

As Reported by the House Ways and Means Committee

134th General Assembly

Regular Session

2021-2022

H. B. No. 66

Representative Hoops

**Cosponsors: Representatives Riedel, Stephens, Troy, Schmidt, Miller, J., Young,
T., Fowler Arthur, Cross**

A BILL

To amend sections 107.03, 5703.48, and 5703.95 of 1
the Revised Code to require the reporting of 2
information on and legislative review of 3
property tax exemptions. 4

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

Section 1. That sections 107.03, 5703.48, and 5703.95 of 5
the Revised Code be amended to read as follows: 6

Sec. 107.03. (A) As used in this section, "transportation 7
budget" means the biennial budget that primarily includes the 8
following: 9

(1) Motor fuel excise tax-related appropriations for the 10
department of transportation, public works commission, and 11
development services agency; 12

(2) Other appropriations that pertain to transportation 13
and infrastructure related to transportation. 14

(B) The governor shall submit a transportation budget to 15
the general assembly not later than four weeks after the general 16

assembly's organization. 17

(C) The governor shall submit to the general assembly, not 18
later than four weeks after its organization, a state budget 19
containing a complete financial plan for the ensuing fiscal 20
biennium, excluding items of revenue and expenditure described 21
in section 126.022 of the Revised Code. However, in years of a 22
new governor's inauguration, this budget shall be submitted not 23
later than the fifteenth day of March. 24

(D) In years of a new governor's inauguration, only the 25
new governor shall submit a budget to the general assembly. In 26
addition to other things required by law, each of the governor's 27
budgets shall contain: 28

(1) A general budget summary by function and agency 29
setting forth the proposed total expenses from each and all 30
funds and the anticipated resources for meeting such expenses; 31
such resources to include any available balances in the several 32
funds at the beginning of the biennium and a classification by 33
totals of all revenue receipts estimated to accrue during the 34
biennium under existing law and proposed legislation. 35

(2) A detailed statement showing the amounts recommended 36
to be appropriated from each fund for each fiscal year of the 37
biennium for current expenses, including, but not limited to, 38
personal services, supplies and materials, equipment, subsidies 39
and revenue distribution, merchandise for resale, transfers, and 40
nonexpense disbursements, obligations, interest on debt, and 41
retirement of debt, and for the biennium for capital outlay, to 42
the respective departments, offices, institutions, as defined in 43
section 121.01 of the Revised Code, and all other public 44
purposes; and, in comparative form, the actual expenses by 45
source of funds during each fiscal year of the previous two 46

bienniums for each such purpose. No alterations shall be made in 47
the requests for the legislative and judicial branches of the 48
state filed with the director of budget and management under 49
section 126.02 of the Revised Code. If any amount of federal 50
money is recommended to be appropriated or has been expended for 51
a purpose for which state money also is recommended to be 52
appropriated or has been expended, the amounts of federal money 53
and state money involved shall be separately identified. 54

(3) A detailed estimate of the revenue receipts in each 55
fund from each source under existing laws during each year of 56
the biennium; and, in comparative form, actual revenue receipts 57
in each fund from each source for each year of the two previous 58
bienniums; 59

(4) The estimated cash balance in each fund at the 60
beginning of the biennium covered by the budget; the estimated 61
liabilities outstanding against each such balance; and the 62
estimated net balance remaining and available for new 63
appropriations; 64

(5) A detailed estimate of the additional revenue receipts 65
in each fund from each source under proposed legislation, if 66
enacted, during each year of the biennium; 67

~~(6) A description of each tax expenditure; a detailed 68
estimate of the amount of revenues not available to the general 69
revenue fund under existing laws during each fiscal year of the 70
biennium covered by the budget due to the operation of each tax 71
expenditure; and, in comparative form, the amount of revenue not 72
available to the general revenue fund during each fiscal year of 73
the immediately preceding biennium due to the operation of each 74
tax expenditure. The most recent report prepared by the 75
department of taxation pursuant to under section 5703.48 of the 76~~

Revised Code, which shall be submitted to the general assembly 77
as an appendix to the governor's budget. ~~As used in this~~ 78
~~division, "tax expenditure" has the same meaning as in section~~ 79
~~5703.48 of the Revised Code.;~~ 80

(7) The most recent report prepared by the tax expenditure 81
review committee under division (F) of section 5703.95 of the 82
Revised Code, which shall be submitted to the general assembly 83
as an appendix to the governor's budget. 84

Sec. 5703.48. (A) As used in this section ~~and section~~ 85
~~107.03 of the Revised Code, "tax:~~ 86

(1) "Tax expenditure" means a tax provision in the Revised 87
Code that exempts, either in whole or in part, certain persons, 88
income, goods, services, or property from the effect of taxes 89
levied by the state, including, but not limited to, tax 90
deductions, exemptions, deferrals, exclusions, allowances, 91
credits, reimbursements, and preferential tax rates, provided 92
all of the following apply to the provision: 93

~~(1)~~ (a) The provision reduces, or has the potential to 94
reduce, revenue to the general revenue fund; 95

~~(2)~~ (b) The persons, income, goods, services, or property 96
exempted by the provision would have been part of a defined tax 97
base; 98

~~(3)~~ (c) The persons, income, goods, services, or property 99
exempted by the provision are not subject to an alternate tax 100
levied by the state; 101

~~(4)~~ (d) The provision is subject to modification or repeal 102
by an act of the general assembly. 103

(2) "Property tax exemption" means a provision in the 104

Revised Code that exempts or authorizes a subdivision to exempt 105
from taxation all or a portion of the value of real property, as 106
reported on forms otherwise prescribed by the tax commissioner 107
and as categorized by the tax commissioner for purposes of this 108
section as: 109

(a) Charitable and public worship; 110

(b) Public and educational; 111

(c) Local economic development; 112

(d) Other exemptions. 113

(B) The department of taxation shall prepare and submit to 114
the governor not later than the first day of November in each 115
even-numbered year a report ~~describing the effect of~~ containing 116
certain information about tax expenditures on the general 117
revenue fund and property tax exemptions. The report shall 118
contain ~~a~~ each of the following: 119

(1) A description of each existing tax expenditure under 120
existing laws and, in and property tax exemption; 121

(2) In comparative form, a detailed estimate of the 122
approximate amount of revenue not available to the state general 123
revenue fund in each fiscal year of the current and ensuing 124
fiscal bienniums as a result of the operation of each tax 125
expenditure; 126

(3) The aggregate true value of real property exempted in 127
this state for the preceding tax year as the result of the 128
operation of each property tax exemption; 129

(4) The amount of revenue paid from the general revenue 130
fund in the preceding calendar year to reimburse subdivisions 131
for each property tax exemption for which such reimbursement is 132

<u>required. The</u>	133
<u>The</u> report shall be prepared in such a manner as to	134
facilitate the inclusion of the information provided by the	135
report in the governor's budget.	136
Sec. 5703.95. (A) As used in this section, "tax	137
expenditure" has and " <u>property tax exemption</u> " have the same	138
meaning <u>meanings</u> as in section 5703.48 of the Revised Code.	139
(B) There is hereby created the tax expenditure review	140
committee, consisting of seven members, composed of the	141
following:	142
(1) Three members of the house of representatives	143
appointed by the speaker of the house of representatives in	144
consultation with the minority leader of the house of	145
representatives. Members described in division (B) (1) of this	146
section shall not all be members of the same party and should be	147
members of the house of representatives committee that deals	148
primarily with tax legislation;	149
(2) Three members of the senate appointed by the president	150
of the senate in consultation with the minority leader of the	151
senate. Members described in division (B) (2) of this section	152
shall not all be members of the same party and should be members	153
of the senate committee that deals primarily with tax	154
legislation;	155
(3) The tax commissioner or the tax commissioner's	156
designee. The member described in division (B) (3) of this	157
section shall be a nonvoting member.	158
The speaker of the house of representatives and the	159
president of the senate shall make initial appointments to the	160
committee not later than thirty days after March 21, 2017.	161

Thereafter, the terms of the office for appointed members shall 162
be the same as the term of each general assembly. Members may be 163
reappointed, provided the member continues to meet all other 164
eligibility requirements. Vacancies shall be filled in the 165
manner provided for original appointments. Any member appointed 166
to fill a vacancy before the expiration of the term for which 167
the predecessor was appointed shall hold office as a member for 168
the remainder of that term. Appointed members of the committee 169
serve at the pleasure of the member's appointing authority and 170
may be removed only by the appointing authority. 171

(C) The tax expenditure review committee shall hold its 172
first meeting within ninety days after March 21, 2017. At the 173
first meeting, the members shall elect a chairperson, who shall 174
be one of the members described in division (B)(1) or (2) of 175
this section. Thereafter, the committee shall meet at least once 176
during the first year of each fiscal biennium to review existing 177
tax expenditures and property tax exemptions pursuant to 178
division (D) of this section, provided the committee shall hold, 179
for any such expenditure and exemption, at least one meeting at 180
which a person may present to the committee evidence or 181
testimony related to that expenditure or exemption. Any person 182
may submit to the chairperson a request that the committee meet 183
to accept evidence or testimony on a tax expenditure or property
tax exemption. The committee is a public body for the purposes 184
of section 121.22 of the Revised Code. 185
186

The chairperson of the committee shall serve until the 187
thirty-first day of December of each even-numbered year. 188
Thereafter, members shall elect a new chairperson. If the 189
preceding chairperson was a member described in division (B)(1) 190
of this section, the new chairperson shall be a member described 191
in division (B)(2) of this section. If the preceding chairperson 192

was a member described in division (B) (2) of this section, the 193
new chairperson shall be a member described in division (B) (1) 194
of this section. 195

A vacancy on the committee does not impair the right of 196
the other members to exercise all the functions of the 197
committee. The presence of a majority of the voting members of 198
the committee constitutes a quorum for the conduct of business 199
of the committee. The concurrence of at least a majority of the 200
voting members of the committee is necessary for any action to 201
be taken by the committee. 202

Upon the committee's request, a county auditor or county 203
treasurer or the department of taxation, development services 204
agency, office of budget and management, or other state agency 205
shall provide any information in its possession that the 206
committee requires to perform its duties. 207

The staff of the legislative service commission shall 208
assist the committee as directed by the committee. 209

(D) The committee shall establish a schedule for review 210
for each tax expenditure and each property tax exemption so that 211
each expenditure and exemption is reviewed at least once every 212
eight years. The schedule may provide for the review of each tax 213
expenditure and exemption in the order the expenditures and 214
exemptions were enacted or modified, beginning with the least 215
recently enacted or modified ~~tax~~-expenditure or exemption. 216
Alternatively, the review schedule may group tax expenditures 217
and property tax exemptions by the individuals or industries 218
benefiting from the ~~expenditures~~-expenditure or exemption, the 219
objectives of each expenditure or exemption, or the policy 220
rationale of each expenditure or exemption. In its review, the 221
committee shall make recommendations as to whether each tax 222

expenditure and property tax exemption should be continued 223
without modification, modified, scheduled for further review at 224
a future date to consider repealing the expenditure or 225
exemption, or repealed outright. For each expenditure and 226
exemption reviewed, the committee may recommend accountability 227
standards for the future review of the expenditure or exemption. 228
The committee may consider, when reviewing a tax expenditure or 229
property tax exemption, any of the relevant factors described in 230
division (E) of this section. 231

(E) In conducting reviews pursuant to division (D) of this 232
section, the committee may consider the following factors: 233

(1) The number and classes of persons, organizations, 234
businesses, or types of industries that would receive the direct 235
benefit or consequences of the tax expenditure or property tax 236
exemption; 237

(2) The fiscal impact of the tax expenditure or property 238
tax exemption on state and local taxing authorities and 239
subdivisions, including any past fiscal effects and expected 240
future fiscal impacts of the ~~tax~~-expenditure or exemption in the 241
following eight-year period; 242

(3) Public policy objectives that might support the tax 243
expenditure or property tax exemption. In researching such 244
objectives, the committee may consider the expenditure's or 245
exemption's legislative history, the ~~tax~~-expenditure's or 246
exemption's sponsor's intent in proposing the ~~tax~~-expenditure or 247
exemption, or the extent to which the ~~tax~~-expenditure or 248
exemption encourages or would encourage business growth or 249
relocation into the state, promotes or would promote growth or 250
retention of high-wage jobs in the state, or aids or would aid 251
community stabilization. 252

(4) Whether the tax expenditure <u>or property tax exemption</u>	253
successfully accomplishes any of the objectives identified in	254
division (E) (3) of this section;	255
(5) Whether the objectives identified in division (E) (3)	256
of this section would or could have been accomplished	257
successfully in the absence of the tax expenditure <u>or property</u>	258
<u>tax exemption</u> or with less cost to the state or local	259
governments;	260
(6) Whether the objectives identified in division (E) (3)	261
of this section could have been accomplished successfully	262
through a program that requires legislative appropriations for	263
funding;	264
(7) The extent to which the tax expenditure <u>or property</u>	265
<u>tax exemption</u> may provide unintended benefits to an individual,	266
organization, or industry other than those the general assembly	267
or sponsor intended or creates an unfair competitive advantage	268
for its recipient with respect to other businesses in the state;	269
(8) The extent to which terminating the tax expenditure <u>or</u>	270
<u>property tax exemption</u> may have negative effects on taxpayers	271
that currently benefit from the tax expenditure;	272
(9) The extent to which terminating the tax expenditure <u>or</u>	273
<u>property tax exemption</u> may have negative or positive effects on	274
the state's employment and economy;	275
(10) The feasibility of modifying the tax expenditure <u>or</u>	276
<u>property tax exemption</u> to provide for adjustment or recapture of	277
the proceeds of the tax -expenditure <u>or exemption</u> if the	278
objectives of the tax -expenditure <u>or exemption</u> are not fulfilled	279
by the recipient of the tax -expenditure <u>or exemption</u> .	280
(F) The committee shall prepare a report of its	281

determinations under division (D) of this section and, not later 282
than the first day of July of each even-numbered year, submit a 283
copy of the report to the governor, the speaker of the house of 284
representatives, the president of the senate, the minority 285
leader of the house of representatives, and the minority leader 286
of the senate. The first report shall be submitted either in 287
2017 or 2018. If the committee maintains a web site, the 288
committee shall cause a copy of the report to be posted on the 289
web site in a form enabling access to the report by the public 290
within thirty days after the report is submitted under this 291
division. If the committee does not maintain a web site, the 292
committee shall request that the president of the senate and the 293
speaker of the house of representatives cause the report to be 294
posted on the web site of the general assembly. 295

(G) Any bill introduced in the house of representatives or 296
the senate that proposes to enact or modify one or more tax 297
expenditures or property tax exemptions should include a 298
statement explaining the objectives of the ~~tax~~-expenditure or 299
exemption or its modification and the sponsor's intent in 300
proposing the ~~tax~~-expenditure or exemption or its modification. 301

Section 2. That existing sections 107.03, 5703.48, and 302
5703.95 of the Revised Code are hereby repealed. 303