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S.B. 221
134th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Antani

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SUMMARY

- Increases the price threshold below which items of clothing, school supplies, and school instructional material are exempt from sales and use tax if purchased during an August three-day sales tax holiday.
- Exempts laptops, netbooks, and tablet computers priced less than \$2,000 purchased during a sales tax holiday from sales and use tax.

DETAILED ANALYSIS

Sales tax holiday

Continuing law prescribes a three-day period each August (specifically the first Friday in August and the following Saturday and Sunday) during which sales of certain items below a certain price are exempt from sales and use tax. This period is generally referred to a “sales tax holiday.” Currently, the following items are exempt if purchased during the holiday:

- Clothing priced \$75 or less.
- A school supply (items commonly used by students in a course of study, such as book bags, glue, paper, pens, and rules) priced \$20 or less.
- School instructional material (reference books, textbooks, maps and globes, and workbooks) priced \$20 or less.

Price threshold

The bill increases the price threshold for each of these three categories by authorizing an exemption if the clothing, school supply, or school instructional material is priced \$100 or less.¹

Exemption for certain computers

The bill also exempts laptop, netbook, or tablet computer priced \$2,000 or less sold during the sales tax holiday. However, the holiday exemption does not extend to desktop computers, cellular phones, personal digital assistants, or electronic readers, i.e., an “e-reader” (see **COMMENT**).²

COMMENT

Streamlined Sales and Use Tax Agreement

The Streamlined Sales and Use Tax Agreement (SSUTA), of which Ohio is a member, is a multi-state agreement created to simplify and reduce the differences in states’ sales and use tax codes to convince Congress to authorize the collection of states’ taxes on online sales. (The U.S. Supreme Court, until 2018, limited states from requiring the collection of taxes on extraterritorial sales and endowed Congress with this authority to govern this issue.³)

The bill’s inclusion of certain computers in the sales tax holiday may conflict with Ohio’s obligations as an SSUTA member, which only allows a state to exempt items defined in the SSUTA as part of a sales tax holiday.⁴ For example, current law’s school supplies sales tax holiday applies to items specifically defined in the SSUTA – “clothing,” “school supplies,” and “school instructional materials.” It is not clear whether a tax holiday for the purchase of a laptop, netbook, or tablet computer is within the SSUTA’s parameters, as those terms are not defined in the SSUTA.

HISTORY

Action	Date
Introduced	09-02-21

S0221-I-134/ar

¹ R.C. 5739.02(B)(55)(a)(i).

² R.C. 5739.02(B)(55)(a)(ii) and (b)(iv).

³ See *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992), *overruled by South Dakota v. Wayfair, Inc.*, 138 S. Ct. 2080 (2018).

⁴ Section 322(A)(1) of the SSUTA.