



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Synopsis of Senate Committee Amendments\*

Mackenzie Damon

### **Sub. H.B. 430**

132nd General Assembly  
(S. Ways and Means)

Retains the current law requirement that goods and services be used "directly" in the production of crude oil or natural gas in order for their purchase to be exempt from sales and use taxation.

Defines the term "production" – rather than referring to an existing definition of "production operations" in the Oil and Gas Regulation Law – to include operations and tangible personal property directly used to expose and evaluate an underground reservoir that may contain oil or gas, to prepare the wellbore for production, and to lift and control all substances yielded by the reservoir to the surface of the earth.

Lists several examples of goods and services used in the production of oil or gas that are specifically exempt from sales tax.

Lists several examples of goods and services that are not exempt under the directly-used-in-production exemption. (The House-passed bill, alternatively, lists activities that do not qualify as a "production operation." Under that bill, goods and services not used in a "production operation" are taxable.)

Clarifies a provision of the House-passed bill that specifies that property approved by the Department of Natural Resources as part of a water pollution control facility qualifies for existing property and sales and use tax exemptions.

With regard to the retrospective application of the bill, removes a statement that the bill applies retrospectively to 2010, and instead states that it applies only to cases and audits pending as of May 18, 2018.