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H.B. 404
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Reps. Daniels and Lorenz

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SUMMARY

- Authorizes a sales tax credit against the price on which the tax is calculated for the trade-in value of portable electronics or home appliances when a similar item is purchased.

DETAILED ANALYSIS

Sales tax is calculated on the price of an item or service sold.[1] The bill modifies the definition of "price" to allow a credit against the sales tax for the value of portable electronics or home appliances traded in when buying new portable electronics, e.g., cellphones, portable computers, and digital cameras, or home appliances.

The general rule when calculating price is that it is the total amount of consideration, in other words payment, for which goods or services are sold. That includes cash, credit, property, and services and typically excludes the value for any trade. A notable exception is that the price of a new motor vehicle is reduced by the value of any trade for sales tax purposes.[2]

The bill adds a similar credit against the price on which sales tax is calculated on the sale of a new or used portable electronic device when another device is traded in as part of the sale. It similarly adds a credit for the trade-in value of a home appliance as part of the sale of a new appliance. In both instances, the bill excludes the value of the traded item from the definition of "price."[3] These credits apply beginning on and after the first day of the first month after the bill's 90-day effective date.[4]

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[1] R.C. 5739.025(A), not in the bill.

[2] R.C. 5739.01(H)(1)(a) and (2).

[3] R.C. 5739.01(H)(5) and (6).

[4] Section 3.

HISTORY

Action	Date
Introduced	08-05-25

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