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S.B. 186
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Smith

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SUMMARY

- Creates a music incubator program to provide rebates to qualifying music venues and festival promoters.
- Calculates the rebates based upon the sales tax collected by a venue or promoter from the sale of beer and wine, up to \$100,000 per year.
- Caps the total amount of rebates allowed per fiscal year at \$10 million.
- Allocates \$10 million of general state sales tax revenue to the fund each fiscal year to be used for the rebates.

DETAILED ANALYSIS

Music incubator program

The bill creates a music incubator program within the Department of Development (DEV) to provide rebates to qualifying music venues and festival promoters. The purpose of the rebate is to provide funding for venues and promoters to recruit performing artists and bring live musical performances to the state. The rebate equals the amount of sales tax collected by the venue or promoter from the sale of beer and wine during the preceding fiscal year, up to \$100,000.

Program eligibility

Music venues or festival promoters must meet the following criteria for two years before applying for the rebate:

- Hold a sales tax vendor's license;
- In the case of a music venue, have an audience capacity of 3,000 people or less;
- In the case of a festival promoter, have held a music festival in a county with a population of less than 100,000;

- In either case, have a written contract with a music artist for a live performance where the artist's compensation includes a specified percentage of ticket or other sales during the performance, or a guaranteed amount before the performance;
- In either case, meet at least five or more other criteria, including: (1) marketing live performances in printed or electronic publications, (2) providing live performances five or more nights per week, (3) employing individuals who perform sound engineering, booking, promoting, stage management, or security services, (4) having live performance and audience space, (5) providing technical sound and lighting support, (6) having storage space for audio equipment or musical instruments, (7) applying cover charges for performances, or (8) maintaining operating hours that coincide with live music performance show times.¹

DEV may begin accepting rebate applications in 2026, with applications due yearly on September 1. DEV must allow applicants to apply electronically, either by email or by uploading an application to a DEV website.

Applications will be reviewed in the order in which they are received. Before approving an application, DEV must determine that the music venue or festival promoter provides, or has committed to provide, an economic benefit to its community and to the state's music industry, including live music performers.²

Rebate amounts and limits

If approved, a music venue or festival promoter will receive a rebate equal to the amount of sales tax collected from sales of beer and wine during the preceding fiscal year, up to \$100,000. The venue or promoter must use the rebate to recruit performing artists and provide live musical performances. DEV can require a venue or promoter to provide receipts or similar documents demonstrating that the venue or promoter used the rebate for those purposes. DEV can also require the venue or promoter to repay all or part of the rebate if the venue or promoter fails to provide such documentation or if DEV determines that the venue or promoter spent the rebate for any other purpose.

The total amount of rebates awarded in any fiscal year cannot exceed \$10 million.³

Sales tax allocations

To cover the cost of the rebate program, the bill creates the Music Incubator Rebate Fund and allots to the fund the first \$10 million of all state sales taxes deposited into the state treasury

¹ R.C. 122.97(A).

² R.C. 122.97(B).

³ R.C. 122.97(C), (D), and (E).

per fiscal year, beginning in FY 2027.⁴ At the end of each fiscal year, if any money remains unallocated to rebates in the fund for that year, the excess must be transferred to the GRF.⁵

HISTORY

Action	Date
Introduced	04-29-25

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⁴ R.C. 5739.21.

⁵ R.C. 122.97(F).