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OHIO LEGISLATIVE SERVICE COMMISSION

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S.B. 93
134th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsor: Sen. Antani

Local Impact Statement Procedure Required: No

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Highlights

The bill requires that, before a board of county commissioners increases the rate of a county sales and use tax, the proposal must first receive the approval of voters. The bill has no fiscal effect on the state, and a minimal fiscal impact on counties.

Detailed Analysis

Revised Code sections 5739.021 and 5739.026 govern how boards of county commissioners levy county permissive sales and use taxes for the county general fund and for various other purposes. Whether voter approval is required depends on the statute under which the tax is to be levied (or increased) and the purpose of the tax. Current law also provides that, if a rate increase is imposed and it does not have to be submitted to voters before it takes effect, it may be repealed by voters through the referendum process. If a rate increase is adopted by resolution as an emergency measure, the board of commissioners may, but is not required to, arrange to have a repeal question put on the ballot before the increase takes effect.

Under the bill, all rate increases proposed in a resolution adopted on or after the bill's 90-day effective date would be subject to prior voter approval. The board of county commissioners is required to (1) pass a resolution proposing the levying of a tax or a tax rate increase, and then (2) submit that resolution to the local board of elections. The board of elections submits the question to voters at the next general election held in any year, or a special election on the day of the succeeding primary election that occurs in an even-numbered year. If approved, the tax increase would take effect in the first calendar quarter beginning at least 65 days after the board of elections certifies the election results.

The bill has no fiscal impact on the state or most political subdivisions, but there is a potential increase in ballot advertising costs for the county board of elections; any such cost

increase would be permissive. Ballot advertising costs vary widely, based on the length of the measure appearing on the ballot, and in some cases may be minimal.

Background

Currently, all 88 of Ohio's counties (plus eight transit authorities) levy a local sales and use tax. These local sales taxes "piggy-back" on Ohio's state sales tax – the same exemptions and filing requirements that apply to the state sales tax also apply to local sales taxes. Rates of county and transit authority sales taxes vary (the highest combined state and local sales tax rate of 8% is applicable to taxable sales in Cuyahoga County).

Under R.C. 5739.021, a sales tax of up to 1% may be levied to raise general fund revenue. In addition, counties may levy up to 0.5% to fund detention facilities,¹ but only to the extent that a tax levied by a transit authority operating in the county does not exceed 1%. Voter approval is not required for the levy of up to 1%, regardless of which purpose the tax is levied for, but is required for a detention facilities levy.

Under R.C. 5739.026, a sales tax of up to 0.5% may be levied to fund one or a combination of several distinct purposes, including: (1) convention facilities authority debt service, (2) a transit authority, (3) permanent improvements, (4) a 9-1-1 system, (5) a detention facility, (6) agricultural easements, (7) emergency medical services, (8) a regional transportation improvement project, (9) a district where an ecologically distressed watershed is located, and (10) general fund revenue. Voter approval is required if the tax will fund more than one of those purposes, or any one purpose other than general fund revenue or a distressed watershed district.

Though voter approval may not be required for certain sales tax levies, the board may submit the tax to voters. In any case, the board of commissioners must hold at least two hearings on any rate increase.

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¹ The levy to fund detention facilities does not apply to Cuyahoga and Summit counties (the only charter counties in Ohio).