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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 762
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 762's Bill Analysis](#)

Version: As Introduced

Primary Sponsors: Reps. Lear and D. Thomas

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill exempts food sold through vending machines or micro-markets from sales tax, which could result in an annual state revenue loss ranging from \$9.5 million to \$44.9 million.
- Local sales tax revenue losses would equal roughly one-fourth of the state revenue loss.

Detailed Analysis

The bill explicitly exempts food sold via a vending machine or micro-market from state and local sales and use taxes, regardless of where the food is consumed. Under current law, sales of food from vending machines or micro-markets are exempt from sales tax if they are located “off-premises.” However, the statute does not define this term or specify how it should be applied. Therefore, associated tax revenue estimates are preliminary and rely on limited and informal data sources. Moreover, the actual state revenue loss could be less if the applicable vendors are not currently remitting tax receipts to the Tax Commissioner.

The Department of Taxation does not collect or report data on the taxability of vending machine or micro-market food sales, nor does it track when such sales are treated as on-premises versus off-premises consumption. Because operators are not required to separately report vending machine or micro-market transactions, the Department has no mechanism to determine how often these sales are taxed or exempt under current law. As a result, these estimates should be considered rough and subject to revision.

The exemption applies to food sold on or after the first day of the first month that begins after the bill’s 90-day effective date.

Fiscal effect

LBO estimates rely on independent market research on the vending machine and micro-market industry as well as revenue information provided by the National Automatic Merchandising Association (NAMA). The revenue figures supplied by NAMA are higher than those reported in independent research, allowing LBO to construct an upper bound estimate of the potential revenue loss associated with exempting food sold through vending machines or micro-markets from sales tax.

NAMA reports that the convenience services industry generates approximately \$1.5 billion in annual revenue in Ohio and roughly \$40 billion nationwide. These figures encompass traditional vending machines, micro-markets, office coffee and pantry services, product manufacturing, and small-drop distribution. By contrast, independent market research reports¹ estimate that U.S. vending machine operators generated between \$8.5 billion and \$21.9 billion in revenue in 2024. According to NAMA, Ohio accounts for about 3.75% of national industry revenue, a share broadly consistent with Ohio's proportion of the U.S. population (3.50%). Independent research further indicates that, nationwide, approximately 44.8% of vending machines sell beverages, which would not be affected by the bill because most are not considered "food" for tax purposes, while 52.1% sell food, snacks, and frozen/ice cream, and 3.1% sell other products such as electronics, cosmetics, and pharmaceuticals.

Based on these assumptions, LBO staff estimate that state revenue from the 5.75% sales tax on food sold through vending machines ranges from \$9.5 million to \$44.9 million annually. However, this analysis assumes that all food vending machines would become exempt from sales tax, regardless of whether they are currently treated as taxable or exempt. Because no data exist to determine the share of vending machines that qualify as "off-premises" under current law, the analysis assumes that all machines are presently subject to sales tax. Such an assumption is inherently conservative, which is why the actual revenue loss from the bill could be less than the aforementioned range.

Counties and transit agencies may impose a sales and use tax. The statewide revenue loss on behalf of their local sales taxes would equal roughly one-fourth of the state tax revenue loss.

¹ [U.S. vending machine market.](#)