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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

S.B. 39  
135<sup>th</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for S.B. 39's Bill Analysis](#)

**Version:** As Passed by the Senate

**Primary Sponsor:** Sen. Schaffer

**Local Impact Statement Procedure Required:** Yes

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### Highlights

Fund	FY 2024	FY 2025	Future Years
<b>State General Revenue Fund</b>			
Revenues	Loss between \$10.9 million and \$17.9 million	Loss between \$19.5 million and \$32.3 million	Annual losses that grow with inflation
<b>Local Government and Public Library funds (counties, municipalities, townships, and public libraries)</b>			
Revenues	Loss between \$0.4 million and \$0.6 million	Loss between \$0.7 million and \$1.1 million	Annual losses that grow with inflation
<b>Local option sales taxes levied by counties and transit authorities (state FY basis)</b>			
Revenues	Loss between \$2.8 million and \$4.6 million	Loss between \$5.1 million and \$8.3 million	Annual losses that grow with inflation

Note: The fiscal year for the state, school districts, and certain other local governments runs from July 1 through June 30 and is designated by the calendar year in which it ends. For other local governments, the fiscal year is identical to the calendar year.

- The bill exempts from the sales and use tax the sale of children's diapers, child restraint devices or booster seats for use in motor vehicles, baby carriers, strollers, cribs, and baby monitors. The exemption becomes effective on the first day of the first month after the effective date of the legislation.
- Reduces revenue to the GRF, the Local Government Fund (LGF), the Public Library Fund (PLF), and to counties and regional transit authorities that levy a permissive sales tax. Permissive sales taxes share the same tax base as the state sales tax.

## Detailed Analysis

The bill exempts certain baby products from the sales and use tax. Products that would be exempted are children’s diapers, child restraint devices or booster seats for use in motor vehicles, baby carriers, strollers, cribs, and baby monitors. The bill specifies that the exemption takes effect on the first day of the first month after the bill becomes effective. The estimates below assume the exemption will begin on November 1, 2023. Sales tax receipts are due on the 23<sup>rd</sup> day of the following month, so under these assumptions, the bill will reduce state revenues beginning in December 2023.

The table below separately estimates the revenue loss for each item category that is exempted by the bill. Data on sales of specific goods in Ohio are limited, making it advisable to provide a range of revenue losses, in lieu of point estimates, for each item.

Estimated Revenue Loss (in millions) in FY 2024, Annualized		
Exemption Category	GRF Loss	County/Transit Loss
Children’s diapers	\$13.0-\$18.4	\$3.4-\$4.8
Child restraint devices or booster seats	\$2.9-\$5.2	\$0.8-\$1.3
Baby carriers	\$0.3-\$0.6	\$0.1-\$0.2
Strollers	\$0.9-\$2.2	\$0.2-\$0.6
Cribs, including portable cribs	\$1.1-\$3.2	\$0.3-\$0.8
Baby monitors	\$0.4-\$1.1	\$0.1-\$0.3
<b>Total</b>	<b>\$18.6-\$30.7</b>	<b>\$4.8-\$7.9</b>

Note: “Annualized” estimate illustrates the 12-month value of the sales tax exemption, if effective for the entirety of FY 2024. County/Transit Loss reflects aggregate revenue losses under local option sales taxes.

Revenue from the sales tax is deposited into the GRF. Under codified law, the Local Government Fund (LGF) and Public Library Fund (PLF) will each receive 1.66% of GRF tax receipts in FY 2024 and years thereafter. Based on the assumed start date of November 1, 2023, the sales tax exemption would reduce revenues to the LGF and PLF by a combined amount between \$0.4 million and \$0.6 million in FY 2024. Separately, ongoing law permits counties and local transit authorities to levy a local sales tax; the tax base for permissive taxes is the same as the tax base for the state tax. By excluding these baby products from the tax base, the local tax collections will be reduced by a combined amount between \$2.8 million and \$4.6 million over the same seven-month period. Fiscal year 2025 would be the first full year that the sales and use tax exemption would reduce state and local tax receipts. These losses will likely grow in future years, at a pace that generally matches inflation of the products being exempted.