



State Representative Tim Barhorst

*House Bill 638 Sponsor Testimony
House Ways & Means Committee
December 3rd, 2024*

Chairman Roemer, Vice-Chair Daniels, Ranking Member Troy, and members of the House Ways & Means Committee, thank you for the opportunity to provide sponsor testimony on House Bill 638.

This legislation simply extends the time for counties to be able to refund overpaid sales tax and eliminates the collection of interest on those refunds to the State of Ohio. Current law requires that local subdivisions, including counties, must pay back funds that were overpaid “illegally or erroneously...” within a recovery period of 36 months or three years. Unfortunately, counties and other local subdivisions are also required to pay interest in addition to the amount refundable to the state.

Currently two counties in my district, Logan & Shelby, are currently undergoing this process due to a massive overpay in sales tax by Honda - the largest employer in the 85th District and one of the largest employers in our region. All of us can agree accounting errors, both big and small, can happen and myself along with our counterparts in local government are not looking for someone to blame.

However, Logan & Shelby Counties are already facing the reality of an immediate loss of revenue due to the payback and the current recovery period with the addition of interest puts a strain on their budgets at a time when inflation has put pressure on costs and wages. This is a situation that the 86 other counties represented in many of your districts could experience or might be experiencing as well - which is why action must be taken.

HB 638 is a corrective measure that extends the recovery period to 72 months, allowing counties and local subdivisions more time to pay back overpaid sales tax revenue while providing room to adjust with this expense since many would have already factored these funds into their budgets. Additionally, the elimination of collected interest on the refunds avoids any additional costs on the part of counties & local subdivisions considering they should not be punished for a mistake made by another entity.

Chairman Roemer and members of the House Ways & Means Committee, thank you again for the opportunity to provide sponsor testimony on HB 638 and I am happy to answer any questions.