



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Sam Benham

S.B. 226

132nd General Assembly
(As Passed by the Senate)

Sens. Bacon, Eklund, LaRose, Yuko, Oelslager, Manning, Hottinger, Lehner, Terhar, Beagle, Hackett, Wilson, Balderson, Brown, Burke, Dolan, Gardner, Hoagland, Huffman, Kunze, Obhof, O'Brien, Peterson, Schiavoni, Sykes, Tavares, Thomas, Uecker, Williams

BILL SUMMARY

- Exempts sales of clothing and school supplies and instructional materials from sales and use taxation during a three-day period in August of each year.
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CONTENT AND OPERATION

Sales tax holiday for back-to-school supplies

The bill establishes a three-day period each year during which clothing and school supplies and instructional materials are exempt from state and local sales and use taxes. Similar sales tax holidays were held in August of 2015, 2016, and 2017; however, those tax holidays were each authorized separately as one-time events.¹ The bill essentially makes this tax holiday permanent in each August.

Each year, the tax-exempt period begins on the first Friday of August. As with the prior temporary tax holidays, the bill's tax exemption applies to each of the following:

(1) Items of clothing up to \$75 each. "Clothing" means all human wearing apparel suitable for general use, but does not include items such as those used in a trade or business, accessories, or sports or protective equipment.

¹ Am. Sub. S.B. 243 of the 130th General Assembly, Sub. S.B. 264 of the 131st General Assembly, and Am. S.B. 9 of the 132nd General Assembly.

(2) Items of school supplies and instructional materials up to \$20 each. "School supplies" means items commonly used by a student in a course of study, examples of which are specifically listed in the bill, including book bags, crayons, erasers, notebooks, pencils, and pens, among other items. "School instructional materials" means reference books, reference maps and globes, textbooks, and workbooks only.

The exemption applies regardless of whether the sale occurs in Ohio or outside Ohio: if the sale occurs in Ohio, the sale is exempt from the sales taxes; if the sale occurs outside Ohio (for example, by mail-order or over the Internet) but the item is used in Ohio, the sale is exempt from the use taxes that would otherwise apply.²

Administration

The bill requires the Tax Commissioner to adopt rules necessary to implement the sales tax exemption, and to provide informational bulletins explaining the exemption to vendors.³

Unlike sales and use tax exemptions for many other sales, under the bill's sales tax holiday exemption the purchaser is not required to present an exemption certificate to the seller in order to have the exemption applied to the purchase.⁴

HISTORY

ACTION	DATE
Introduced	10-31-17
Reported, S. Ways & Means	01-24-18
Passed Senate (31-0)	02-07-18

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² R.C. 5739.02(B)(56).

³ R.C. 5739.05.

⁴ R.C. 5739.03.

