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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 324
135th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 324's Bill Analysis](#)

Version: As Passed by the House

Primary Sponsors: Reps. McClain and Klopfenstein

Local Impact Statement Procedure Required: No

Michael Kerr, Budget Analyst

Highlights

- The bill provides a 5¢ per gallon nonrefundable tax credit, to be claimed against either the personal income tax (PIT) or the commercial activity tax (CAT), on the sale of higher ethanol blended fuel dispensed at retail service stations.
- Tax revenue losses of several million dollars each fiscal year are expected, starting in FY 2025 and continuing through FY 2029. The annual revenue loss would be shared by the GRF, the Local Government Fund (LGF, Fund 7069) and the Public Library Fund (PLF, Fund 7065).

Detailed Analysis

The bill allows a 5¢ per gallon nonrefundable tax credit on the sale of higher ethanol blended motor vehicle fuel dispensed at retail service stations. The credit may be applied against either the personal income tax (PIT) or the commercial activity tax (CAT). Higher ethanol blended fuel is defined in the bill as fuel comprised of between 15% and 85% ethanol. Any unused tax credit awarded to a taxpayer may be carried forward to each subsequent tax year until the entirety of the credit's value is exhausted. The credit may also be claimed by an individual taxpayer proportionate to their share in a pass-through entity. The credit may not be awarded, however, for sales occurring beyond four calendar years (CYs) following the year of the bill's enactment. The bill also limits the amount of ethanol sales tax credits that can be issued by the Director of Development Services to a lifetime total of \$10 million.

Fiscal analysis

The bill is anticipated to create a revenue loss of several million dollars each fiscal year, beginning in FY 2025 and continuing through FY 2029, assuming the bill takes effect in CY 2024 and applies to retail sales through December 31, 2028. The first credits would be claimed against

the PIT in early CY 2025 and the quarterly CAT payment due in May 2025. This analysis assumes the sale of higher ethanol blended fuel in Ohio is comparable to similar states with reported sales of such fuel.

The revenue loss would be shared by the GRF (96.6% of total) as well as the Local Government Fund (LGF, Fund 7069) and the Public Library Fund (PLF, Fund 7065), with each receiving 1.7% of the total. Funds deposited into the LGF and PLF are distributed to counties, municipalities, townships, and public libraries according to statutory formulas and decisions by county budget commissions.