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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 609\*  
133<sup>rd</sup> General Assembly

## Bill Analysis

[Click here for H.B. 609's Fiscal Note](#)

**Version:** As Reported by Senate Ways & Means

**Primary Sponsor:** Rep. West

Mackenzie Damon, Attorney

## SUMMARY

### Tax amnesty

- Establishes a two-month “amnesty” period during which taxpayers owing past-due state taxes, certain state-administered local taxes, and certain fees may discharge the debt by paying the delinquent tax or fee without having to pay the penalty and accrued interest normally due.
- Credits amnesty collections to the funds to which the taxes would be paid, but requires that collections credited to the General Revenue Fund (GRF) be transferred to the Budget Stabilization Fund (BSF).
- Holds the Local Government Fund and the Public Library Fund harmless for the amnesty’s transfer of GRF revenue to the BSF.

### Investment bullion and coins sales and use tax exemption

- Exempts from state and local sales and use tax the sale or use of investment bullion and coins.

### Property tax exemptions

- Excuses a property owner that leases or otherwise provides property to a community school from filing annual tax exemption applications with the Tax Commissioner.
- Authorizes a property tax exemption for certain privately owned wetlands.

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\* This analysis was prepared before the report of the Senate Ways and Means Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

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## DETAILED ANALYSIS

### Tax amnesty

The bill establishes a temporary, two-month tax “amnesty” from April 1, 2021 to May 31, 2021, with respect to delinquent state taxes.<sup>1</sup> It also covers delinquent state income tax withholding remittances by employers and certain fees and local taxes administered by the Department of Taxation. (See below for a list of taxes and fees covered under the amnesty.) The amnesty applies only to taxes that were due and payable as of the bill’s effective date and that were unreported or underreported. The amnesty does not apply to any tax for which a notice of assessment or audit has been issued, for which a bill has been issued, or for which an audit has been conducted or is pending.<sup>2</sup>

If, during the amnesty, a person pays the full amount of delinquent taxes or fees owed, the Tax Commissioner must waive all penalties and accrued interest that are normally charged. The bill authorizes the Commissioner to require a person to file returns or reports, including amended returns or reports.

In addition to receiving a waiver of penalties and accrued interest, a person who pays the amount due is immune from criminal prosecution or any civil action with respect to the tax or fee paid, and no assessment may be issued against the person for that tax or fee.<sup>3</sup>

The most recent general tax amnesty was conducted in 2018.<sup>4</sup>

### Covered taxes and fees

The taxes and fees covered under the amnesty are the following:

Income tax	Commercial activity tax
State sales and use taxes	Financial institutions tax
Local sales and use taxes	School district income taxes
Public utility excise taxes	Kilowatt-hour tax
MCF (natural gas) excise tax	Alcoholic beverage taxes
Cigarette/tobacco/vaping excise taxes	Fuel use tax
Motor fuel excise tax	Casino wagering tax
Petroleum activity tax	Wireless 9-1-1 charges

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<sup>1</sup> Section 4(B).

<sup>2</sup> Section 4(A).

<sup>3</sup> Section 4(C) to (E).

<sup>4</sup> Section 757.110 of H.B. 49 of the 132<sup>nd</sup> General Assembly.

Severance taxes

Horse racing taxes<sup>5</sup>

Tire fees

## **Administration and revenue disposition**

The Commissioner must issue forms and instructions for the amnesty, must publicize the amnesty so as to maximize public awareness and participation, and may take any other action necessary to implement the amnesty.<sup>6</sup> The cost of administering and publicizing the amnesty will be paid from the program's initial receipts.<sup>7</sup>

After paying costs of administering the amnesty, all taxes collected will be distributed in the same manner as the underlying tax liability would have been distributed had it been paid as required by law. However, all taxes that are credited to the General Revenue Fund (GRF) must subsequently be transferred to the Budget Stabilization Fund (BSF), after subtracting amounts required to be credited to the Local Government Fund and the Public Library Fund. Both of those funds receive a portion of GRF revenues, and will be held harmless from the transfer of collections from the GRF to the BSF, thus allowing those funds to receive their respective shares of the amnesty collections.<sup>8</sup>

## **Investment bullion and coins sales and use tax exemption**

The bill reinstates the sales and use tax exemption for the sale of investment metal bullion and coins. The exemption was recently repealed in H.B. 166 of the 133<sup>rd</sup> General Assembly the biennial budget bill.

Investment metal bullion is gold, silver, platinum, or palladium bullion in excess of the minimum fineness required by a contract market for delivery in satisfaction of a commodity futures contract. (The definition is derived from federal law governing whether the purchase of something by an individual retirement account is a "collectible," and therefore considered a distribution from the IRA; bullion satisfying the federal law definition is not considered a collectible.) An investment coin is any coin composed primarily of gold, silver, platinum, or palladium.<sup>9</sup>

The reinstated exemption applies to the sale or use of investment bullion and coins beginning on or after the first day of the first month that begins after the provision's effective date.<sup>10</sup>

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<sup>5</sup> Section 4(A).

<sup>6</sup> Section 4(B).

<sup>7</sup> Section 6.

<sup>8</sup> Section 4(F) and (G).

<sup>9</sup> R.C. 5739.02(B)(57).

<sup>10</sup> Section 3.

## Property tax exemptions

### Community school tax exemption applications

The bill excuses a property owner that leases or otherwise provides property to a community school from filing annual tax exemption applications with the Tax Commissioner. In 2019, the legislature excused community schools from the annual application requirement, so the bill essentially expands that provision to property not owned by, but used by, such schools.<sup>11</sup>

Under continuing law, property used for an educational purpose, including community school property, qualifies for a property tax exemption. Also under continuing law, property owners must generally apply annually to the Tax Commissioner for an exemption. An exception to this requirement was recently granted for community schools. Instead of obtaining the Commissioner's approval every year, community schools applying for an educational purpose exemption only need to obtain the Commissioner's approval in the first tax year for which the exemption is sought. Then, the property will continue to be exempt for all future tax years, provided the community school submits an annual statement to the Commissioner attesting that its property continues to qualify for the educational purpose exemption.

The bill extends this procedure to property that is not owned by, but is used by, a community school. Under the bill, once an exemption is approved, a new application is not required each following year unless (1) the property is leased to the community school and the lease expires or is renewed during the tax year or (2) the property owner is no longer eligible to file an exemption for the property.<sup>12</sup>

Under continuing law, public school districts and other non-community schools seeking the educational purpose exemption are still required to file for and obtain annual approval from the Commissioner.

### Private wetlands exemption

The bill authorizes a property tax exemption for certain privately owned wetlands. To qualify, the property must be owned or held by a 501(c)(3) organization that is dedicated to the conservation of natural resources or improving water quality. Additionally, the property must be subject to a federal or state environmental response plan for wetland conservation or mitigation.<sup>13</sup>

The exemption applies to tax years ending on or after the provision's effective date.<sup>14</sup>

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<sup>11</sup> H.B. 166 of the 133<sup>rd</sup> General Assembly.

<sup>12</sup> R.C. 5713.08 and 5715.27; Section 3.

<sup>13</sup> R.C. 5709.09.

<sup>14</sup> Section 3.

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## HISTORY

Action	Date
Introduced	04-16-20
Reported, H. Ways & Means	05-20-20
Passed House (95-0)	05-20-20
Reported, S. Ways & Means	---

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