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Bill Analysis

Version: As Introduced

Primary Sponsors: Sens. Blessing and Smith

Sam Benham, Division Chief

SUMMARY

Income tax

- Requires that, to be eligible to claim the $250,000 income tax deduction and flat 3% tax rate for business income, (a) a taxpayer must "materially participate" in the business and (b) the business must employ at least one individual who is not an owner of the business.[1]
- Allows a taxpayer to choose either the existing 30% state earned income tax credit (EITC) or a newly created 9% refundable EITC.[2]

Sales, use, and lodging tax

- Repeals the sales and use tax exemption for data centers, including exemptions authorized by existing agreements.[3]
- Terminates expanded sales tax holidays.[4]
- Terminates sales tax holidays for school supplies.[5]
- Extends state and local sales taxes to short-term rental stays.
- Requires a subdivision to subject short-term rental stays to the subdivision's lodging tax.

[1] R.C. 5747.01, 5747.02, 5747.031, 5747.10, 5747.38, and 5747.41; Section 7(F).

[2] R.C. 5747.71 and 5747.98; Section 7(G).

[3] R.C. 122.175.

[4] R.C. 131.44, 5739.01, 5739.02, 5739.03, 5739.05, and 5739.41 (repealed); Sections 4, 7(A), and 8.

[5] R.C. 5739.02(B)(55); Section 7(A).

- Requires collection and remittance of the taxes by the operator of the short-term rental platform.[6]

Commercial activity tax

- Repeals a commercial activity tax exclusion for certain gross receipts of a qualified distribution center.[7]

Oil and gas severance taxes

- Repeals existing volume-based severance taxes on oil and gas and instead levies a new value-based severance tax on oil, gas, condensate, and natural gas liquids (NGLs) severed from or collected from oil or gas severed from a well based on the volume of the resource severed or collected, at the following rates:
  - For oil, 4.5% of the spot price of oil;
  - For unprocessed gas, 6.5% of the spot price of natural gas;
  - For processed gas, 4.5% of the spot price of natural gas;
  - For condensate, 6.5% of the spot price of condensate;
  - For NGLs, 4.5% of the spot price of NGLs.
- Credits all revenue from the new severance taxes to the General Revenue Fund. (Current law divides oil and gas severance tax revenue between the Oil and Gas Well Fund (90%) and the Geological Mapping Fund (10%).)
- Repeals a cost recovery assessment imposed on a well's owner for the severance of oil and gas.
- Exempts from severance tax any gas severed from a well producing primarily for the owner's domestic use but subjects the owners of most such wells to a $60 annual fee.[8]

Property tax rollbacks

- Repeals the nonbusiness property tax credit – often referred to as the 10% rollback.[9]

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[6] R.C. 351.01, 351.021, 353.06, 5739.01, 5739.08, 5739.09, 5739.091, and 5741.01; Sections 7(C) and (D).

[7] R.C. 5751.01 and 5751.40 (repealed); Section 8.

[8] R.C. 1509.01, 1509.02, 1509.11, 1509.34, 1509.50 (repealed), 1513.08, 1513.182, 5703.052, 5703.19, 5749.01, 5749.02, 5749.04, 5749.06, 5749.07, 5749.08, 5749.10, 5749.11, 5749.12, 5749.13, 5749.14, and 5749.15; Sections 7(B) and 8.

[9] R.C. 319.30, 319.302 (repealed), 319.54, 321.24, 321.26, 323.08, 323.152. 323.155, 323.158, 718.83, 3354.24, 3354.25, 4503.06, 4503.065, 5703.021, 5703.80, 5709.92, 5709.93, 5715.19, 5715.30, 5747.03, and 5751.20; Sections 7(E) and 8.

- Increases the owner-occupied housing property tax rollback from 5.7% to 12.5% of a homestead's tax liability.[10]

Property tax circuit breaker

- Authorizes a property tax circuit breaker for eligible homeowners and renters whose property taxes, or the portion of rent attributable to property taxes, exceeds 5% of their income.
- Allows individuals to claim the circuit breaker benefit either as a refundable income tax credit or as a direct rebate.
- Limits the credit or rebate to individuals whose household income does not exceed $60,000.
- Further limits the credit or rebate to homes whose value does not exceed a certain median home value and rental units with a monthly rent under a specified median monthly rent.
- Caps the credit or rebate at $1,000 per year, with that limit subject to inflation adjustments in later years.[11]

Local Government Fund

- Increases the share of GRF tax revenue credited to the Local Government Fund from 1.7% to 2%.[12]

Public Library Fund

- Sets the share of GRF tax revenue credited to the Public Library Fund at 2%.[13]

School breakfast

- Requires each public and chartered nonpublic school that participates in the National School Breakfast and Lunch programs to provide free school breakfast and lunch to each student.
- Requires the Department of Education and Workforce to reimburse each public and chartered nonpublic school the difference between the federal reimbursement for a paid breakfast and lunch for a student receiving that meal who does not qualify for free or reduced-price breakfast or lunch.[14]

[10] R.C. 323.152(B); Section 7(E).

[11] R.C. 5747.08, 5747.87, and 5747.98; Section 7(H).

[12] R.C. 131.51(A); Section 8.

[13] R.C. 131.51(B); Section 8.

[14] R.C. 3301.91 and 3313.24.

Housing Trust Fund

- Requires the Department of Development to spend at least $65.0 million in FY 2025 under Fund 6460 ALI 195638, Low- and Moderate-Income Housing Programs, and provides a GRF cash transfer to Fund 6460 equal to the FY 2025 appropriation minus the revenue collected by the Fund in the same fiscal year.[15]

HISTORY

Action	Date
Introduced	05-06-26

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[15] Sections 5 and 6.