



# Ohio Legislative Service Commission

## Bill Analysis

Sam Benham

### Sub. S.B. 172\*

131st General Assembly  
(As Reported by H. Ways and Means)

**Sens.** Jordan, Seitz, Jones, Beagle, Burke, Coley, Eklund, Hite, Hottinger, Lehner, Patton, Peterson, Uecker

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## BILL SUMMARY

- Exempts from sales and use taxation sales of investment metal bullion and investment coins.
- Expands eligibility for a fraternal organization property tax exemption to property of an organization operating under a state governing body that has been operating in Ohio for at least 85 years.
- Extends the deadline for a payment of quarterly municipal income tax employer withholding.
- Modifies the rule for when municipal income tax employer withholding payments are considered to have been made.
- Modifies the rule for when any municipal income tax payment remitted electronically is considered to have been made.

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## CONTENT AND OPERATION

### Sales and use tax exemption for investment metal bullion and coins

The bill exempts from sales and use taxation sales of investment metal bullion and investment coins. 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. An investment coin is any coin composed

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

primarily of gold, silver, platinum, or palladium.<sup>1</sup> The exemption applies starting with the first day of the first calendar quarter that begins at least 60 days after the bill's effective date.<sup>2</sup>

## **Fraternal organization property tax exemption**

The bill changes the eligibility requirements for a property tax exemption for property held or occupied by certain kinds of fraternal organizations by allowing property to qualify if the fraternal organization operates under a governing body that has operated in Ohio for at least 85 years, regardless of how many years the fraternal organization itself has been operating in Ohio.

Under current law, property qualifies if the fraternal organization "has been operating in this state with a state governing body for at least" 85 years.<sup>3</sup> In a recent Ohio Board of Tax Appeals decision, a fraternal organization's tax exemption was denied on the basis that the organization's chapter had not operated in Ohio for 85 years, even though its state governing body had.<sup>4</sup> The bill's change applies to tax exemption applications that are pending on or filed after the bill's effective date.<sup>5</sup>

## **Municipal income tax withholding payments**

The bill makes two changes to the manner in which municipal income tax withholding payments are remitted to municipal tax administrators. First, the bill extends the date by which an employer is required to remit employee withholding taxes on a quarterly basis, from the 15th day after the end of each calendar quarter to the last day of the month following the end of each calendar quarter.<sup>6</sup> Under continuing law, an employer is generally required to remit employee withholdings quarterly if such withholdings do not exceed \$2,399 in the preceding calendar year or do not exceed \$200 in any month of the preceding calendar quarter.

Second, the bill modifies the rule for when municipal income tax withholding payments are considered to have been made. Under current law, such a payment is considered to have been made on the date the payment is received by the tax

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<sup>1</sup> R.C. 5739.02(B)(54).

<sup>2</sup> Section 3(A).

<sup>3</sup> R.C. 5709.17(D).

<sup>4</sup> *Bd. of Educ. of Springfield City School Dist. v. Testa*, BTA No. 2015-404.

<sup>5</sup> Section 3(B).

<sup>6</sup> R.C. 718.03(B)(1)(b).



administrator. Under the bill, such a payment is considered to have been made on the date of payment's postmark or, for electronic payments, the date of the timestamp assigned by the first system receiving the payment (see below).<sup>7</sup>

### **Municipal income tax electronic payments**

The bill modifies the rule for when any municipal income tax payment remitted electronically is considered to have been made. Under current law, such a payment is generally considered to have been made on the date the payment is credited to an account designated by the tax administrator to receive such payments. Instead, the bill provides that such a payment is considered to have been made on the date of the timestamp assigned by the first electronic system receiving the payment.<sup>8</sup>

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## **HISTORY**

<b>ACTION</b>	<b>DATE</b>
Introduced	05-27-15
Reported, S. Ways & Means	11-18-15
Passed Senate (31-2)	12-09-15
Reported, H. Ways & Means	---

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<sup>7</sup> R.C. 718.03(B).

<sup>8</sup> R.C. 718.05(I).

