

**As Introduced**

**136th General Assembly  
Regular Session  
2025-2026**

**S. B. No. 447**

**Senator Brenner**

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To amend section 5739.02 of the Revised Code to 1  
exempt sales of aircraft to nonresidents from 2  
sales tax. 3

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That section 5739.02 of the Revised Code be 4  
amended to read as follows: 5

**Sec. 5739.02.** For the purpose of providing revenue with 6  
which to meet the needs of the state, for the use of the general 7  
revenue fund of the state, for the purpose of securing a 8  
thorough and efficient system of common schools throughout the 9  
state, for the purpose of affording revenues, in addition to 10  
those from general property taxes, permitted under 11  
constitutional limitations, and from other sources, for the 12  
support of local governmental functions, and for the purpose of 13  
reimbursing the state for the expense of administering this 14  
chapter, an excise tax is hereby levied on each retail sale made 15  
in this state. 16

(A) (1) The tax shall be collected as provided in section 17  
5739.025 of the Revised Code. The rate of the tax shall be five 18  
and three-fourths per cent. The tax applies and is collectible 19  
when the sale is made, regardless of the time when the price is 20

paid or delivered. 21

(2) In the case of the lease or rental, with a fixed term 22  
of more than thirty days or an indefinite term with a minimum 23  
period of more than thirty days, of any motor vehicles designed 24  
by the manufacturer to carry a load of not more than one ton, 25  
watercraft, outboard motor, or aircraft, or of any tangible 26  
personal property, other than motor vehicles designed by the 27  
manufacturer to carry a load of more than one ton, to be used by 28  
the lessee or renter primarily for business purposes, the tax 29  
shall be collected by the vendor at the time the lease or rental 30  
is consummated and shall be calculated by the vendor on the 31  
basis of the total amount to be paid by the lessee or renter 32  
under the lease agreement. If the total amount of the 33  
consideration for the lease or rental includes amounts that are 34  
not calculated at the time the lease or rental is executed, the 35  
tax shall be calculated and collected by the vendor at the time 36  
such amounts are billed to the lessee or renter. In the case of 37  
an open-end lease or rental, the tax shall be calculated by the 38  
vendor on the basis of the total amount to be paid during the 39  
initial fixed term of the lease or rental, and for each 40  
subsequent renewal period as it comes due. As used in this 41  
division, "motor vehicle" has the same meaning as in section 42  
4501.01 of the Revised Code, and "watercraft" includes an 43  
outdrive unit attached to the watercraft. 44

A lease with a renewal clause and a termination penalty or 45  
similar provision that applies if the renewal clause is not 46  
exercised is presumed to be a sham transaction. In such a case, 47  
the tax shall be calculated and paid on the basis of the entire 48  
length of the lease period, including any renewal periods, until 49  
the termination penalty or similar provision no longer applies. 50  
The taxpayer shall bear the burden, by a preponderance of the 51

evidence, that the transaction or series of transactions is not 52  
a sham transaction. 53

(3) Except as provided in division (A) (2) of this section, 54  
in the case of a sale, the price of which consists in whole or 55  
in part of the lease or rental of tangible personal property, 56  
the tax shall be measured by the installments of that lease or 57  
rental. 58

(4) In the case of a sale of a physical fitness facility 59  
service or recreation and sports club service, the price of 60  
which consists in whole or in part of a membership for the 61  
receipt of the benefit of the service, the tax applicable to the 62  
sale shall be measured by the installments thereof. 63

(B) The tax does not apply to the following: 64

(1) Sales to the state or any of its political 65  
subdivisions, or to any other state or its political 66  
subdivisions if the laws of that state exempt from taxation 67  
sales made to this state and its political subdivisions 68  
including either of the following: 69

(a) Sales or rentals of tangible personal property by 70  
construction contractors or subcontractors to provide temporary 71  
traffic control or temporary structures, including material and 72  
equipment used to comply with the Ohio manual of uniform traffic 73  
control devices adopted pursuant to section 4511.09 of the 74  
Revised Code, whereby the state or any of its political 75  
subdivisions take title to, or permanent or temporary possession 76  
of, such tangible personal property for use by the state or any 77  
of its political subdivisions, including for use by the general 78  
public thereof; 79

(b) Sales of services by construction contractors or 80

subcontractors to provide temporary traffic control or 81  
structures, including labor used to comply with the Ohio manual 82  
of uniform traffic control devices adopted pursuant to section 83  
4511.09 of the Revised Code, whereby the state or any of its 84  
political subdivisions, including the general public thereof, 85  
receive the benefit of such services. 86

As used in divisions (B) (1) (a) and (b) of this section, 87  
"temporary structures" include temporary roads, bridges, drains, 88  
and pavement. 89

(2) Sales of food for human consumption off the premises 90  
where sold; 91

(3) Sales of food sold to students only in a cafeteria, 92  
dormitory, fraternity, or sorority maintained in a private, 93  
public, or parochial school, college, or university; 94

(4) Sales of newspapers and sales or transfers of 95  
magazines distributed as controlled circulation publications; 96

(5) The furnishing, preparing, or serving of meals without 97  
charge by an employer to an employee provided the employer 98  
records the meals as part compensation for services performed or 99  
work done; 100

(6) (a) Sales of motor fuel upon receipt, use, 101  
distribution, or sale of which in this state a tax is imposed by 102  
the law of this state, but this exemption shall not apply to the 103  
sale of motor fuel on which a refund of the tax is allowable 104  
under division (A) of section 5735.14 of the Revised Code; and 105  
the tax commissioner may deduct the amount of tax levied by this 106  
section applicable to the price of motor fuel when granting a 107  
refund of motor fuel tax pursuant to division (A) of section 108  
5735.14 of the Revised Code and shall cause the amount deducted 109

to be paid into the general revenue fund of this state;	110
(b) Sales of motor fuel other than that described in	111
division (B) (6) (a) of this section and used for powering a	112
refrigeration unit on a vehicle other than one used primarily to	113
provide comfort to the operator or occupants of the vehicle.	114
(7) Sales of natural gas by a natural gas company or	115
municipal gas utility, of water by a water-works company, or of	116
steam by a heating company, if in each case the thing sold is	117
delivered to consumers through pipes or conduits, and all sales	118
of communications services by a telegraph company, all terms as	119
defined in section 5727.01 of the Revised Code, and sales of	120
electricity delivered through wires;	121
(8) Casual sales by a person, or auctioneer employed	122
directly by the person to conduct such sales, except as to such	123
sales of motor vehicles, watercraft or outboard motors required	124
to be titled under section 1548.06 of the Revised Code,	125
watercraft documented with the United States coast guard,	126
snowmobiles, and all-purpose vehicles as defined in section	127
4519.01 of the Revised Code;	128
(9) (a) Sales of services or tangible personal property,	129
other than motor vehicles, mobile homes, and manufactured homes,	130
by churches, organizations exempt from taxation under section	131
501(c) (3) of the Internal Revenue Code of 1986, or nonprofit	132
organizations operated exclusively for charitable purposes as	133
defined in division (B) (12) of this section, provided that the	134
number of days on which such tangible personal property or	135
services, other than items never subject to the tax, are sold	136
does not exceed six in any calendar year, except as otherwise	137
provided in division (B) (9) (b) of this section. If the number of	138
days on which such sales are made exceeds six in any calendar	139

year, the church or organization shall be considered to be 140  
engaged in business and all subsequent sales by it shall be 141  
subject to the tax. In counting the number of days, all sales by 142  
groups within a church or within an organization shall be 143  
considered to be sales of that church or organization. 144

(b) The limitation on the number of days on which tax- 145  
exempt sales may be made by a church or organization under 146  
division (B) (9) (a) of this section does not apply to sales made 147  
by student clubs and other groups of students of a primary or 148  
secondary school, or a parent-teacher association, booster 149  
group, or similar organization that raises money to support or 150  
fund curricular or extracurricular activities of a primary or 151  
secondary school. 152

(c) Divisions (B) (9) (a) and (b) of this section do not 153  
apply to sales by a noncommercial educational radio or 154  
television broadcasting station. 155

(10) Sales not within the taxing power of this state under 156  
the Constitution or laws of the United States or the 157  
Constitution of this state including either of the following: 158

(a) Sales or rentals of tangible personal property by 159  
construction contractors or subcontractors to provide temporary 160  
traffic control or temporary structures, including material and 161  
equipment used to comply with the Ohio manual of uniform traffic 162  
control devices adopted pursuant to section 4511.09 of the 163  
Revised Code, whereby the United States takes title to, or 164  
permanent or temporary possession of, such tangible personal 165  
property for use by the United States including for use by the 166  
general public thereof; 167

(b) Sales of services by construction contractors or 168

subcontractors to provide temporary traffic control or 169  
structures, including labor used to comply with the Ohio manual 170  
of uniform traffic control devices adopted pursuant to section 171  
4511.09 of the Revised Code, whereby the United States, 172  
including the general public thereof, receives the benefit of 173  
such services. 174

As used in divisions (B) (10) (a) and (b) of this section, 175  
"temporary structures" include temporary roads, bridges, drains, 176  
and pavement. 177

(11) Except for transactions that are sales under division 178  
(B) (3) (p) of section 5739.01 of the Revised Code, the 179  
transportation of persons or property, unless the transportation 180  
is by a private investigation and security service; 181

(12) Sales of tangible personal property or services to 182  
churches, to organizations exempt from taxation under section 183  
501(c) (3) of the Internal Revenue Code of 1986, and to any other 184  
nonprofit organizations operated exclusively for charitable 185  
purposes in this state, no part of the net income of which 186  
inures to the benefit of any private shareholder or individual, 187  
and no substantial part of the activities of which consists of 188  
carrying on propaganda or otherwise attempting to influence 189  
legislation; sales to offices administering one or more homes 190  
for the aged or one or more hospital facilities exempt under 191  
section 140.08 of the Revised Code; and sales to organizations 192  
described in division (D) of section 5709.12 of the Revised 193  
Code. 194

"Charitable purposes" means the relief of poverty; the 195  
improvement of health through the alleviation of illness, 196  
disease, or injury; the operation of an organization exclusively 197  
for the provision of professional, laundry, printing, and 198

purchasing services to hospitals or charitable institutions; the 199  
operation of a home for the aged, as defined in section 5701.13 200  
of the Revised Code; the operation of a radio or television 201  
broadcasting station that is licensed by the federal 202  
communications commission as a noncommercial educational radio 203  
or television station; the operation of a nonprofit animal 204  
adoption service or a county humane society; the promotion of 205  
education by an institution of learning that maintains a faculty 206  
of qualified instructors, teaches regular continuous courses of 207  
study, and confers a recognized diploma upon completion of a 208  
specific curriculum; the operation of a parent-teacher 209  
association, booster group, or similar organization primarily 210  
engaged in the promotion and support of the curricular or 211  
extracurricular activities of a primary or secondary school; the 212  
operation of a community or area center in which presentations 213  
in music, dramatics, the arts, and related fields are made in 214  
order to foster public interest and education therein; the 215  
production of performances in music, dramatics, and the arts; or 216  
the promotion of education by an organization engaged in 217  
carrying on research in, or the dissemination of, scientific and 218  
technological knowledge and information primarily for the 219  
public. 220

Nothing in this division shall be deemed to exempt sales 221  
to any organization for use in the operation or carrying on of a 222  
trade or business, or sales to a home for the aged for use in 223  
the operation of independent living facilities as defined in 224  
division (A) of section 5709.12 of the Revised Code. 225

(13) Building and construction materials and services sold 226  
to construction contractors for incorporation into a structure 227  
or improvement to real property under a construction contract 228  
with this state or a political subdivision of this state, or 229

with the United States government or any of its agencies; 230  
building and construction materials and services sold to 231  
construction contractors for incorporation into a structure or 232  
improvement to real property that are accepted for ownership by 233  
this state or any of its political subdivisions, or by the 234  
United States government or any of its agencies at the time of 235  
completion of the structures or improvements; building and 236  
construction materials sold to construction contractors for 237  
incorporation into a horticulture structure or livestock 238  
structure for a person engaged in the business of horticulture 239  
or producing livestock; building materials and services sold to 240  
a construction contractor for incorporation into a house of 241  
public worship or religious education, or a building used 242  
exclusively for charitable purposes under a construction 243  
contract with an organization whose purpose is as described in 244  
division (B) (12) of this section; building materials and 245  
services sold to a construction contractor for incorporation 246  
into a building under a construction contract with an 247  
organization exempt from taxation under section 501(c) (3) of the 248  
Internal Revenue Code of 1986 when the building is to be used 249  
exclusively for the organization's exempt purposes; tangible 250  
personal property sold for incorporation into the construction 251  
of a sports facility under section 307.696 of the Revised Code; 252  
building and construction materials and services sold to a 253  
construction contractor for incorporation into real property 254  
outside this state if such materials and services, when sold to 255  
a construction contractor in the state in which the real 256  
property is located for incorporation into real property in that 257  
state, would be exempt from a tax on sales levied by that state; 258  
building and construction materials for incorporation into a 259  
transportation facility pursuant to a public-private agreement 260  
entered into under sections 5501.70 to 5501.83 of the Revised 261

Code; until one calendar year after the construction of a 262  
convention center that qualifies for property tax exemption 263  
under section 5709.084 of the Revised Code is completed, 264  
building and construction materials and services sold to a 265  
construction contractor for incorporation into the real property 266  
comprising that convention center; and building and construction 267  
materials sold for incorporation into a structure or improvement 268  
to real property that is used primarily as, or primarily in 269  
support of, a manufacturing facility or research and development 270  
facility and that is to be owned by a megaproject operator upon 271  
completion and located at the site of a megaproject that 272  
satisfies the criteria described in division (A) (11) (a) (ii) of 273  
section 122.17 of the Revised Code, provided that the sale 274  
occurs during the period that the megaproject operator has an 275  
agreement for such megaproject with the tax credit authority 276  
under division (D) of section 122.17 of the Revised Code that 277  
remains in effect and has not expired or been terminated. 278

(14) Sales of ships or vessels or rail rolling stock used 279  
or to be used principally in interstate or foreign commerce, and 280  
repairs, alterations, fuel, and lubricants for such ships or 281  
vessels or rail rolling stock; 282

(15) Sales to persons primarily engaged in any of the 283  
activities mentioned in division (B) (42) (a), (g), or (h) of this 284  
section, to persons engaged in making retail sales, or to 285  
persons who purchase for sale from a manufacturer tangible 286  
personal property that was produced by the manufacturer in 287  
accordance with specific designs provided by the purchaser, of 288  
packages, including material, labels, and parts for packages, 289  
and of machinery, equipment, and material for use primarily in 290  
packaging tangible personal property produced for sale, 291  
including any machinery, equipment, and supplies used to make 292

labels or packages, to prepare packages or products for 293  
labeling, or to label packages or products, by or on the order 294  
of the person doing the packaging, or sold at retail. "Packages" 295  
includes bags, baskets, cartons, crates, boxes, cans, bottles, 296  
bindings, wrappings, and other similar devices and containers, 297  
but does not include motor vehicles or bulk tanks, trailers, or 298  
similar devices attached to motor vehicles. "Packaging" means 299  
placing in a package. Division (B) (15) of this section does not 300  
apply to persons engaged in highway transportation for hire. 301

(16) Sales of food to persons using supplemental nutrition 302  
assistance program benefits to purchase the food. As used in 303  
this division, "food" has the same meaning as in 7 U.S.C. 2012 304  
and federal regulations adopted pursuant to the Food and 305  
Nutrition Act of 2008. 306

(17) Sales to persons engaged in farming, agriculture, 307  
horticulture, or floriculture, of tangible personal property for 308  
use or consumption primarily in the production by farming, 309  
agriculture, horticulture, or floriculture of other tangible 310  
personal property for use or consumption primarily in the 311  
production of tangible personal property for sale by farming, 312  
agriculture, horticulture, or floriculture; or material and 313  
parts for incorporation into any such tangible personal property 314  
for use or consumption in production; and of tangible personal 315  
property for such use or consumption in the conditioning or 316  
holding of products produced by and for such use, consumption, 317  
or sale by persons engaged in farming, agriculture, 318  
horticulture, or floriculture, except where such property is 319  
incorporated into real property; 320

(18) Sales of drugs for a human being that may be 321  
dispensed only pursuant to a prescription; insulin as recognized 322

in the official United States pharmacopoeia; urine and blood	323
testing materials when used by diabetics or persons with	324
hypoglycemia to test for glucose or acetone; hypodermic syringes	325
and needles when used by diabetics for insulin injections;	326
epoetin alfa when purchased for use in the treatment of persons	327
with medical disease; hospital beds when purchased by hospitals,	328
nursing homes, or other medical facilities; and medical oxygen	329
and medical oxygen-dispensing equipment when purchased by	330
hospitals, nursing homes, or other medical facilities;	331
(19) Sales of prosthetic devices, durable medical	332
equipment for home use, or mobility enhancing equipment, when	333
made pursuant to a prescription and when such devices or	334
equipment are for use by a human being.	335
(20) Sales of emergency and fire protection vehicles and	336
equipment to nonprofit organizations for use solely in providing	337
fire protection and emergency services, including trauma care	338
and emergency medical services, for political subdivisions of	339
the state;	340
(21) Sales of tangible personal property manufactured in	341
this state, if sold by the manufacturer in this state to a	342
retailer for use in the retail business of the retailer outside	343
of this state and if possession is taken from the manufacturer	344
by the purchaser within this state for the sole purpose of	345
immediately removing the same from this state in a vehicle owned	346
by the purchaser;	347
(22) Sales of services provided by the state or any of its	348
political subdivisions, agencies, instrumentalities,	349
institutions, or authorities, or by governmental entities of the	350
state or any of its political subdivisions, agencies,	351
instrumentalities, institutions, or authorities;	352

(23) Sales of motor vehicles to nonresidents of this state	353
under the circumstances described in division (B) of section	354
5739.029 of the Revised Code;	355
(24) Sales to persons engaged in the preparation of eggs	356
for sale of tangible personal property used or consumed directly	357
in such preparation, including such tangible personal property	358
used for cleaning, sanitizing, preserving, grading, sorting, and	359
classifying by size; packages, including material and parts for	360
packages, and machinery, equipment, and material for use in	361
packaging eggs for sale; and handling and transportation	362
equipment and parts therefor, except motor vehicles licensed to	363
operate on public highways, used in intraplant or interplant	364
transfers or shipment of eggs in the process of preparation for	365
sale, when the plant or plants within or between which such	366
transfers or shipments occur are operated by the same person.	367
"Packages" includes containers, cases, baskets, flats, fillers,	368
filler flats, cartons, closure materials, labels, and labeling	369
materials, and "packaging" means placing therein.	370
(25) (a) Sales of water to a consumer for residential use;	371
(b) Sales of water by a nonprofit corporation engaged	372
exclusively in the treatment, distribution, and sale of water to	373
consumers, if such water is delivered to consumers through pipes	374
or tubing.	375
(26) Fees charged for inspection or reinspection of motor	376
vehicles under section 3704.14 of the Revised Code;	377
(27) Sales to persons licensed to conduct a food service	378
operation pursuant to section 3717.43 of the Revised Code, of	379
tangible personal property primarily used directly for the	380
following:	381

(a) To prepare food for human consumption for sale;	382
(b) To preserve food that has been or will be prepared for human consumption for sale by the food service operator, not including tangible personal property used to display food for selection by the consumer;	383 384 385 386
(c) To clean tangible personal property used to prepare or serve food for human consumption for sale.	387 388
(28) Sales of animals by nonprofit animal adoption services or county humane societies;	389 390
(29) Sales of services to a corporation described in division (A) of section 5709.72 of the Revised Code, and sales of tangible personal property that qualifies for exemption from taxation under section 5709.72 of the Revised Code;	391 392 393 394
(30) Sales and installation of agricultural land tile, as defined in division (B) (5) (a) of section 5739.01 of the Revised Code;	395 396 397
(31) Sales and erection or installation of portable grain bins, as defined in division (B) (5) (b) of section 5739.01 of the Revised Code;	398 399 400
(32) The sale, lease, repair, and maintenance of, parts for, or items attached to or incorporated in, motor vehicles that are primarily used for transporting tangible personal property belonging to others by a person engaged in highway transportation for hire, except for packages and packaging used for the transportation of tangible personal property;	401 402 403 404 405 406
(33) Sales to the state headquarters of any veterans' organization in this state that is either incorporated and issued a charter by the congress of the United States or is	407 408 409

recognized by the United States veterans administration, for use 410  
by the headquarters; 411

(34) Sales to a telecommunications service vendor, mobile 412  
telecommunications service vendor, or satellite broadcasting 413  
service vendor of tangible personal property and services used 414  
directly and primarily in transmitting, receiving, switching, or 415  
recording any interactive, one- or two-way electromagnetic 416  
communications, including voice, image, data, and information, 417  
through the use of any medium, including, but not limited to, 418  
poles, wires, cables, switching equipment, computers, and record 419  
storage devices and media, and component parts for the tangible 420  
personal property. The exemption provided in this division shall 421  
be in lieu of all other exemptions under division (B) (42) (a) or 422  
(n) of this section to which the vendor may otherwise be 423  
entitled, based upon the use of the thing purchased in providing 424  
the telecommunications, mobile telecommunications, or satellite 425  
broadcasting service. 426

(35) (a) Sales where the purpose of the consumer is to use 427  
or consume the things transferred in making retail sales and 428  
consisting of newspaper inserts, catalogues, coupons, flyers, 429  
gift certificates, or other advertising material that prices and 430  
describes tangible personal property offered for retail sale. 431

(b) Sales to direct marketing vendors of preliminary 432  
materials such as photographs, artwork, and typesetting that 433  
will be used in printing advertising material; and of printed 434  
matter that offers free merchandise or chances to win sweepstake 435  
prizes and that is mailed to potential customers with 436  
advertising material described in division (B) (35) (a) of this 437  
section; 438

(c) Sales of equipment such as telephones, computers, 439

facsimile machines, and similar tangible personal property 440  
primarily used to accept orders for direct marketing retail 441  
sales. 442

(d) Sales of automatic food vending machines that preserve 443  
food with a shelf life of forty-five days or less by 444  
refrigeration and dispense it to the consumer. 445

For purposes of division (B) (35) of this section, "direct 446  
marketing" means the method of selling where consumers order 447  
tangible personal property by United States mail, delivery 448  
service, or telecommunication and the vendor delivers or ships 449  
the tangible personal property sold to the consumer from a 450  
warehouse, catalogue distribution center, or similar fulfillment 451  
facility by means of the United States mail, delivery service, 452  
or common carrier. 453

(36) Sales to a person engaged in the business of 454  
horticulture or producing livestock of materials to be 455  
incorporated into a horticulture structure or livestock 456  
structure; 457

(37) Sales of personal computers, computer monitors, 458  
computer keyboards, modems, and other peripheral computer 459  
equipment to an individual who is licensed or certified to teach 460  
in an elementary or a secondary school in this state for use by 461  
that individual in preparation for teaching elementary or 462  
secondary school students; 463

(38) Sales of tangible personal property that is not 464  
required to be registered or licensed under the laws of this 465  
state to a citizen of a foreign nation that is not a citizen of 466  
the United States, provided the property is delivered to a 467  
person in this state that is not a related member of the 468

purchaser, is physically present in this state for the sole 469  
purpose of temporary storage and package consolidation, and is 470  
subsequently delivered to the purchaser at a delivery address in 471  
a foreign nation. As used in division (B) (38) of this section, 472  
"related member" has the same meaning as in section 5733.042 of 473  
the Revised Code, and "temporary storage" means the storage of 474  
tangible personal property for a period of not more than sixty 475  
days. 476

(39) Sales of used manufactured homes and used mobile 477  
homes, as defined in section 5739.0210 of the Revised Code, made 478  
on or after January 1, 2000; 479

(40) Sales of tangible personal property and services to a 480  
provider of electricity used or consumed directly and primarily 481  
in generating, transmitting, or distributing electricity for use 482  
by others, including property that is or is to be incorporated 483  
into and will become a part of the consumer's production, 484  
transmission, or distribution system and that retains its 485  
classification as tangible personal property after 486  
incorporation; fuel or power used in the production, 487  
transmission, or distribution of electricity; energy conversion 488  
equipment as defined in section 5727.01 of the Revised Code; and 489  
tangible personal property and services used in the repair and 490  
maintenance of the production, transmission, or distribution 491  
system, including only those motor vehicles as are specially 492  
designed and equipped for such use. The exemption provided in 493  
this division shall be in lieu of all other exemptions in 494  
division (B) (42) (a) or (n) of this section to which a provider 495  
of electricity may otherwise be entitled based on the use of the 496  
tangible personal property or service purchased in generating, 497  
transmitting, or distributing electricity. 498

(41) Sales to a person providing services under division	499
(B) (3) (p) of section 5739.01 of the Revised Code of tangible	500
personal property and services used directly and primarily in	501
providing taxable services under that section.	502
(42) Sales where the purpose of the purchaser is to do any	503
of the following:	504
(a) To incorporate the thing transferred as a material or	505
a part into tangible personal property to be produced for sale	506
by manufacturing, assembling, processing, or refining; or to use	507
or consume the thing transferred directly in producing tangible	508
personal property for sale by mining, including, without	509
limitation, the extraction from the earth of all substances that	510
are classed geologically as minerals, or directly in the	511
rendition of a public utility service, except that the sales tax	512
levied by this section shall be collected upon all meals,	513
drinks, and food for human consumption sold when transporting	514
persons. This paragraph does not exempt from "retail sale" or	515
"sales at retail" the sale of tangible personal property that is	516
to be incorporated into a structure or improvement to real	517
property.	518
(b) To hold the thing transferred as security for the	519
performance of an obligation of the vendor;	520
(c) To resell, hold, use, or consume the thing transferred	521
as evidence of a contract of insurance;	522
(d) To use or consume the thing directly in commercial	523
fishing;	524
(e) To incorporate the thing transferred as a material or	525
a part into, or to use or consume the thing transferred directly	526
in the production of, magazines distributed as controlled	527

circulation publications;	528
(f) To use or consume the thing transferred in the	529
production and preparation in suitable condition for market and	530
sale of printed, imprinted, overprinted, lithographic,	531
multilithic, blueprinted, photostatic, or other productions or	532
reproductions of written or graphic matter;	533
(g) To use the thing transferred, as described in section	534
5739.011 of the Revised Code, primarily in a manufacturing	535
operation to produce tangible personal property for sale;	536
(h) To use the benefit of a warranty, maintenance or	537
service contract, or similar agreement, as described in division	538
(B) (7) of section 5739.01 of the Revised Code, to repair or	539
maintain tangible personal property, if all of the property that	540
is the subject of the warranty, contract, or agreement would not	541
be subject to the tax imposed by this section;	542
(i) To use the thing transferred as qualified research and	543
development equipment;	544
(j) To use or consume the thing transferred primarily in	545
storing, transporting, mailing, or otherwise handling purchased	546
sales inventory in a warehouse, distribution center, or similar	547
facility when the inventory is primarily distributed outside	548
this state to retail stores of the person who owns or controls	549
the warehouse, distribution center, or similar facility, to	550
retail stores of an affiliated group of which that person is a	551
member, or by means of direct marketing. This division does not	552
apply to motor vehicles registered for operation on the public	553
highways. As used in this division, "affiliated group" has the	554
same meaning as in division (B) (3) (e) of section 5739.01 of the	555
Revised Code and "direct marketing" has the same meaning as in	556

division (B) (35) of this section.	557
(k) To use or consume the thing transferred to fulfill a contractual obligation incurred by a warrantor pursuant to a warranty provided as a part of the price of the tangible personal property sold or by a vendor of a warranty, maintenance or service contract, or similar agreement the provision of which is defined as a sale under division (B) (7) of section 5739.01 of the Revised Code;	558 559 560 561 562 563 564
(l) To use or consume the thing transferred in the production of a newspaper for distribution to the public;	565 566
(m) To use tangible personal property to perform a service listed in division (B) (3) of section 5739.01 of the Revised Code, if the property is or is to be permanently transferred to the consumer of the service as an integral part of the performance of the service;	567 568 569 570 571
(n) To use or consume the thing transferred primarily in producing tangible personal property for sale by farming, agriculture, horticulture, or floriculture. Persons engaged in rendering farming, agriculture, horticulture, or floriculture services for others are deemed engaged primarily in farming, agriculture, horticulture, or floriculture. This paragraph does not exempt from "retail sale" or "sales at retail" the sale of tangible personal property that is to be incorporated into a structure or improvement to real property.	572 573 574 575 576 577 578 579 580
(o) To use or consume the thing transferred in acquiring, formatting, editing, storing, and disseminating data or information by electronic publishing;	581 582 583
(p) To provide the thing transferred to the owner or lessee of a motor vehicle that is being repaired or serviced, if	584 585

the thing transferred is a rented motor vehicle and the 586  
purchaser is reimbursed for the cost of the rented motor vehicle 587  
by a manufacturer, warrantor, or provider of a maintenance, 588  
service, or other similar contract or agreement, with respect to 589  
the motor vehicle that is being repaired or serviced; 590

(q) To use or consume the thing transferred directly in 591  
production of crude oil and natural gas for sale. Persons 592  
engaged in rendering production services for others are deemed 593  
engaged in production. 594

As used in division (B) (42) (q) of this section, 595  
"production" means operations and tangible personal property 596  
directly used to expose and evaluate an underground reservoir 597  
that may contain hydrocarbon resources, prepare the wellbore for 598  
production, and lift and control all substances yielded by the 599  
reservoir to the surface of the earth. 600

(i) For the purposes of division (B) (42) (q) of this 601  
section, the "thing transferred" includes, but is not limited 602  
to, any of the following: 603

(I) Services provided in the construction of permanent 604  
access roads, services provided in the construction of the well 605  
site, and services provided in the construction of temporary 606  
impoundments; 607

(II) Equipment and rigging used for the specific purpose 608  
of creating with integrity a wellbore pathway to underground 609  
reservoirs; 610

(III) Drilling and workover services used to work within a 611  
subsurface wellbore, and tangible personal property directly 612  
used in providing such services; 613

(IV) Casing, tubulars, and float and centralizing 614

equipment;	615
(V) Trailers to which production equipment is attached;	616
(VI) Well completion services, including cementing of casing, and tangible personal property directly used in providing such services;	617 618 619
(VII) Wireline evaluation, mud logging, and perforation services, and tangible personal property directly used in providing such services;	620 621 622
(VIII) Reservoir stimulation, hydraulic fracturing, and acidizing services, and tangible personal property directly used in providing such services, including all material pumped downhole;	623 624 625 626
(IX) Pressure pumping equipment;	627
(X) Artificial lift systems equipment;	628
(XI) Wellhead equipment and well site equipment used to separate, stabilize, and control hydrocarbon phases and produced water;	629 630 631
(XII) Tangible personal property directly used to control production equipment.	632 633
(ii) For the purposes of division (B) (42) (q) of this section, the "thing transferred" does not include any of the following:	634 635 636
(I) Tangible personal property used primarily in the exploration and production of any mineral resource regulated under Chapter 1509. of the Revised Code other than oil or gas;	637 638 639
(II) Tangible personal property used primarily in storing, holding, or delivering solutions or chemicals used in well	640 641

stimulation as defined in section 1509.01 of the Revised Code;	642
(III) Tangible personal property used primarily in	643
preparing, installing, or reclaiming foundations for drilling or	644
pumping equipment or well stimulation material tanks;	645
(IV) Tangible personal property used primarily in	646
transporting, delivering, or removing equipment to or from the	647
well site or storing such equipment before its use at the well	648
site;	649
(V) Tangible personal property used primarily in gathering	650
operations occurring off the well site, including gathering	651
pipelines transporting hydrocarbon gas or liquids away from a	652
crude oil or natural gas production facility;	653
(VI) Tangible personal property that is to be incorporated	654
into a structure or improvement to real property;	655
(VII) Well site fencing, lighting, or security systems;	656
(VIII) Communication devices or services;	657
(IX) Office supplies;	658
(X) Trailers used as offices or lodging;	659
(XI) Motor vehicles of any kind;	660
(XII) Tangible personal property used primarily for the	661
storage of drilling byproducts and fuel not used for production;	662
(XIII) Tangible personal property used primarily as a	663
safety device;	664
(XIV) Data collection or monitoring devices;	665
(XV) Access ladders, stairs, or platforms attached to	666
storage tanks.	667

The enumeration of tangible personal property in division 668  
(B) (42) (q) (ii) of this section is not intended to be exhaustive, 669  
and any tangible personal property not so enumerated shall not 670  
necessarily be construed to be a "thing transferred" for the 671  
purposes of division (B) (42) (q) of this section. 672

The commissioner shall adopt and promulgate rules under 673  
sections 119.01 to 119.13 of the Revised Code that the 674  
commissioner deems necessary to administer division (B) (42) (q) 675  
of this section. 676

As used in division (B) (42) of this section, "thing" 677  
includes all transactions included in divisions (B) (3) (a), (b), 678  
and (e) of section 5739.01 of the Revised Code. 679

(43) Sales conducted through a coin operated device that 680  
activates vacuum equipment or equipment that dispenses water, 681  
whether or not in combination with soap or other cleaning agents 682  
or wax, to the consumer for the consumer's use on the premises 683  
in washing, cleaning, or waxing a motor vehicle, provided no 684  
other personal property or personal service is provided as part 685  
of the transaction. 686

(44) Sales of replacement and modification parts for 687  
engines, airframes, instruments, and interiors in, and paint 688  
for, aircraft used primarily in a fractional aircraft ownership 689  
program, and sales of services for the repair, modification, and 690  
maintenance of such aircraft, and machinery, equipment, and 691  
supplies primarily used to provide those services. 692

(45) Sales of telecommunications service that is used 693  
directly and primarily to perform the functions of a call 694  
center. As used in this division, "call center" means any 695  
physical location where telephone calls are placed or received 696

in high volume for the purpose of making sales, marketing, 697  
customer service, technical support, or other specialized 698  
business activity, and that employs at least fifty individuals 699  
that engage in call center activities on a full-time basis, or 700  
sufficient individuals to fill fifty full-time equivalent 701  
positions. 702

(46) Sales by a telecommunications service vendor of 900 703  
service to a subscriber. This division does not apply to 704  
information services. 705

(47) Sales of value-added non-voice data service. This 706  
division does not apply to any similar service that is not 707  
otherwise a telecommunications service. 708

(48) Sales of feminine hygiene products. 709

(49) Sales of materials, parts, equipment, or engines used 710  
in the repair or maintenance of aircraft or avionics systems of 711  
such aircraft, and sales of repair, remodeling, replacement, or 712  
maintenance services in this state performed on aircraft or on 713  
an aircraft's avionics, engine, or component materials or parts. 714  
As used in division (B) (49) of this section, "aircraft" means 715  
aircraft of more than six thousand pounds maximum certified 716  
takeoff weight or used exclusively in general aviation. 717

(50) Sales of full flight simulators that are used for 718  
pilot or flight-crew training, sales of repair or replacement 719  
parts or components, and sales of repair or maintenance services 720  
for such full flight simulators. "Full flight simulator" means a 721  
replica of a specific type, or make, model, and series of 722  
aircraft cockpit. It includes the assemblage of equipment and 723  
computer programs necessary to represent aircraft operations in 724  
ground and flight conditions, a visual system providing an out- 725

of-the-cockpit view, and a system that provides cues at least 726  
equivalent to those of a three-degree-of-freedom motion system, 727  
and has the full range of capabilities of the systems installed 728  
in the device as described in appendices A and B of part 60 of 729  
chapter 1 of title 14 of the Code of Federal Regulations. 730

(51) Any transfer or lease of tangible personal property 731  
between the state and JobsOhio in accordance with section 732  
4313.02 of the Revised Code. 733

(52) (a) Sales to a qualifying corporation. 734

(b) As used in division (B) (52) of this section: 735

(i) "Qualifying corporation" means a nonprofit corporation 736  
organized in this state that leases from an eligible county 737  
land, buildings, structures, fixtures, and improvements to the 738  
land that are part of or used in a public recreational facility 739  
used by a major league professional athletic team or a class A 740  
to class AAA minor league affiliate of a major league 741  
professional athletic team for a significant portion of the 742  
team's home schedule, provided the following apply: 743

(I) The facility is leased from the eligible county 744  
pursuant to a lease that requires substantially all of the 745  
revenue from the operation of the business or activity conducted 746  
by the nonprofit corporation at the facility in excess of 747  
operating costs, capital expenditures, and reserves to be paid 748  
to the eligible county at least once per calendar year. 749

(II) Upon dissolution and liquidation of the nonprofit 750  
corporation, all of its net assets are distributable to the 751  
board of commissioners of the eligible county from which the 752  
corporation leases the facility. 753

(ii) "Eligible county" has the same meaning as in section 754

307.695 of the Revised Code.	755
(53) Sales to or by a cable service provider, video	756
service provider, or radio or television broadcast station	757
regulated by the federal government of cable service or	758
programming, video service or programming, audio service or	759
programming, or electronically transferred digital audiovisual	760
or audio work. As used in division (B) (53) of this section,	761
"cable service" and "cable service provider" have the same	762
meanings as in section 1332.01 of the Revised Code, and "video	763
service," "video service provider," and "video programming" have	764
the same meanings as in section 1332.21 of the Revised Code.	765
(54) Sales of a digital audio work electronically	766
transferred for delivery through use of a machine, such as a	767
juke box, that does all of the following:	768
(a) Accepts direct payments to operate;	769
(b) Automatically plays a selected digital audio work for	770
a single play upon receipt of a payment described in division	771
(B) (54) (a) of this section;	772
(c) Operates exclusively for the purpose of playing	773
digital audio works in a commercial establishment.	774
(55) (a) Sales of the following occurring on the first	775
Friday of August and the following Saturday and Sunday of any	776
year, except in 2024 or any subsequent year in which a sales tax	777
holiday is held pursuant to section 5739.41 of the Revised Code:	778
(i) An item of clothing, the price of which is seventy-	779
five dollars or less;	780
(ii) An item of school supplies, the price of which is	781
twenty dollars or less;	782

(iii) An item of school instructional material, the price	783
of which is twenty dollars or less.	784
(b) As used in division (B) (55) of this section:	785
(i) "Clothing" means all human wearing apparel suitable	786
for general use. "Clothing" includes, but is not limited to,	787
aprons, household and shop; athletic supporters; baby receiving	788
blankets; bathing suits and caps; beach capes and coats; belts	789
and suspenders; boots; coats and jackets; costumes; diapers,	790
children and adult, including disposable diapers; earmuffs;	791
footlets; formal wear; garters and garter belts; girdles; gloves	792
and mittens for general use; hats and caps; hosiery; insoles for	793
shoes; lab coats; neckties; overshoes; pantyhose; rainwear;	794
rubber pants; sandals; scarves; shoes and shoe laces; slippers;	795
sneakers; socks and stockings; steel-toed shoes; underwear;	796
uniforms, athletic and nonathletic; and wedding apparel.	797
"Clothing" does not include items purchased for use in a trade	798
or business; clothing accessories or equipment; protective	799
equipment; sports or recreational equipment; belt buckles sold	800
separately; costume masks sold separately; patches and emblems	801
sold separately; sewing equipment and supplies including, but	802
not limited to, knitting needles, patterns, pins, scissors,	803
sewing machines, sewing needles, tape measures, and thimbles;	804
and sewing materials that become part of "clothing" including,	805
but not limited to, buttons, fabric, lace, thread, yarn, and	806
zippers.	807
(ii) "School supplies" means items commonly used by a	808
student in a course of study. "School supplies" includes only	809
the following items: binders; book bags; calculators; cellophane	810
tape; blackboard chalk; compasses; composition books; crayons;	811
erasers; folders, expandable, pocket, plastic, and manila; glue,	812

paste, and paste sticks; highlighters; index cards; index card 813  
boxes; legal pads; lunch boxes; markers; notebooks; paper, 814  
loose-leaf ruled notebook paper, copy paper, graph paper, 815  
tracing paper, manila paper, colored paper, poster board, and 816  
construction paper; pencil boxes and other school supply boxes; 817  
pencil sharpeners; pencils; pens; protractors; rulers; scissors; 818  
and writing tablets. "School supplies" does not include any item 819  
purchased for use in a trade or business. 820

(iii) "School instructional material" means written 821  
material commonly used by a student in a course of study as a 822  
reference and to learn the subject being taught. "School 823  
instructional material" includes only the following items: 824  
reference books, reference maps and globes, textbooks, and 825  
workbooks. "School instructional material" does not include any 826  
material purchased for use in a trade or business. 827

(56) (a) Sales of adult diapers or incontinence underpads 828  
sold pursuant to a prescription, for the benefit of a medicaid 829  
recipient with a diagnosis of incontinence, and by a medicaid 830  
provider that maintains a valid provider agreement under section 831  
5164.30 of the Revised Code with the department of medicaid, 832  
provided that the medicaid program covers diapers or 833  
incontinence underpads as an incontinence garment. 834

(b) As used in division (B) (56) (a) of this section, 835  
"incontinence underpad" means an absorbent product, not worn on 836  
the body, designed to protect furniture or other tangible 837  
personal property from soiling or damage due to human 838  
incontinence. 839

(57) Sales of investment metal bullion and investment 840  
coins. "Investment metal bullion" means any bullion described in 841  
section 408(m) (3) (B) of the Internal Revenue Code, regardless of 842

whether that bullion is in the physical possession of a trustee. 843  
"Investment coin" means any coin composed primarily of gold, 844  
silver, platinum, or palladium. 845

(58) Sales of tangible personal property used primarily 846  
for any of the following purposes by a megaproject operator at 847  
the site of a megaproject that satisfies the criteria described 848  
in division (A) (11) (a) (ii) of section 122.17 of the Revised 849  
Code, provided that the sale occurs during the period that the 850  
megaproject operator has an agreement for such megaproject with 851  
the tax credit authority under division (D) of section 122.17 of 852  
the Revised Code that remains in effect and has not expired or 853  
been terminated: 854

(a) To store, transmit, convey, distribute, recycle, 855  
circulate, or clean water, steam, or other gases used in or 856  
produced as a result of manufacturing activity, including items 857  
that support or aid in the operation of such property; 858

(b) To clean or prepare inventory, at any stage of storage 859  
or production, or equipment used in a manufacturing activity, 860  
including chemicals, solvents, catalysts, soaps, and other items 861  
that support or aid in the operation of property; 862

(c) To regulate, treat, filter, condition, improve, clean, 863  
maintain, or monitor environmental conditions within areas where 864  
manufacturing activities take place; 865

(d) To handle, transport, or convey inventory during 866  
production or manufacturing. 867

(59) Documentary services charges imposed pursuant to 868  
section 4517.261 or 4781.24 of the Revised Code. 869

(60) Sales of children's diapers. 870

(61) Sales of therapeutic or preventative creams and wipes marketed primarily for use on the skin of children.	871 872
(62) Sales of a child restraint device or booster seat that meets the national highway traffic safety administration standard for child restraint systems under 49 C.F.R. 571.213.	873 874 875
(63) Sales of cribs intended to provide sleeping accommodations for children that comply with the United States consumer product safety commission's safety standard for full-size baby cribs under 16 C.F.R. 1219 or the commission's safety standard for non-full-size baby cribs under 16 C.F.R. 1220.	876 877 878 879 880
(64) Sales of strollers meant for transporting children from infancy to about thirty-six months of age that meet the United States consumer product safety commission safety standard for carriages and strollers under 16 C.F.R. 1227.2.	881 882 883 884
(65) The fee imposed by section 3743.22 of the Revised Code, if it is separately stated on the invoice, bill of sale, or similar document given by the vendor to the consumer for a retail sale made in this state.	885 886 887 888
(66) Sales of eligible tangible personal property occurring during the period of a sales tax holiday held pursuant to section 5739.41 of the Revised Code.	889 890 891
<u>(67) Sales of aircraft, provided the aircraft is sold and delivered in this state to a nonresident of this state, is not to be registered or based in this state after such sale and delivery, and is removed from this state not more than thirty days after the later of the following:</u>	892 893 894 895 896
<u>(a) The date on the conveyance for the aircraft that is filed with the federal aviation administration civil aviation registry, as required under 49 U.S.C. 44107;</u>	897 898 899

(b) The date the aircraft receives its return to service 900  
approval entry in the maintenance record, in accordance with 14 901  
C.F.R. 43.9, after completion of maintenance, repair, or 902  
overhaul work that is performed on the aircraft at or 903  
immediately after the date of the sale and delivery of the 904  
aircraft, including refurbishment or remanufacture of the 905  
aircraft. 906

(C) For the purpose of the proper administration of this 907  
chapter, and to prevent the evasion of the tax, it is presumed 908  
that all sales made in this state are subject to the tax until 909  
the contrary is established. 910

(D) The tax collected by the vendor from the consumer 911  
under this chapter is not part of the price, but is a tax 912  
collection for the benefit of the state, and of counties levying 913  
an additional sales tax pursuant to section 5739.021 or 5739.026 914  
of the Revised Code and of transit authorities levying an 915  
additional sales tax pursuant to section 5739.023 of the Revised 916  
Code. Except for the discount authorized under section 5739.12 917  
of the Revised Code and the effects of any rounding pursuant to 918  
section 5703.055 of the Revised Code, no person other than the 919  
state or such a county or transit authority shall derive any 920  
benefit from the collection or payment of the tax levied by this 921  
section or section 5739.021, 5739.023, or 5739.026 of the 922  
Revised Code. 923

**Section 2.** That existing section 5739.02 of the Revised 924  
Code is hereby repealed. 925

**Section 3.** The amendment by this act of section 5739.02 of 926  
the Revised Code applies on and after the first day of the first 927  
month beginning after the effective date of this section. 928