

As Introduced

**130th General Assembly
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H. B. No. 81

Representatives Driehaus, Foley

**Cosponsors: Representatives Hagan, R., Antonio, Ramos, Strahorn, Pillich,
Rogers, Ashford**

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A B I L L

To enact sections 5703.95, 5703.951, 5703.952, 1
5703.953, and 5703.954 of the Revised Code to 2
provide for the periodic appraisal of the 3
effectiveness of tax expenditures. 4

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

Section 1. That sections 5703.95, 5703.951, 5703.952, 5
5703.953, and 5703.954 of the Revised Code be enacted to read as 6
follows: 7

Sec. 5703.95. (A) As used in this section and sections 8
5703.951 to 5703.954 of the Revised Code: 9

(1) "Tax expenditure" has the same meaning as in section 10
5703.48 of the Revised Code. 11

(2) "Tax expenditure review committee" means the committee 12
created under section 5703.954 of the Revised Code. 13

(B) The tax expenditure review committee shall review all tax 14
expenditures created in the Revised Code once every two years. For 15
tax expenditures created before April 15, 2013, the committee 16
shall review one-half of such tax expenditures in every 17

even-numbered year and one-half of such tax expenditures in every 18
odd-numbered year. The committee shall review tax expenditures 19
created on or after April 15, 2013, according to the following 20
schedule: 21

(1) Tax expenditures created in an even-numbered year shall 22
be reviewed in every subsequent even-numbered year. 23

(2) Tax expenditures created in an odd-numbered year shall be 24
reviewed in every subsequent odd-numbered year. 25

For the purposes of this section, a tax expenditure is 26
created on the effective date of the amendment or enactment of the 27
section of the Revised Code that authorizes the tax expenditure. 28

Sec. 5703.951. (A) The tax expenditure review committee shall 29
hold at least one public hearing on a tax expenditure in each year 30
in which the tax expenditure is scheduled for review under section 31
5703.95 of the Revised Code. The tax commissioner shall publish a 32
notice of all such public hearings in the register of Ohio. During 33
the public hearing on a tax expenditure, the committee shall allow 34
any person to present testimony or evidence relevant to that tax 35
expenditure. 36

(B) On or before the date of the public hearing scheduled for 37
a tax expenditure under division (A) of this section, the tax 38
commissioner, and any other state official responsible for 39
administering the tax expenditure, shall submit to the committee a 40
report that does each of the following: 41

(1) Explains the tax expenditure's purpose; 42

(2) Expresses an opinion as to the public need for the tax 43
expenditure; 44

(3) Expresses an opinion as to whether the tax expenditure 45
has been impeded or enhanced by existing statutes; 46

(4) Describes how, if at all, the tax expenditure promotes 47

economic growth and development; 48

(5) Provides an estimate of the amount of tax revenue forgone 49
each fiscal year as a result of the tax expenditure; 50

(6) Expresses an opinion as to whether the tax expenditure 51
should be repealed; 52

(7) Contains any other information relevant to the 53
committee's appraisal of the tax expenditure. 54

(C) Each year, beginning in 2013, the legislative service 55
commission shall prepare and submit to the committee a report that 56
describes each tax expenditure created in the Revised Code, 57
identifies the tax expenditure's intended purpose, and, if 58
applicable, appraises the tax expenditure's effectiveness using 59
the methods prescribed in the act creating the tax expenditure. 60

(D) After the public hearing on a tax expenditure, the 61
committee shall appraise the tax expenditure. In making its 62
appraisal, the committee shall consider the reports submitted 63
under divisions (B) and (C) of this section and information 64
presented during the hearing, but is not limited to those sources. 65
Upon the committee's request, the department of taxation, the 66
office of budget and management, and any other state agency shall 67
provide the committee with any information in its possession that 68
the committee requires to appraise the tax expenditure. The 69
legislative service commission shall provide drafting and clerical 70
support to the committee. 71

Sec. 5703.952. On or before the first day of November of each 72
year in which a tax expenditure is scheduled for review, the tax 73
expenditure review committee shall prepare a report of its 74
appraisal of the tax expenditure that contains all of the 75
following: 76

(A) A statement of the purpose served by the tax expenditure; 77

<u>(B) An appraisal of the tax expenditure's effectiveness in serving its purpose;</u>	78 79
<u>(C) An evaluation of whether the tax expenditure's purpose serves a public need;</u>	80 81
<u>(D) An evaluation of whether other statutes have enhanced or impeded the tax expenditure's effectiveness in serving its purpose;</u>	82 83 84
<u>(E) An appraisal of whether the tax expenditure promotes economic growth and development;</u>	85 86
<u>(F) An estimate of the amount of revenue lost each fiscal year because of the tax expenditure;</u>	87 88
<u>(G) A recommendation as to whether the tax expenditure should be repealed;</u>	89 90
<u>(H) Any other information the committee considers relevant.</u>	91
<u>In an appendix to its report, the committee may include a draft of a bill that would improve the tax expenditure's effectiveness in serving its purpose; redefine the tax expenditure's purpose to serve or better serve a public need; retain or improve the statutes that enhance, or amend or repeal statutes that impede, the tax expenditure's effectiveness in serving its purpose; improve the tax expenditure's effectiveness in promoting economic growth and development; reduce the amount of revenue lost as a result of the tax expenditure; or repeal the tax expenditure.</u>	92 93 94 95 96 97 98 99 100 101
<u>The committee shall provide a copy of the report to the governor and to each member of the general assembly. The report is a public record for the purposes of section 149.43 of the Revised Code.</u>	102 103 104 105
<u>Sec. 5703.953. An act creating a tax expenditure shall specify all of the following:</u>	106 107

<u>(A) The purpose served by the tax expenditure;</u>	108
<u>(B) Whether the tax expenditure shall be reviewed in every even-numbered or odd-numbered year under section 5703.95 of the Revised Code;</u>	109 110 111
<u>(C) The class of taxpayers that will benefit from the tax expenditure;</u>	112 113
<u>(D) Methods to be used to appraise the tax expenditure's effectiveness in serving its purpose.</u>	114 115
<u>Division (D) of this section may be fulfilled by applying general statutes or by enacting statutory provisions that apply particularly to the tax expenditure.</u>	116 117 118
<u>Sec. 5703.954.</u> <u>There is hereby created the tax expenditure review committee composed of seven members. The president of the senate, within fifteen days after the first day of the first regular session of the general assembly, shall appoint two members of the senate to the committee, one from each political party. The speaker of the house of representatives, within fifteen days after the first day of the first regular session of the general assembly, shall appoint two members of the house of representatives to the committee, one from each political party. The governor, within fifteen days after the first day of the first regular session of the general assembly and with the advice and consent of the senate, shall appoint one member to the committee. The tax commissioner and the director of budget and management or their designees shall be ex officio, nonvoting members.</u>	119 120 121 122 123 124 125 126 127 128 129 130 131 132
<u>A legislative member of the committee shall continue as a member until the member's successor is appointed or until the member ceases to be a member of the senate or house of representatives, whichever is earlier. The member appointed by the governor shall continue to be a member for a term ending on the</u>	133 134 135 136 137

thirty-first day of December of each even-numbered year. The 138
member appointed by the governor continues to be a member after 139
the expiration of the member's term until the member's successor 140
is appointed, or until thirty days have elapsed, whichever occurs 141
first. 142

In the first regular session of the general assembly, the 143
committee shall elect one of the members appointed from the house 144
of representatives as chairperson of the committee and one of the 145
members appointed from the senate as vice-chairperson of the 146
committee. In the second regular session of the general assembly, 147
the committee shall elect one of the members appointed from the 148
senate as chairperson of the committee and one of the members 149
appointed from the house of representatives as vice-chairperson of 150
the committee. 151

A vacancy on the committee shall be filled in the same manner 152
as the original appointment. A member appointed to fill a vacancy 153
occurring prior to the expiration of the term to which the 154
member's predecessor was appointed shall continue as a member for 155
the remainder of the unexpired term. 156

Members of the committee shall serve without compensation, 157
but shall be reimbursed for actual and necessary expenses they 158
incur in performance of their duties. 159

The committee shall meet as often as necessary to perform its 160
duties. The committee is a public body for the purposes of section 161
121.22 of the Revised Code. 162

Three voting members of the committee constitute a quorum. 163
The committee shall not take any action without the concurrence of 164
at least three voting members. So long as a quorum is present, a 165
vacancy on the committee does not impair the ability of the 166
remaining members to perform the committee's duties. 167

Section 2. The Tax Commissioner shall prepare a list of the tax expenditures, as defined in section 5703.95 of the Revised Code, as enacted by this act, in existence on April 15, 2013, and shall provide a copy of the list to the chairperson of the Tax Expenditure Review Committee created by section 5703.954 of the Revised Code, as enacted by this act. The Committee thereupon shall prepare a schedule under section 5703.95 of the Revised Code, as enacted by this act, for appraising one-half of the listed tax expenditures so that the appraisal and the report required for those tax expenditures under section 5703.952 of the Revised Code, as enacted by this act, will be completed not later than November 1, 2013. The schedule shall provide for the appraisal of the remaining tax expenditures during the 2014 calendar year, in accordance with section 5703.95 of the Revised Code, as enacted by this act.

Section 3. (A) Not later than thirty days after the effective date of this act, the Governor, with the advice and consent of the Senate, shall make the Governor's initial appointment to the Tax Expenditure Review Committee under section 5703.954 of the Revised Code, as enacted by this act. The member thus appointed shall be a member for a term ending on December 31, 2013. Thereafter, the gubernatorial appointment and term shall be as prescribed in that section.

(B) Not later than thirty days after the effective date of this act, the President of the Senate and the Speaker of the House of Representatives each shall make their initial appointments to the Tax Expenditure Review Committee under section 5703.954 of the Revised Code. The members thus appointed shall be members for terms ending as prescribed in that section.