



## Department of Taxation

Office of the Tax Commissioner  
30 East Broad St. 22<sup>nd</sup> Floor  
Columbus, Ohio 43215  
(614) 466-2166 Fax (614) 466-7979  
tax.ohio.gov

May 23, 2018

Senate President Obhof  
1 Capitol Square  
Ohio Senate Building  
Columbus, Ohio 43215

Dear President Obhof,

On April 3, 2018, I wrote Senator Eklund a letter indicating the Ohio Department of Taxation's opposition to HB 430. On April 18, 2018, Tax Commissioner Testa offered his testimony in opposition to the bill. The version of HB 430 passed by the House was an expansion of the sales tax exemption available to the oil and gas industry.

Together ODT, Senators Eklund, Peterson, and Gardner have collaborated and conducted several meetings with representatives of the Ohio Oil and Gas Association and others. Through those meetings, we have been able to draft a new version of the statute, the intent of which was to clarify the parameters of the exemption as it currently exists. Crucial to this process was the requirement that the "directly used" standard under current law remain unchanged.

While we have made every attempt to scrutinize this language to ensure that it will not be used to expand the exemption in cases currently pending and, in the future, LSC draft 1355-7 appears to maintain the same legal standard used today, and therefore does not operate as an expansion of the current exemption.

If the LSC 1355-7 is adopted, the Department of Taxation withdraws its previous opposition to HB 430.

Sincerely,

Matthew H. Chafin  
Chief Counsel  
Ohio Department of Taxation

cc: Sen. Eklund  
Sen. Peterson  
Sen. Gardner  
Ray DiRossi