

As Introduced

**130th General Assembly
Regular Session
2013-2014**

H. B. No. 24

Representative Boose

Cosponsors: Representatives Adams, J., Hood, Scherer, Stebelton, Young

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A B I L L

To enact section 5703.95 of the Revised Code to 1
create a Tax Expenditure Review Committee for the 2
purpose of periodically reviewing existing and 3
proposed tax expenditures. 4

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 5703.95 of the Revised Code be 5
enacted to read as follows: 6

Sec. 5703.95. (A) As used in this section: 7

(1) "Tax expenditure" has the same meaning as in section 8
5703.48 of the Revised Code. 9

(2) "Tax expenditure bill" means a bill introduced in the 10
house of representatives or the senate that proposes to enact or 11
modify one or more tax expenditures. 12

(B) There is hereby created the tax expenditure review 13
committee, consisting of nine members, composed of the following: 14

(1) The chair and ranking minority member of the house of 15
representatives committee that deals primarily with tax 16
legislation; 17

(2) The chair and ranking minority member of the senate 18

committee that deals primarily with tax legislation; 19

(3) Two members of the house of representatives appointed by 20
the speaker of the house of representatives; 21

(4) Two members of the senate appointed by the president of 22
the senate; 23

(5) One member appointed by the governor. 24

The speaker of the house of representatives, the president of 25
the senate, and the governor shall make initial appointments to 26
the committee not later than thirty days following the effective 27
date of the enactment of this section. Thereafter, the terms of 28
the office shall be the same as the term of each general assembly. 29
Members may be reappointed, provided the member continues to meet 30
all other eligibility requirements. Vacancies shall be filled in 31
the manner provided for original appointments. Any member 32
appointed to fill a vacancy before the expiration of the term for 33
which the predecessor was appointed shall hold office as a member 34
for the remainder of that term. Appointed members of the committee 35
serve at the pleasure of the member's appointing authority and may 36
be removed only by the appointing authority. 37

(C) The tax expenditure review committee shall hold its first 38
meeting within ninety days after the effective date of the 39
enactment of this section. At the first meeting, the members shall 40
elect a chairperson. Thereafter, the committee shall meet at least 41
once during the first year of each fiscal biennium to review 42
existing tax expenditures pursuant to division (D) of this 43
section. The committee shall also meet at the call of the 44
chairperson to review proposed tax expenditures pursuant to 45
division (E) of this section. The committee is a public body for 46
the purposes of section 121.22 of the Revised Code. 47

A vacancy on the committee does not impair the right of the 48
other members to exercise all the functions of the committee. The 49

presence of a majority of the members of the committee constitutes 50
a quorum for the conduct of business of the committee. The 51
concurrence of at least a majority of the members of the committee 52
is necessary for any action to be taken by the committee. 53

The committee shall permit any person to present evidence or 54
testimony related to tax expenditures at a meeting of the 55
committee. Upon the committee's request, the department of 56
taxation, department of development, office of budget and 57
management, or other state agency shall provide any information in 58
its possession that the committee requires to perform its duties. 59

(D) The committee shall establish a schedule for review for 60
each tax expenditure so that each expenditure is reviewed at least 61
once every eight years. The schedule may provide for the review of 62
each tax expenditure in the order the expenditures were enacted or 63
modified, beginning with the least recently enacted or modified 64
tax expenditure. Alternatively, the review schedule may group tax 65
expenditures by the individuals or industries benefiting from the 66
expenditures, the objectives of each expenditure, or the policy 67
rationale of each expenditure. In its review, the committee shall 68
make recommendations as to whether each tax expenditure should be 69
continued without modification, modified, scheduled for further 70
review at a future date to consider repealing the expenditure, or 71
repealed outright. For each expenditure reviewed, the committee 72
may recommend accountability standards for the future review of 73
the expenditure. The committee may consider, when reviewing a tax 74
expenditure, any of the relevant factors in division (F) of this 75
section. 76

(E) Any tax expenditure bill shall include a statement 77
explaining the objectives of the tax expenditure or its 78
modification and the sponsor's intent in proposing the tax 79
expenditure or its modification. Before a tax expenditure bill may 80
be scheduled for a vote in any legislative committee, the bill 81

must be reviewed by the tax expenditure review committee. The 82
committee shall commence its review following the introduction of 83
the tax expenditure bill in the chamber in which the bill 84
originates. During the committee's review, the committee may 85
consider any of the relevant factors in division (F) of this 86
section. The committee shall issue copies of its review to each 87
member of the legislative committee to which the bill has been 88
referred upon the conclusion of the committee's review. 89

(F) In conducting reviews pursuant to division (D) or (E) of 90
this section, the committee may consider the following factors: 91

(1) The number and classes of persons, organizations, 92
businesses, or types of industries that would receive the direct 93
benefit or consequences of the tax expenditure; 94

(2) The fiscal impact of the tax expenditure on state and 95
local taxing authorities, including, in the case of a review under 96
division (D) of this section, any past fiscal effects and expected 97
future fiscal impacts of the tax expenditure in the following 98
eight-year period; 99

(3) Public policy objectives that might support the tax 100
expenditure. In researching such objectives, the committee may 101
consider the expenditure's legislative history, the tax 102
expenditure's sponsor's intent in proposing the tax expenditure, 103
the extent to which the tax expenditure encourages or would 104
encourage business growth or relocation into the state, promotes 105
or would promote growth or retention of high-wage jobs in the 106
state, or aids or would aid community stabilization. 107

(4) Whether the tax expenditure successfully accomplishes any 108
of the objectives identified in division (F)(3) of this section; 109

(5) Whether the objectives identified in division (F)(3) of 110
this section would or could have been accomplished successfully in 111
the absence of the tax expenditure or with less cost to the state 112

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| <u>or local governments;</u> | 113 |
| <u>(6) Whether the objectives identified in division (F)(3) of this section could have been accomplished successfully through a program that requires legislative appropriations for funding;</u> | 114 115 116 |
| <u>(7) The extent to which the tax expenditure may provide unintended benefits to an individual, organization, or industry other than those the legislature or sponsor intended or creates an unfair competitive advantage for its recipient with respect to other businesses in the state;</u> | 117 118 119 120 121 |
| <u>(8) The extent to which terminating the tax expenditure may have negative effects on taxpayers that currently benefit from the tax expenditure;</u> | 122 123 124 |
| <u>(9) The extent to which the repeal of the tax expenditure may have negative effects on the state's employment and economy;</u> | 125 126 |
| <u>(10) The feasibility of modifying the tax expenditure to provide for adjustment or recapture of the proceeds of the tax expenditure if the objectives of the tax expenditure are not fulfilled by the recipient of the tax expenditure.</u> | 127 128 129 130 |
| <u>(G) The committee shall prepare a report of its determinations under division (D) of this section and, not later than the thirtieth day of June of each even-numbered year, provide a copy of the report to the governor, the speaker of the house of representatives, the president of the senate, the minority leader of the house of representatives, and the minority leader of the senate. The first report shall be submitted either in the year of the effective date of this act or in the first even-numbered year thereafter.</u> | 131 132 133 134 135 136 137 138 139 |