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H.B. 404
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 404's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. Daniels and Lorenz

Local Impact Statement Procedure Required: Yes

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Highlights

- Authorizing a sales tax credit for the trade-in value of portable electronics or home appliances for another similar item would result in an undetermined annual revenue loss to the state sales and use tax (SUT). The potential trade-in value for portable electronics and home appliances in Ohio could be substantial, and the state SUT revenue loss might range between \$11 million and \$26 million per year.
- Currently, the state SUT revenue is deposited initially into the GRF. In addition, under codified law, 1.75% of total GRF tax revenue is deposited into the Local Government Fund (LGF) each month. Thus, 98.25% of the revenue loss would affect the GRF and the remaining 1.75% would be borne by the LGF. Potentially, the LGF reduction could range between \$200,000 and \$450,000 per year.
- Additionally, since the tax base for local permissive taxes is the same as the tax base for the state SUT, the credit would also reduce local permissive tax collections by about one-fourth of the state SUT losses, depending on the location and foregone tax revenue. Potentially, the statewide revenue loss for counties and transit authorities would range between \$3 million and \$7 million per year.

Detailed Analysis

The bill changes the definition of price related to the state sales and use tax (SUT) calculation for sales of any new or used portable electronics and home appliances. Thus, the bill authorizes a sales tax credit for the trade-in value of portable electronics or home appliances for another similar item. Currently, the state SUT rate is 5.75%. As an example, if a seller gave \$100 credit for a portable electronic or home appliance that was traded in for a new or used portable electronic or home appliance with an original price of \$200, the state SUT that must be paid for

the item under the bill would be \$5.75 (i.e., [\$200 original price - \$100 trade-in credit] x 5.75% = \$5.75). In contrast, the state SUT that must be paid for the item under current law would be \$11.50 (i.e., \$200 original price x 5.75% = \$11.50).

Under the bill, portable electronics include a personal, self-contained, battery-operated electronic communication, viewing, listening, recording, gaming, computing, or global positioning device that is easily carried by an individual, including a cellular or satellite telephone; pager; personal global positioning satellite unit; portable computer; portable audio listening, video viewing, or recording device; digital camera; video camcorder; portable gaming system; docking station; automatic answering device; and any other similar device, and any accessory related to the use of the device. In addition, “home appliance” means tangible personal property used in the home for performance of domestic chores or other domestic tasks, including a refrigerator, stove, washing machine, or vacuum cleaner.

Fiscal effect

Under the bill, prices for portable electronics and home appliances would be reduced by the trade-in value for the SUT calculation, which would result in the SUT revenue loss. The aggregate trade-in value for portable electronics and home appliances in Ohio is undetermined, but it could be substantial based on data described below. Thus, the estimated state SUT revenue loss might be millions of dollars per year based on information and assumptions detailed in the ensuing sections. However, the estimates are unavoidably rough given the lack of publicly available data.

Estimate based upon consumer spending statistics

National consumer spending statistics indicate that the state tax revenue loss could range between \$11 million and \$26 million per year. The following paragraphs provide illustrated examples using assorted assumptions and economic statistics.

According to data from the U.S. Bureau of Economic Analysis (BEA), “[Table 2.4.5. Personal Consumption Expenditures by Type of Product](#)” (accessed Friday, December 12, 2025), U.S. consumers spent a total of \$122.9 billion on telephone and related communication equipment and household appliances in 2024 (i.e., spending on telephone and related communication equipment was \$34.8 billion while spending on household appliances was \$88.1 billion). Ohio’s share of total U.S. consumer spending is about 3.1% according to the BEA, “[SASUMMARY State annual summary statistics: personal income, GDP, consumer spending, price indexes, and employment](#)” (accessed Friday, December 12, 2025).

Assuming 3.1% of such U.S. expenditures occurred in Ohio, the estimated spending yielded about \$3.81 billion (i.e., 3.1% x \$122.9 billion = \$3.81 billion). Assuming 5% of such equipment and appliances were traded in by Ohio consumers, the estimated state SUT revenue loss would be roughly \$11.0 million (i.e., 5% x \$3.81 billion x 5.75% = \$11.0 million).

Moreover, data from [Consumer Expenditure Surveys](#), conducted by the U.S. Bureau of Labor Statistics, show that consumers in the Midwest region, which includes Ohio, on average spent about \$1,664 on major appliances, small appliances and miscellaneous housewares, and miscellaneous household equipment in 2023. According to [Annual Estimates of Housing Units for the United States, Regions, States, and the District of Columbia: April 1, 2020 to July 1, 2024](#), prepared by the U.S. Census Bureau, Ohio had a total 5.3 million housing units. Therefore, the estimated total spending related to such categories would be approximately \$8.88 billion (i.e.,

\$1,664 x 5.3 million = \$8.88 billion). If 5% of such appliances and equipment were traded in by Ohio purchasers, the SUT would bear roughly \$25.5 million in revenue loss per year (i.e., \$8.88 billion x 5% x 5.75% = \$25.5 million).

Estimated revenue loss from mobile phones

The actual trade-in value for all types of portable electronics within Ohio is undetermined. However, a portable electronic item that may be regularly traded in would be a mobile phone. Based on a report, [Assurant's latest Mobile Trade-In and Upgrade Industry Trends Report](#), dated December 3, 2025, U.S. consumers received about \$4.5 billion in value from mobile phone trade-in programs in 2024. The report noted that “. . . the top five devices turned in from trade-in and upgrade programs were all 5G smartphones.”

If Ohio consumers received 3.1% of the \$4.5 billion in estimated trade-in value, which is the same proportion as Ohio's share of total U.S. consumer spending, the state SUT revenue loss on behalf of mobile phones would be roughly \$8.0 million (where \$4.5 billion x 3.1% x 5.75% tax rate = \$8.0 million).

Estimated revenue loss from home appliances

According to [an estimate by a business market research firm](#), the recycling of used home appliances was valued at \$12.3 billion in 2024. Assuming 25% of the recycled home appliances were traded in, the estimated trade-in value of household appliances by all consumers nationwide could be up to \$3.1 billion. The estimated share of home appliances that were recycled would be about 14.0% of total spending on such appliances. Assuming the estimated share of Ohio consumers who traded in home appliances is 3.1%, the estimated Ohio trade-in value for home appliances would be roughly \$96.1 million per year (i.e., 3.1% x \$3.1 billion = \$96.1 million). Thus, the estimated SUT revenue loss related to the trade-in value for home appliances would be roughly \$5.5 million per year (i.e., \$96.1 million x 5.75% = \$5.5 million).

Potential behavioral response

According to [a survey by CNET](#) “over three in 10 (31%) U.S. adults hang onto old smartphones, video game consoles, laptops and other tech accessories because they're unsure what to do with them. Findings also show that nearly one in five (19%) U.S. adults throw these devices away. However, 37% prefer to trade in their old tech for an exchange or upgrade, while 25% prefer to sell it.”

The bill provides a marginal financial benefit to consumers, but it is unclear if these additional savings will alter existing consumer behavior. For example, data from the [Apple website](#), cite the average trade-in value for 5G Android phones and iPhone 13 and 14 phone models as ranging between \$110 and \$260. When using these statistics, consumers would essentially receive between \$116.33 and \$274.95 in trade-in value based on the state SUT benefit provided by the bill. It is possible that the bill could incentivize more consumers to trade in their old technology in exchange for an upgrade, but LBO staff does not have a reliable basis for estimating this behavioral effect.

Local government fiscal effect

Counties and transit authorities have the option to levy a SUT with voter approval. All 88 counties and ten different transit authorities levy a local SUT ranging between 0.1% and 2.0%. State law requires that the local SUT base be identical to the state SUT base. Therefore, an

exemption to the state SUT will reduce local government revenues in those jurisdictions where portable electronics and home appliances are traded in towards the purchase of a new item of similar nature.

If the state SUT revenue losses range between \$11 million and \$26 million per year, the associated local SUT revenue losses for local governments statewide would range between \$3 million and \$7 million per year.