



OHIO LEGISLATIVE SERVICE COMMISSION

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Fiscal Note & Local Impact Statement

Bill: H.B. 9 of the 131st G.A. **Date:** December 8, 2016
Status: As Recommended by Conference Committee **Sponsor:** Rep. Boose

Local Impact Statement Procedure Required: No

Contents: Creates a permanent Tax Expenditure Review Committee

State Fiscal Highlights

- No significant fiscal effect on the state. The bill is silent on the compensation of, or reimbursement of expenses of, committee members.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill creates the Tax Expenditure Review Committee, a permanent joint legislative committee of six legislators, three from each chamber, and the Tax Commissioner (or the Commissioner's designee), to periodically review all existing "tax expenditures" and any legislation proposing a new or modified tax expenditure. The bill generally defines tax expenditure as any "tax provision in the Revised Code that exempts, either in whole or in part, certain persons, income, goods, services, or property from the effect of taxes levied by the state, including, but not limited to, tax deductions, exemptions, deferrals, exclusions, allowances, credits, reimbursements, and preferential tax rates." The bill goes on to limit the definition to tax provisions that reduce, or have the potential to reduce, GRF revenue. According to the most recently issued Tax Expenditure Report by the Department of Taxation in February 2015, the revenue reduction to the GRF from existing tax expenditures was estimated to be \$8.49 billion in FY 2016 and \$8.86 billion in FY 2017. The review of existing tax expenditures would have to be scheduled so that each existing tax expenditure would be reviewed at least once every eight years, and the bill sets forth certain factors the Review Committee may consider in its review. The bill states that upon request, certain state agencies, including the Department of Taxation, Development Services Agency, and Office of Budget and

Management, are to provide information in their possession that is required for the Committee to perform its duties, and the staff of the Legislative Service Commission is to provide assistance to the Committee at its direction.

The Committee is to make recommendations to the General Assembly as to the continuation, modification, or repeal of existing tax expenditures, and requires any bill proposing a new or modified tax expenditure to include a statement of the objectives and intent of the tax expenditure.

The Committee is required to issue a report by July 1 of every even-numbered year of its determinations and deliver a copy of the report to the Governor, the Speaker of the House of Representatives, the Senate President, and the minority leaders of each chamber; and the bill specifies that the most recent report prepared by the Committee is to be submitted to the General Assembly as an appendix to the Governor's biennial budget.

The bill is silent on the compensation of, or reimbursement of expenses of, Committee members.