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H.B. 638
135th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Barhorst

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SUMMARY

- Disallows interest on county sales tax refunds.
- Extends the time for state recovery of amounts of refunded taxes from local subdivisions from three to six years.

DETAILED ANALYSIS

County sales tax refunds

Under current law, when a person overpays state or local, i.e., county or transit authority, sales or use tax, that person is entitled to a refund with statutory interest calculated from the date of the overpayment. The bill eliminates interest on refunds of county sales and use tax, but continues to allow interest for refunds of state and transit authority taxes.¹ The change applies to refunds allowed on and after the bill's 90-day effective date.²

State recovery of refunded local taxes

Under continuing law, when a local government receives revenue from a tax or fee collected by the Tax Commissioner that turns out to have been illegally or erroneously collected, the taxpayer is entitled to a refund that is paid out of the state Tax Refund Fund. To recover the amount of local tax refunded, the Tax Commissioner takes that amount out of the next distribution of taxes to that local government. However, if that recovery amount is greater than 25% of the distribution, the Commissioner may spread the recovery over multiple distributions.

¹ R.C. 5739.132.

² Section 3.

Under current law, this recovery period cannot exceed three years. The bill extends the recovery period to not more than six years.³

HISTORY

| Action | Date |
|------------|----------|
| Introduced | 07-02-24 |

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³ R.C. 5703.052.