

As Introduced

131st General Assembly

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H. B. No. 65

Representative Driehaus

**Cosponsors: Representatives Ramos, Cera, Antonio, Lepore-Hagan, Leland,
Phillips, Blessing, Reece, Curtin, Smith, K., Fedor, Celebrezze**

A BILL

To enact sections 5703.95, 5703.951, 5703.952, 1
5703.953, and 5703.954 of the Revised Code to 2
provide for the periodic appraisal of the 3
effectiveness of tax expenditures. 4

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

Section 1. That sections 5703.95, 5703.951, 5703.952, 5
5703.953, and 5703.954 of the Revised Code be enacted to read as 6
follows: 7

Sec. 5703.95. (A) As used in this section and sections 8
5703.951 to 5703.954 of the Revised Code: 9

(1) "Tax expenditure" has the same meaning as in section 10
5703.48 of the Revised Code. 11

(2) "Tax expenditure review committee" means the committee 12
created under section 5703.954 of the Revised Code. 13

(B) The tax expenditure review committee shall review all 14
tax expenditures created in the Revised Code once every two 15
years. For tax expenditures created before April 15, 2015, the 16
committee shall review one-half of such tax expenditures in 17

every even-numbered year and one-half of such tax expenditures 18
in every odd-numbered year. The committee shall review tax 19
expenditures created on or after April 15, 2015, according to 20
the following schedule: 21

(1) Tax expenditures created in an even-numbered year 22
shall be reviewed in every subsequent even-numbered year. 23

(2) Tax expenditures created in an odd-numbered year shall 24
be reviewed in every subsequent odd-numbered year. 25

For the purposes of this section, a tax expenditure is 26
created on the effective date of the amendment or enactment of 27
the section of the Revised Code or other section of law that 28
authorizes the tax expenditure. 29

Sec. 5703.951. (A) The tax expenditure review committee 30
shall hold at least one public hearing on a tax expenditure in 31
each year in which the tax expenditure is scheduled for review 32
under section 5703.95 of the Revised Code. The tax commissioner 33
shall publish a notice of all such public hearings in the 34
register of Ohio. During the public hearing on a tax 35
expenditure, the committee shall allow any person to present 36
testimony or evidence relevant to that tax expenditure. 37

(B) On or before the date of the public hearing scheduled 38
for a tax expenditure under division (A) of this section, the 39
tax commissioner, and any other state official responsible for 40
administering the tax expenditure, shall submit to the committee 41
a report that does each of the following: 42

(1) Explains the tax expenditure's purpose; 43

(2) Expresses an opinion as to the public need for the tax 44
expenditure; 45

<u>(3) Expresses an opinion as to whether the tax expenditure</u>	46
<u>has been impeded or enhanced by existing statutes;</u>	47
<u>(4) Describes how, if at all, the tax expenditure promotes</u>	48
<u>economic growth and development;</u>	49
<u>(5) Provides an estimate of the amount of tax revenue</u>	50
<u>forgone each fiscal year as a result of the tax expenditure;</u>	51
<u>(6) Expresses an opinion as to whether the tax expenditure</u>	52
<u>should be repealed;</u>	53
<u>(7) Contains any other information relevant to the</u>	54
<u>committee's appraisal of the tax expenditure.</u>	55
<u>(C) Each year, beginning in 2016, the legislative service</u>	56
<u>commission shall prepare and submit to the committee a report</u>	57
<u>that describes each tax expenditure created in the Revised Code,</u>	58
<u>identifies the tax expenditure's intended purpose, and, if</u>	59
<u>applicable, appraises the tax expenditure's effectiveness using</u>	60
<u>the methods prescribed in the act creating the tax expenditure.</u>	61
<u>(D) After the public hearing on a tax expenditure, the</u>	62
<u>committee shall appraise the tax expenditure. In making its</u>	63
<u>appraisal, the committee shall consider the reports submitted</u>	64
<u>under divisions (B) and (C) of this section and information</u>	65
<u>presented during the hearing, but is not limited to those</u>	66
<u>sources. Upon the committee's request, the department of</u>	67
<u>taxation, the office of budget and management, and any other</u>	68
<u>state agency shall provide the committee with any information in</u>	69
<u>its possession that the committee requires to appraise the tax</u>	70
<u>expenditure. The legislative service commission shall provide</u>	71
<u>drafting and clerical support to the committee.</u>	72
<u>Sec. 5703.952. On or before the first day of November of</u>	73
<u>each year in which a tax expenditure is scheduled for review,</u>	74

the tax expenditure review committee shall prepare a report of 75
its appraisal of the tax expenditure that contains all of the 76
following: 77

(A) A statement of the purpose served by the tax 78
expenditure; 79

(B) An appraisal of the tax expenditure's effectiveness in 80
serving its purpose; 81

(C) An evaluation of whether the tax expenditure's purpose 82
serves a public need; 83

(D) An evaluation of whether other statutes have enhanced 84
or impeded the tax expenditure's effectiveness in serving its 85
purpose; 86

(E) An appraisal of whether the tax expenditure promotes 87
economic growth and development; 88

(F) An estimate of the amount of revenue lost each fiscal 89
year because of the tax expenditure; 90

(G) A recommendation as to whether the tax expenditure 91
should be repealed; 92

(H) Any other information the committee considers 93
relevant. 94

In an appendix to its report, the committee may include a 95
draft of a bill that would improve the tax expenditure's 96
effectiveness in serving its purpose; redefine the tax 97
expenditure's purpose to serve or better serve a public need; 98
retain or improve the statutes that enhance, or amend or repeal 99
statutes that impede, the tax expenditure's effectiveness in 100
serving its purpose; improve the tax expenditure's effectiveness 101
in promoting economic growth and development; reduce the amount 102

of revenue lost as a result of the tax expenditure; or repeal 103
the tax expenditure. 104

The committee shall provide a copy of the report to the 105
governor and to each member of the general assembly. The report 106
is a public record for the purposes of section 149.43 of the 107
Revised Code. 108

Sec. 5703.953. An act creating a tax expenditure shall 109
specify all of the following: 110

(A) The purpose served by the tax expenditure; 111

(B) Whether the tax expenditure shall be reviewed in every 112
even-numbered or odd-numbered year under section 5703.95 of the 113
Revised Code; 114

(C) The class of taxpayers that will benefit from the tax 115
expenditure; 116

(D) Methods to be used to appraise the tax expenditure's 117
effectiveness in serving its purpose. 118

Division (D) of this section may be fulfilled by applying 119
general statutes or by enacting statutory provisions that apply 120
particularly to the tax expenditure. 121

Sec. 5703.954. There is hereby created the tax expenditure 122
review committee composed of seven members. The president of the 123
senate, within fifteen days after the first day of the first 124
regular session of the general assembly, shall appoint two 125
members of the senate to the committee, one from each political 126
party. The speaker of the house of representatives, within 127
fifteen days after the first day of the first regular session of 128
the general assembly, shall appoint two members of the house of 129
representatives to the committee, one from each political party. 130

The governor, within fifteen days after the first day of the 131
first regular session of the general assembly and with the 132
advice and consent of the senate, shall appoint one member to 133
the committee. The tax commissioner and the director of budget 134
and management or their designees shall be ex officio, nonvoting 135
members. 136

A legislative member of the committee shall continue as a 137
member until the member's successor is appointed or until the 138
member ceases to be a member of the senate or house of 139
representatives, whichever is earlier. The member appointed by 140
the governor shall continue to be a member for a term ending on 141
the thirty-first day of December of each even-numbered year. The 142
member appointed by the governor continues to be a member after 143
the expiration of the member's term until the member's successor 144
is appointed, or until thirty days have elapsed, whichever 145
occurs first. 146

In the first regular session of the general assembly, the 147
committee shall elect one of the members appointed from the 148
house of representatives as chairperson of the committee and one 149
of the members appointed from the senate as vice-chairperson of 150
the committee. In the second regular session of the general 151
assembly, the committee shall elect one of the members appointed 152
from the senate as chairperson of the committee and one of the 153
members appointed from the house of representatives as vice- 154
chairperson of the committee. 155

A vacancy on the committee shall be filled in the same 156
manner as the original appointment. A member appointed to fill a 157
vacancy occurring prior to the expiration of the term to which 158
the member's predecessor was appointed shall continue as a 159
member for the remainder of the unexpired term. 160

Members of the committee shall serve without compensation, 161
but shall be reimbursed for actual and necessary expenses they 162
incur in the performance of their duties. 163

The committee shall meet as often as necessary to perform 164
its duties. The committee is a public body for the purposes of 165
section 121.22 of the Revised Code. 166

Three voting members of the committee constitute a quorum. 167
The committee shall not take any action without the concurrence 168
of at least three voting members. So long as a quorum is 169
present, a vacancy on the committee does not impair the ability 170
of the remaining members to perform the committee's duties. 171

Section 2. The Tax Commissioner shall prepare a list of 172
the tax expenditures, as defined in section 5703.95 of the 173
Revised Code, as enacted by this act, in existence on April 15, 174
2015, and shall provide a copy of the list to the chairperson of 175
the Tax Expenditure Review Committee created by section 5703.954 176
of the Revised Code, as enacted by this act. The Committee 177
thereupon shall prepare a schedule under section 5703.95 of the 178
Revised Code, as enacted by this act, for appraising one-half of 179
the listed tax expenditures so that the appraisal and the report 180
required for those tax expenditures under section 5703.952 of 181
the Revised Code, as enacted by this act, will be completed not 182
later than November 1, 2016. The schedule shall provide for the 183
appraisal of the remaining tax expenditures during the 2017 184
calendar year, in accordance with section 5703.95 of the Revised 185
Code, as enacted by this act. 186

Section 3. (A) Not later than thirty days after the 187
effective date of this act, the Governor, with the advice and 188
consent of the Senate, shall make the Governor's initial 189
appointment to the Tax Expenditure Review Committee under 190

section 5703.954 of the Revised Code, as enacted by this act. 191
The member thus appointed shall be a member for a term ending on 192
December 31, 2017. Thereafter, the gubernatorial appointment and 193
term shall be as prescribed in that section. 194

(B) Not later than thirty days after the effective date of 195
this act, the President of the Senate and the Speaker of the 196
House of Representatives each shall make their initial 197
appointments to the Tax Expenditure Review Committee under 198
section 5703.954 of the Revised Code. The members thus appointed 199
shall be members for terms ending as prescribed in that section. 200