

House Bill 436 Sponsor Testimony:
House Ways & Means Committee
Tuesday, October 26, 2021

Representatives Kris Jordan & Rick Carfagna

Chairman Merrin, Vice Chair Riedel, Ranking Member Sobecki, and members of the House Ways & Means Committee, thank you for allowing us to provide sponsor testimony on House Bill 436.

This legislation will provide Ohio port authorities with the tools necessary to compete fairly across Ohio and with other states throughout the country.

For background, Ohio Port Authorities, which are also commonly known as Finance Authorities, are independent units of local government created under Ohio Revised Code Chapter 4582. Port Authorities promote and execute economic development interests in partnership with local governments which they are created by. Over the last several decades, Port Authorities have evolved to become integral partners in economic development efforts, and under current law they execute economic development incentives and agreements such as competitive financing and assist in facilitating a state sales and use tax exemption for certain project materials for developers.

This legislation will provide a needed clarification in the Revised Code regarding the scope of project components which are exempt from the state sales and use tax. Under current law, developers who contract with Port Authorities are provided a sales tax exemption for the “building and construction materials and services sold to construction contractors” per Ohio Revised Code Section 5739.02(B)(13).

However, some Port Authorities and developers have found this “building and construction materials and services” language in the Code ambiguous, leading some Port Authorities to employ a more liberal interpretation of what components are exempt from the state sales and use tax.

In efforts to resolve this discrepancy, House Bill 436 clarifies the terms of the sales tax exemption by creating a new standard for Port Authorities to follow. The language in this bill provides that the state sales and use tax will not be applied on the sales of tangible personal property or services to a person under contract with a Port Authority.

This language modernization will provide all Port Authorities with the legal clarity needed to proceed efficiently in their work with project developers, prospective businesses and investors.

This bill is simply another tool in the toolkit for these critical economic development entities. This language modernization will also allow Ohio Port Authorities to better compete with other states for economic development projects.

To that end, House Bill 436 will ultimately help our local governments attract new business and capital investment, create and retain more jobs, and improve the economic quality of life in communities across Ohio.

We are happy to take any questions from Committee Members.