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134th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Jordan and Carfagna

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SUMMARY

- Exempts from sales and use tax sales of tangible personal property or services used in fulfilling a contract with a port authority.
- Narrows the purposes for which a port authority created prior to July 9, 1982, may issue revenue bonds beyond the limit of bonded indebtedness provided by law.

DETAILED ANALYSIS

Sales and use tax exemption: port authority contracts

The bill exempts from sales and use tax sales of tangible personal property or services to a person that is used in performing the person's obligations pursuant to a contract between the person and a port authority.¹

Sales directly to a port authority, as well as to the state and any other political subdivision, are exempt from sales and use tax under continuing law.² Continuing law also exempts building and construction materials and services sold to a construction contractor if they are incorporated by the contractor into a building, structure, or improvement owned by, or pursuant to a contract with the state, any other political subdivision (including a port authority), or the federal government.³

The bill's exemption, in some ways, overlaps with the exemptions available under continuing law but, in other ways, it is more extensive. For example, sales of machinery, tools,

¹ R.C. 5739.02(B)(57).

² R.C. 5739.02(B)(1).

³ R.C. 5739.02(B)(13).

equipment and supplies that are used by the purchaser in performing an obligation under a contract with a port authority are taxable under current law but exempt under the bill. Similarly, sales of items and services involving carpet, landscaping, and business fixtures (i.e., permanently affixed property that primarily benefits business conducted on the premises by the occupant) incorporated by a contractor into a building, structure, or improvement pursuant to an agreement with a port authority are taxable under current law but exempt under the bill.⁴ Notably, the bill extends an exemption to all port authority contractors, not just those engaged in construction.

The bill's exemption applies to sales of tangible personal property and services occurring on and after the first day of the first month beginning after the bill's 90-day effective date.⁵

Port authority's ability to issue revenue bonds

The bill narrows the purposes for which a port authority created prior to July 9, 1982, may issue revenue bonds. Under current law, a pre-1982 created port authority may, by resolution of its board of directors, issue revenue bonds beyond the limit of bonded indebtedness for the acquisition, construction, furnishing, or equipping of any real or personal property, or any combination of those purposes, that are related to, useful for, or in furtherance of any authorized purpose, including all incidental costs.

The bill, however, specifies that a pre-1982 created port authority may use the proceeds of revenue bonds solely to pay the costs of any port authority facility or facilities or parts thereof.⁶ Further, the bill declares that those bonds are payable out of revenues of the port authority that are pledged for such payment. These changes align revenue bond issuance requirements for port authorities created before July 9, 1982, with those created on and after July 9, 1982.⁷

HISTORY

Action	Date
Introduced	09-28-21

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⁴ Ohio Administrative Code 5703-9-14.

⁵ Section 3.

⁶ R.C. 4582.06(A)(4).

⁷ See R.C. 4582.48, not in the bill.