



BEFORE THE OHIO HOUSE WAYS & MEANS COMMITTEE
TESTIMONY ON HOUSE BILL 436
November 9, 2021

Good afternoon, Chairman Merrin, Vice-Chair Riedel, Ranking Member Sobecki and members of the House Ways & Means Committee. On behalf of the members of the Ohio Chamber of Commerce, I am testifying in support of House Bill 436, legislation providing clarity in the area of sales tax compliance for purchases made for a port authority project or location.

Under current law, if a port authority purchases items deemed personal property the items are not subject to sales tax under ORC 5739.02(B)(1). That section exempts sales made directly to the state or other political subdivisions, such as a port authority. However, if the sale is made to a contractor the items remaining personal property are subject to sales tax. HB 436 will equalize the tax treatment of items purchased for a port project or facility.

Equally important, it will ease the administrative burden for those involved in the project. Currently, both port authorities and contractors enjoy sales tax exemption if the materials purchased are incorporated into real property at a facility owned by a port authority. Sometimes, the determination of what is real and what is personal property can be complicated and this change in law eases the need to make the determination at the front end of the project less critical. A determination will still need to be made for federal tax and book accounting purposes, but HB 436 will end the need to determine if items purchased each month are items of personal property subject to sales tax if acquired directly by a contractor.

The Ohio Chamber thanks the bill sponsors for introducing this legislation. HB 436 will ease compliance burdens for contractors working on behalf of a port authority and clarify the law surrounding the sales tax treatment for items purchased for a port authority whether directly by the port itself or a contractor. Thank you again for the opportunity to testify on this bill and I will now try to answer any questions you may have for me.