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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

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Office

S.B. 257  
133<sup>rd</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsors:** Sens. O'Brien and Rulli

Sam Benham, Attorney

### SUMMARY

- Authorizes, for five years, a sales tax credit for the purchase or lease of a plug-in electric motor vehicle.
- Authorizes, for five years, a nonrefundable income tax and commercial activity tax credit for the purchase and installation of a charging station for such a vehicle.

### DETAILED ANALYSIS

#### Electric vehicle tax incentives

The bill authorizes two temporary tax incentives for activities involving “plug-in electric vehicles,” which are defined as four-wheeled vehicles (1) designed for use on public highways, (2) required to be registered in Ohio, (3) able to reach speeds of at least 55 miles per hour, and (4) powered by a battery capable of being recharged from an external power source and storing at least four kilowatt hours of electricity.<sup>1</sup>

#### Sales tax credit for electric vehicle purchases

First, the bill authorizes a credit against the sales tax otherwise due on the purchase or lease of a plug-in electric vehicle. The credit for a vehicle purchased or leased for personal use is \$500 and applies only to one sale or lease of an electric vehicle by the purchaser per year. In contrast, the credit for a vehicle purchased or leased for use primarily in the purchaser’s business is \$1,000 and may apply to the purchase or lease of up to ten such vehicles per year. In either case, the credit may not exceed the tax due and applies only if the vehicle is legally

<sup>1</sup> R.C. 5739.025(D)(1)(a) to (d).

purchased or leased between the first day of the first month that begins after the bill's effective date and the five-year anniversary of that date.<sup>2</sup>

Continuing law levies state and local sales taxes on motor vehicle sales and leases. The state rate equals 5.75% of the purchase or lease price, and county and transit authority rates, which may not exceed 3%, currently range from 0.75% to 2.25%.<sup>3</sup> In a motor vehicle transaction, unlike the taxation of most other tangible personal property, the local sales tax rate of the jurisdiction in which the purchaser resides is applied instead of the local rate of the jurisdiction in which the vehicle is purchased or leased.<sup>4</sup>

### **Tax credits for charging stations**

The second tax incentive authorized by the bill is an income tax and commercial activity tax (CAT) credit for a taxpayer that purchases and installs on the taxpayer's premises an apparatus designed to charge the batteries of plug-in electric vehicles ("charging station"). The credit equals the lesser of \$1,500 or the cost of purchasing and installing the charging station. The credit may be claimed for the taxable year or tax period in which the installation occurs, but only applies to stations purchased after the bill's effective date and installed before the five-year anniversary of that date.

The credit is nonrefundable, but any unclaimed balance in excess of the taxpayer's tax liability may be carried forward and claimed in future years or tax periods. A taxpayer subject to both the income tax and the CAT may claim the credit against only one of those taxes.<sup>5</sup>

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## **HISTORY**

Action	Date
Introduced	12-23-19

S0257-I-133/ar

<sup>2</sup> R.C. 5739.025(D).

<sup>3</sup> Ohio Department of Taxation, Total State and Local Sales Tax Rates, by County, Effective October 1, 2019, available at [https://www.tax.ohio.gov/Portals/0/tax\\_analysis/tax\\_data\\_series/sales\\_and\\_use/Salestaxmap.pdf](https://www.tax.ohio.gov/Portals/0/tax_analysis/tax_data_series/sales_and_use/Salestaxmap.pdf).

<sup>4</sup> R.C. 4505.06(B), not in the bill.

<sup>5</sup> R.C. 5747.79, 5747.98, 5751.55, and 5751.98.