OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

S.B. 153
133rd General Assembly

Fiscal Note & Local Impact Statement

Click here for S.B. 153's Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Dolan

Local Impact Statement Procedure Required: Yes

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The bill modifies employment and investment requirements that a business must meet to receive a Job Retention Tax Credit (JRTC).[1] To receive the credit under codified law, a business must employ at least 500 employees or have an annual payroll in Ohio of at least $35 million. In addition, for manufacturing projects, the business must make a capital investment in Ohio of at least $50 million over three years. For corporate administrative projects, the investment must be at least $20 million. The JRTC can be used against the commercial activity tax, domestic and foreign insurances taxes, the financial institutions tax, the individual income tax, and the petroleum activity tax.

S.B. 153 provides that, if a corporate administrative project is located in a foreign trade zone, the business does not have to meet the 500 employee or $35 million in payroll requirement, but the project must still involve an investment of at least $20 million over three years. For manufacturing projects, the bill entirely removes the requirement that a business have at least 500 employees or $35 million in payroll. In addition, the bill modifies the $50 million capital investment requirement, such that a manufacturer's investment may equal either (a) $50 million or (b) 5% of the net book value of the tangible personal property located at the project site on the last day of the three-year investment period.

S.B. 153 is likely to increase the revenue loss from the JRTC by allowing more firms to qualify for the tax credit and potentially prevent credit claw backs for underperformance for existing tax credit agreements. The potential additional revenue loss is uncertain. The GRF

[1] Under current law, the Department of Taxation estimated $49.8 million and $51 million in revenue foregone to the state in FY 2020 and FY 2021.

would bear 96.62% of any revenue loss in the FY 2020-FY 2021 biennium,[2] while the Local Government Fund and the Public Library Fund would bear 1.68% and 1.7%, respectively, of any such revenue loss.

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[2] H.B. 166 of the 133rd General Assembly (operating budget act) for the biennium. In codified law, the local government funds each receive 1.66% of GRF tax revenue, with the GRF retaining the balance (96.68%).