" means the excess, if any, of the 18
total fund balance over the required year-end balance. 19

(2) "Total fund balance" means the sum of the unencumbered balance in the general revenue fund on the last day of the preceding fiscal year plus the balance in the budget stabilization fund.

(3) "Required year-end balance" means the sum of the following:

(a) Five per cent of the general revenue fund revenues for the preceding fiscal year;

(b) "Ending fund balance," which means one-half of one per cent of general revenue fund revenues for the preceding fiscal year;

(c) "Carryover balance," which means, with respect to a fiscal biennium, the excess, if any, of the estimated general revenue fund appropriation and transfer requirement for the second fiscal year of the biennium over the estimated general revenue fund revenue for that fiscal year;

(d) "Capital appropriation reserve," which means the amount, if any, of general revenue fund capital appropriations made for the current biennium that the director of budget and management has determined will be encumbered or disbursed;

(e) "Income tax reduction impact reserve," which means an amount equal to the reduction projected by the director of budget and management in income tax revenue in the current fiscal year attributable to the previous reduction in the income tax rate made by the tax commissioner pursuant to division (B) of section 5747.02 of the Revised Code.

(4) "Estimated general revenue fund appropriation and transfer requirement" means the most recent adjusted appropriations made by the general assembly from the general

revenue fund and includes both of the following:	49
(a) Appropriations made and transfers of appropriations	50
from the first fiscal year to the second fiscal year of the	51
biennium in provisions of acts of the general assembly signed by	52
the governor but not yet effective;	53
(b) Transfers of appropriations from the first fiscal year	54
to the second fiscal year of the biennium approved by the	55
controlling board.	56
(5) "Estimated general revenue fund revenue" means the	57
most recent such estimate available to the director of budget	58
and management.	59
(B) (1) Not later than the thirty-first day of July each	60
year, the director of budget and management shall determine the	61
surplus revenue that existed on the preceding thirtieth day of	62
June and transfer from the general revenue fund, to the extent	63
of the unobligated, unencumbered balance on the preceding	64
thirtieth day of June in excess of one-half of one per cent of	65
the general revenue fund revenues in the preceding fiscal year,	66
the following:	67
(a) First, to the budget stabilization fund, any amount	68
necessary for the balance of the budget stabilization fund to	69
equal five per cent of the general revenue fund revenues of the	70
preceding fiscal year;	71
(b) Then, to the income tax reduction fund, which is	72
hereby created in the state treasury, an amount equal to the	73
surplus revenue.	74
(2) Not later than the thirty-first day of July each year,	75
the director shall determine the percentage that the balance in	76
the income tax reduction fund is of the amount of revenue that	77

the director estimates will be received from the tax levied 78
under section 5747.02 of the Revised Code in the current fiscal 79
year without regard to any reduction under division (B) of that 80
section. If that percentage exceeds thirty-five one hundredths 81
of one per cent, the director shall certify the percentage to 82
the tax commissioner not later than the thirty-first day of 83
July. 84

(3) Not later than fifteen days after the director makes 85
the certification described in division (B) (2) of this section, 86
the director shall issue a report to the governor, speaker of 87
the house of representatives, and president of the senate. The 88
report shall include both of the following: 89

(a) The amount of revenue credited to the income tax 90
reduction fund in the preceding fiscal year under division (B) 91
(1) of this section, division (J) of section 1509.73 of the 92
Revised Code, and division (C) (2) of section 5741.03 of the 93
Revised Code, arranged according to each source of revenue; 94

(b) The director's recommendations whether and to what 95
extent the rates of the tax levied under section 5747.02 of the 96
Revised Code may be proportionately and permanently reduced 97
based on the amounts credited to the income tax reduction fund 98
reported under division (B) (3) (a) of this section. 99

(C) The director of budget and management shall transfer 100
money in the income tax reduction fund to the general revenue 101
fund, the local government fund, and the public library fund as 102
necessary to offset revenue reductions resulting from the 103
reductions in taxes required under division (B) of section 104
5747.02 of the Revised Code in the respective amounts and 105
percentages prescribed by division (A) of section 5747.03 and 106
divisions (B) and (C) of section 131.51 of the Revised Code as 107

if the amount transferred had been collected as taxes under 108
Chapter 5747. of the Revised Code. If no reductions in taxes are 109
made under that division that affect revenue received in the 110
current fiscal year, the director shall not transfer money from 111
the income tax reduction fund to the general revenue fund, the 112
local government fund, and the public library fund. 113

Sec. 1509.73. (A) (1) Beginning on ~~the effective date of~~ 114
~~this section~~September 30, 2011, and ending on the effective date 115
of the rules adopted under section 1509.74 of the Revised Code, 116
a state agency, in consultation with the oil and gas leasing 117
commission, may lease a formation within a parcel of land that 118
is owned or controlled by the state agency for the exploration 119
for and development and production of oil or natural gas. The 120
state agency shall establish bid fees, signing fees, rentals, 121
and at least a one-eighth landowner royalty. On and after the 122
effective date of the rules adopted under section 1509.74 of the 123
Revised Code, a formation within a parcel of land that is owned 124
or controlled by a state agency may be leased for the 125
exploration for and development and production of oil or natural 126
gas only in accordance with divisions (A) (2) to (H) of this 127
section and those rules. 128

(2) Not earlier than two hundred seventy days after ~~the~~ 129
~~effective date of this section~~September 30, 2011, a person that 130
is an owner and that is interested in leasing a formation within 131
a parcel of land that is owned or controlled by a state agency 132
for the exploration for and the development and production of 133
oil or natural gas may submit to the oil and gas leasing 134
commission a nomination that identifies the parcel of land. A 135
person submitting a nomination shall submit it in the manner and 136
form established in rules adopted under section 1509.74 of the 137
Revised Code and shall include with the nomination both of the 138

following: 139

(a) The information required by those rules; 140

(b) The nomination fee established in those rules. 141

(B) (1) Not less than thirty days, but not more than one 142
hundred twenty days following the receipt of a nomination of a 143
parcel of land, the commission shall conduct a meeting for the 144
purpose of determining whether to approve or disapprove the 145
nomination for the purpose of leasing a formation within the 146
parcel of land that is identified in the nomination. The 147
commission also shall review the nomination of the parcel of 148
land and determine if the parcel of land has been classified 149
under section 1509.72 of the Revised Code. If the parcel of land 150
that is the subject of the nomination has not been classified, 151
the commission immediately shall send a copy of the nomination 152
to the state agency that owns or controls the parcel that is the 153
subject of the nomination. Not later than fifteen days after 154
receipt of a copy of the nomination, the state agency shall 155
classify the parcel of land as a class 1, class 2, class 3, or 156
class 4 property and submit the classification to the 157
commission. On receipt of the state agency's classification of 158
the parcel of land, the commission shall provide the department 159
of natural resources the information necessary for the 160
department to comply with divisions (C) and (D) of section 161
1509.72 of the Revised Code. 162

After a parcel of land that is the subject of a nomination 163
has been classified under section 1509.72 of the Revised Code or 164
division (B) (1) of this section, as applicable, the commission 165
shall approve or disapprove the nomination. In making its 166
decision to approve or disapprove the nomination of the parcel 167
of land, the commission shall consider all of the following: 168

(a) The economic benefits, including the potential income from an oil or natural gas operation, that would result if the lease of a formation that is the subject of the nomination were approved;	169 170 171 172
(b) Whether the proposed oil or gas operation is compatible with the current uses of the parcel of land that is the subject of the nomination;	173 174 175
(c) The environmental impact that would result if the lease of a formation that is the subject of the nomination were approved;	176 177 178
(d) Any potential adverse geological impact that would result if the lease of a formation that is the subject of the nomination were approved;	179 180 181
(e) Any potential impact to visitors or users of a parcel of land that is the subject of the nomination;	182 183
(f) Any potential impact to the operations or equipment of a state agency that is a state university or college if the lease of a formation within a parcel of land owned or controlled by the university or college that is the subject of the nomination were executed;	184 185 186 187 188
(g) Any objections to the nomination submitted to the commission by the state agency that owns or controls the land on which the proposed oil or natural gas operation would take place;	189 190 191 192
(h) Any comments or objections to the nomination submitted to the commission by residents of this state or other users of the parcel of land that is the subject of the nomination;	193 194 195
(i) Any other factors that the commission establishes in	196

rules adopted under section 1509.74 of the Revised Code. 197

(2) The commission shall disapprove a nomination of a 198
parcel of land that is a class 3 property. The commission shall 199
send notice of the disapproval by certified mail to the person 200
that submitted the nomination. 201

(3) Prior to making its decision to approve or disapprove 202
a nomination, the commission shall notify the state agency that 203
owns or controls the land on which the oil or gas operation 204
would take place. 205

(4) The commission shall approve or disapprove a 206
nomination not later than two calendar quarters following the 207
receipt of the nomination. Notice of the decision of the 208
commission shall be sent by certified mail to the person that 209
submitted the nomination. 210

(5) If the commission approves a nomination, the 211
commission shall notify the state agency that owns or controls 212
the parcel of land that is the subject of a nomination of the 213
commission's approval of the nomination. The notification shall 214
request the state agency to submit to the commission special 215
terms and conditions that will apply to the lease of a formation 216
within the parcel of land because of specific conditions related 217
to the parcel of land. The state agency shall submit the special 218
terms and conditions not later than sixty days after receipt of 219
a notice from the commission. 220

(6) If the commission approves a nomination for a parcel 221
of land that is a class 1 property, the commission shall offer 222
for lease each formation that is within the parcel of land. If 223
the commission approves a nomination for a parcel of land that 224
is a class 2 or class 4 property, the commission shall not offer 225

for lease any formation that is within the parcel of land unless 226
the state agency that owns or controls the parcel of land 227
notifies the commission that a formation or formations that are 228
within the parcel of land may be offered for lease. 229

(C) Each calendar quarter, the commission shall proceed to 230
advertise for bids for a lease for a formation within a parcel 231
of land that was the subject of a nomination approved during the 232
previous calendar quarter that is a class 1 property or that is 233
a class 2 or class 4 property for which the commission has 234
received notice from the state agency that owns or controls the 235
parcel of land under division (B) (6) of this section that a 236
formation or formations that are within the parcel of land may 237
be offered for lease. The advertisement shall be provided to the 238
department of natural resources, and the department shall 239
publish the advertisement on its web site for a period of time 240
established by the commission. The advertisement shall include 241
all of the following: 242

(1) The procedure for the submission of a bid to enter 243
into a lease for a formation within a parcel of land; 244

(2) A statement that a standard lease form that is 245
consistent with the practices of the oil and natural gas 246
industries will be used for the lease of a formation within the 247
parcel of land; 248

(3) A copy of the standard lease form that will be used 249
for the lease of a formation within the parcel of land; 250

(4) Special terms and conditions, if applicable, that 251
apply to the lease because of specific conditions related to the 252
parcel of land; 253

(5) The amount of the bid fee that is required to be 254

submitted with a bid; 255

(6) Any other information that the commission considers 256
pertinent to the advertisement for bids. 257

(D) A person submitting a bid to enter into a lease under 258
this section shall pay a bid fee established in rules adopted 259
under section 1509.74 of the Revised Code. 260

(E) In order to encourage the submission of bids and the 261
responsible and reasonable development of the state's natural 262
resources, the information that is contained in a bid submitted 263
to the commission under this section shall be confidential and 264
shall not be disclosed before a person is selected under 265
division (F) of this section unless the commission determines 266
otherwise. 267

(F) The commission shall establish a deadline for the 268
submission of bids for each lease regarding a particular parcel 269
of land and shall notify the department of the deadline. The 270
department shall post the deadline for the submission of bids 271
for each lease on the department's web site. A person shall 272
submit a bid in accordance with the procedures and requirements 273
established by the commission in rules adopted under section 274
1509.74 of the Revised Code. 275

The commission shall select the person who submits the 276
highest and best bid for each formation within that parcel of 277
land, taking into account the financial responsibility of the 278
prospective lessee and the ability of the prospective lessee to 279
perform its obligations under the lease. After the commission 280
selects a person, the commission shall notify the applicable 281
state agency and send the person's bid to the agency. The state 282
agency shall enter into a lease with the person selected by the 283

commission. 284

(G) (1) ~~Except as otherwise provided in division (G) (2) of~~ 285
~~this section, Fifty per cent of all money received by a state~~ 286
agency from signing fees, rentals, and royalty payments for 287
leases entered into under this section, except for leases 288
described in division (G) (2) of this section, shall be paid by 289
the state agency into the state treasury to the credit of the 290
state land royalty fund created in section 131.50 of the Revised 291
Code. 292

(2) ~~Money~~ Fifty per cent of all money received by a state 293
agency from signing fees, rentals, and royalty payments for 294
leases entered into under this section on land owned or 295
controlled by the division of forestry, wildlife, or parks and 296
recreation in the department of natural resources shall be 297
deposited into one of the following funds, as applicable: 298

(a) The forestry mineral royalties fund created in section 299
1503.012 of the Revised Code if the lease pertains to land owned 300
or controlled by the division of forestry; 301

(b) The wildlife habitat fund created in section 1531.33 302
of the Revised Code if the lease pertains to land owned or 303
controlled by the division of wildlife; 304

(c) The parks mineral royalties fund created in section 305
1541.26 of the Revised Code if the lease pertains to land owned 306
or controlled by the division of parks and recreation. 307

(3) Fifty per cent of all money received by a state agency 308
from signing fees, rentals, and royalty payments for leases 309
entered into under this section shall be paid by the state 310
agency into the general revenue fund. 311

(H) All money received from nomination fees and bid fees 312

shall be paid into the state treasury to the credit of the oil 313
and gas leasing commission administration fund created in 314
section 1509.75 of the Revised Code. 315

(I) Notwithstanding any other provision of this section to 316
the contrary, a nature preserve as defined in section 1517.01 of 317
the Revised Code that is owned or controlled by a state agency 318
shall not be nominated or leased under this section for the 319
purpose of exploring for and developing and producing oil and 320
natural gas resources. 321

(J) Not later than the last day of each January and June, 322
the director of budget and management shall transfer from the 323
general revenue fund to the income tax reduction fund an amount 324
equal to the amount of money deposited into the general revenue 325
fund under division (G) (3) of this section during the six-month 326
period ending on the preceding last day of November and of May, 327
respectively. Amounts transferred to the income tax reduction 328
fund under this division in a fiscal year shall be included in 329
the determination of the percentage under division (B) (2) of 330
section 131.44 of the Revised Code required to be made by the 331
thirty-first day of July of the ensuing fiscal year. 332

Sec. 5741.01. As used in this chapter: 333

(A) "Person" includes individuals, receivers, assignees, 334
trustees in bankruptcy, estates, firms, partnerships, 335
associations, joint-stock companies, joint ventures, clubs, 336
societies, corporations, business trusts, governments, and 337
combinations of individuals of any form. 338

(B) "Storage" means and includes any keeping or retention 339
in this state for use or other consumption in this state. 340

(C) "Use" means and includes the exercise of any right or 341

power incidental to the ownership of the thing used. A thing is 342
also "used" in this state if its consumer gives or otherwise 343
distributes it, without charge, to recipients in this state. 344

(D) "Purchase" means acquired or received for a 345
consideration, whether such acquisition or receipt was effected 346
by a transfer of title, or of possession, or of both, or a 347
license to use or consume; whether such transfer was absolute or 348
conditional, and by whatever means the transfer was effected; 349
and whether the consideration was money, credit, barter, or 350
exchange. Purchase includes production, even though the article 351
produced was used, stored, or consumed by the producer. The 352
transfer of copyrighted motion picture films for exhibition 353
purposes is not a purchase, except such films as are used solely 354
for advertising purposes. 355

(E) "Seller" means the person from whom a purchase is 356
made, and includes every person engaged in this state or 357
elsewhere in the business of selling tangible personal property 358
or providing a service for storage, use, or other consumption or 359
benefit in this state; and when, in the opinion of the tax 360
commissioner, it is necessary for the efficient administration 361
of this chapter, to regard any salesperson, representative, 362
peddler, or canvasser as the agent of a dealer, distributor, 363
supervisor, or employer under whom the person operates, or from 364
whom the person obtains tangible personal property, sold by the 365
person for storage, use, or other consumption in this state, 366
irrespective of whether or not the person is making such sales 367
on the person's own behalf, or on behalf of such dealer, 368
distributor, supervisor, or employer, the commissioner may 369
regard the person as such agent, and may regard such dealer, 370
distributor, supervisor, or employer as the seller. "Seller" 371
does not include any person to the extent the person provides a 372

communications medium, such as, but not limited to, newspapers, 373
magazines, radio, television, or cable television, by means of 374
which sellers solicit purchases of their goods or services. 375

(F) "Consumer" means any person who has purchased tangible 376
personal property or has been provided a service for storage, 377
use, or other consumption or benefit in this state. "Consumer" 378
does not include a person who receives, without charge, tangible 379
personal property or a service. 380

A person who performs a facility management or similar 381
service contract for a contractee is a consumer of all tangible 382
personal property and services purchased for use in connection 383
with the performance of such contract, regardless of whether 384
title to any such property vests in the contractee. The purchase 385
of such property and services is not subject to the exception 386
for resale under division (E) of section 5739.01 of the Revised 387
Code. 388

(G) (1) "Price," except as provided in divisions (G) (2) to 389
(6) of this section, has the same meaning as in division (H) (1) 390
of section 5739.01 of the Revised Code. 391

(2) In the case of watercraft, outboard motors, or new 392
motor vehicles, "price" has the same meaning as in divisions (H) 393
(2) and (3) of section 5739.01 of the Revised Code. 394

(3) In the case of a nonresident business consumer that 395
purchases and uses tangible personal property outside this state 396
and subsequently temporarily stores, uses, or otherwise consumes 397
such tangible personal property in the conduct of business in 398
this state, the consumer or the tax commissioner may determine 399
the price based on the value of the temporary storage, use, or 400
other consumption, in lieu of determining the price pursuant to 401

division (G) (1) of this section. A price determination made by 402
the consumer is subject to review and redetermination by the 403
commissioner. 404

(4) In the case of tangible personal property held in this 405
state as inventory for sale or lease, and that is temporarily 406
stored, used, or otherwise consumed in a taxable manner, the 407
price is the value of the temporary use. A price determination 408
made by the consumer is subject to review and redetermination by 409
the commissioner. 410

(5) In the case of tangible personal property originally 411
purchased and used by the consumer outside this state, and that 412
becomes permanently stored, used, or otherwise consumed in this 413
state more than six months after its acquisition by the 414
consumer, the consumer or the commissioner may determine the 415
price based on the current value of such tangible personal 416
property, in lieu of determining the price pursuant to division 417
(G) (1) of this section. A price determination made by the 418
consumer is subject to review and redetermination by the 419
commissioner. 420

(6) If a consumer produces tangible personal property for 421
sale and removes that property from inventory for the consumer's 422
own use, the price is the produced cost of that tangible 423
personal property. 424

(H) "Nexus with this state" means that the seller engages 425
in continuous and widespread solicitation of purchases from 426
residents of this state or otherwise purposefully directs its 427
business activities at residents of this state. 428

(I) "Substantial nexus with this state" means that the 429
seller has sufficient contact with this state, in accordance 430

with Section 8 of Article I of the Constitution of the United States, to allow the state to require the seller to collect and remit use tax on sales of tangible personal property or services made to consumers in this state. "Substantial nexus with this state" exists when the seller does any of the following:

(1) Maintains a place of business within this state, whether operated by employees or agents of the seller, by a member of an affiliated group, as defined in division (B) (3) (e) of section 5739.01 of the Revised Code, of which the seller is a member, or by a franchisee using a trade name of the seller;

(2) Regularly has employees, agents, representatives, solicitors, installers, repairmen, salesmen, or other individuals in this state for the purpose of conducting the business of the seller;

(3) Uses a person in this state for the purpose of receiving or processing orders of the seller's goods or services;

(4) Makes regular deliveries of tangible personal property into this state by means other than common carrier;

(5) Has membership in an affiliated group, as described in division (B) (3) (e) of section 5739.01 of the Revised Code, at least one other member of which has substantial nexus with this state;

(6) Owns tangible personal property that is rented or leased to a consumer in this state, or offers tangible personal property, on approval, to consumers in this state;

(7) Except as provided in section 5703.65 of the Revised Code, is registered with the secretary of state to do business in this state or is registered or licensed by any state agency,

board, or commission to transact business in this state or to 460
make sales to persons in this state; 461

(8) Has any other contact with this state that would allow 462
this state to require the seller to collect and remit use tax 463
under Section 8 of Article I of the Constitution of the United 464
States. 465

(J) "Fiscal officer" means, with respect to a regional 466
transit authority, the secretary-treasurer thereof, and with 467
respect to a county which is a transit authority, the fiscal 468
officer of the county transit board appointed pursuant to 469
section 306.03 of the Revised Code or, if the board of county 470
commissioners operates the county transit system, the county 471
auditor. 472

(K) "Territory of the transit authority" means all of the 473
area included within the territorial boundaries of a transit 474
authority as they from time to time exist. Such territorial 475
boundaries must at all times include all the area of a single 476
county or all the area of the most populous county which is a 477
part of such transit authority. County population shall be 478
measured by the most recent census taken by the United States 479
census bureau. 480

(L) "Transit authority" means a regional transit authority 481
created pursuant to section 306.31 of the Revised Code or a 482
county in which a county transit system is created pursuant to 483
section 306.01 of the Revised Code. For the purposes of this 484
chapter, a transit authority must extend to at least the entire 485
area of a single county. A transit authority which includes 486
territory in more than one county must include all the area of 487
the most populous county which is a part of such transit 488
authority. County population shall be measured by the most 489

recent census taken by the United States census bureau. 490

(M) "Providing a service" has the same meaning as in 491
~~division (X) of~~ section 5739.01 of the Revised Code. 492

(N) "Other consumption" includes receiving the benefits of 493
a service. 494

(O) "Lease" or "rental" has the same meaning as in 495
~~division (UU) of~~ section 5739.01 of the Revised Code. 496

(P) "Certified service provider" has the same meaning as 497
in section 5740.01 of the Revised Code. 498

(Q) "Remote sale" means a sale for which the seller could 499
not be legally required to pay, collect, or remit a tax imposed 500
under this chapter or Chapter 5739. of the Revised Code, unless 501
otherwise provided by the laws of the United States. 502

(R) "Remote seller" means a seller ~~that~~ to which all of 503
the following apply: 504

(1) The seller makes remote sales to one or more 505
consumers; 506

(2) The seller lacks a substantial nexus with this state 507
and would not have been required to pay, collect, or remit a tax 508
under this chapter or Chapter 5739. of the Revised Code under 509
the law as it existed on the effective date ofB. ... of the 510
131st general assembly; 511

(3) Unless the seller is a remote small seller, the seller 512
is currently required to pay, collect, or remit a tax under this 513
chapter or Chapter 5739. of the Revised Code on remote sales 514
pursuant to federal legislation authorizing states to require 515
sellers that lack a substantial nexus with the state to pay, 516
collect, or remit sales and use tax; 517

(4) The seller did not, before the effective date of such 518
federal legislation, voluntarily register with the tax 519
commissioner under division (B) of section 5741.17 of the 520
Revised Code. 521

(S) "Remote small seller" means a remote seller that has 522
gross annual receipts from remote sales in the United States not 523
exceeding one million dollars for the preceding calendar year. 524
For the purposes of determining whether a person is a small 525
remote seller, the sales of all persons related within the 526
meaning of subsection (b) or (c) of section 267 or section 527
707(b)(1) of the Internal Revenue Code shall be aggregated, and 528
persons with one or more ownership relationships shall be 529
aggregated if those relationships were designed with the 530
principal purpose to qualify as a remote small seller. 531

Sec. 5741.03. (A) One hundred per cent of all money 532
deposited into the state treasury under sections 5741.01 to 533
5741.22 of the Revised Code that is not required to be 534
distributed as provided in division (B) of this section shall be 535
credited to the general revenue fund. 536

(B) In any case where any county or transit authority has 537
levied a tax or taxes pursuant to section 5741.021, 5741.022, or 538
5741.023 of the Revised Code, the tax commissioner shall, within 539
forty-five days after the end of each month, determine and 540
certify to the director of budget and management the amount of 541
the proceeds of such tax or taxes from billings and assessments 542
received during that month, or shown on tax returns or reports 543
filed during that month, to be returned to the county or transit 544
authority levying the tax or taxes, which amounts shall be 545
determined in the manner provided in section 5739.21 of the 546
Revised Code. The director of budget and management shall 547

transfer, from the general revenue fund, to the permissive tax 548
distribution fund created by division (B) (1) of section 4301.423 549
of the Revised Code and to the local sales tax administrative 550
fund created by division (C) of section 5739.21 of the Revised 551
Code, the amounts certified by the tax commissioner. The tax 552
commissioner shall then, on or before the twentieth day of the 553
month in which such certification is made, provide for payment 554
of such respective amounts to the county treasurer or to the 555
fiscal officer of the transit authority levying the tax or 556
taxes. The amount transferred to the local sales tax 557
administrative fund is for use by the tax commissioner in 558
defraying costs the commissioner incurs in administering such 559
taxes levied by a county or transit authority. 560

(C) (1) Not later than the first day of each January and ~~of~~ 561
~~July each calendar year beginning July 1, 2015~~following the date 562
remote sellers are first required to pay, collect, or remit a 563
tax under this chapter, the tax commissioner and the director of 564
budget and management shall jointly determine the amount of tax 565
imposed by section 5741.02 of the Revised Code and remitted 566
under this chapter by remote sellers during the six-month period 567
ending on the preceding last day of November and of May, 568
respectively, reduced by ~~any such tax remitted by sellers~~ 569
~~pursuant to an agreement entered into under section 5740.03 of~~ 570
~~the Revised Code during the six month period and by any~~ refunds 571
issued during the six-month period to remote sellers from the 572
tax refund fund on account of that tax. 573

(2) Not later than that ~~first~~last day of each January and 574
~~of July of the calendar year beginning July 1, 2015~~June 575
following the date remote sellers are first required to pay, 576
collect, or remit a tax under this chapter, the director of 577
budget and management shall transfer from the general revenue 578

fund to the income tax reduction fund the amount determined 579
under division (C) (1) of this section, ~~less one-half of the~~ 580
~~amount of that tax remitted during fiscal year 2013 by remote~~ 581
~~sellers that voluntarily registered under section 5741.17 of the~~ 582
Revised Code. Amounts transferred to the income tax reduction 583
fund under this ~~section~~ division in a fiscal year shall be 584
included in the determination of the percentage under division 585
(B) (2) of section 131.44 of the Revised Code required to be made 586
by the thirty-first day of July of the ~~calendar~~ ensuing fiscal 587
~~year in which the commissioner makes the certifications under~~ 588
~~this division.~~ 589

(3) Division (C) of this section does not authorize the 590
state to require remote sellers to pay, collect, or remit a tax 591
imposed under this chapter or Chapter 5739. of the Revised Code 592
in the absence of federal legislation authorizing states to 593
require sellers that lack a substantial nexus with the state to 594
pay, collect, or remit sales and use tax. 595

Sec. 5741.032. There is hereby created in the state 596
treasury the remote seller administration fund for the purpose 597
of paying the expenses incurred by the department of taxation in 598
the administration of this chapter with respect to remote 599
sellers. Annually, before the thirty-first day of each July 600
following the date remote sellers are first required to pay, 601
collect, or remit a tax under this chapter, the treasurer of 602
state shall transfer to the remote seller administration fund 603
one-half of one per cent of the taxes collected from remote 604
sellers under this chapter during the preceding fiscal year. 605

Section 2. That existing sections 131.44, 1509.73, 606
5741.01, 5741.03, and 5741.032 of the Revised Code are hereby 607
repealed. 608