

As Introduced

131st General Assembly

Regular Session

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H. B. No. 9

Representative Boose

**Cosponsors: Representatives Blessing, Hambley, Hood, Scherer, Sprague,
Strahorn, Young**

A BILL

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

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

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

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

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

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

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

(1) The chair and ranking minority member of the house of

representatives committee that deals primarily with tax 17
legislation; 18

(2) The chair and ranking minority member of the senate 19
committee that deals primarily with tax legislation; 20

(3) Two members of the house of representatives appointed 21
by the speaker of the house of representatives; 22

(4) Two members of the senate appointed by the president 23
of the senate; 24

(5) One member appointed by the governor. 25

The speaker of the house of representatives, the president 26
of the senate, and the governor shall make initial appointments 27
to the committee not later than thirty days following the 28
effective date of the enactment of this section. Thereafter, the 29
terms of the office shall be the same as the term of each 30
general assembly. Members may be reappointed, provided the 31
member continues to meet all other eligibility requirements. 32
Vacancies shall be filled in the manner provided for original 33
appointments. Any member appointed to fill a vacancy before the 34
expiration of the term for which the predecessor was appointed 35
shall hold office as a member for the remainder of that term. 36
Appointed members of the committee serve at the pleasure of the 37
member's appointing authority and may be removed only by the 38
appointing authority. 39

(C) The tax expenditure review committee shall hold its 40
first meeting within ninety days after the effective date of the 41
enactment of this section. At the first meeting, the members 42
shall elect a chairperson. Thereafter, the committee shall meet 43
at least once during the first year of each fiscal biennium to 44
review existing tax expenditures pursuant to division (D) of 45

this section. The committee shall also meet at the call of the 46
chairperson to review proposed tax expenditures pursuant to 47
division (E) of this section. The committee is a public body for 48
the purposes of section 121.22 of the Revised Code. 49

A vacancy on the committee does not impair the right of 50
the other members to exercise all the functions of the 51
committee. The presence of a majority of the members of the 52
committee constitutes a quorum for the conduct of business of 53
the committee. The concurrence of at least a majority of the 54
members of the committee is necessary for any action to be taken 55
by the committee. 56

The committee shall permit any person to present evidence 57
or testimony related to tax expenditures at a meeting of the 58
committee. Upon the committee's request, the department of 59
taxation, development services agency, office of budget and 60
management, or other state agency shall provide any information 61
in its possession that the committee requires to perform its 62
duties. 63

(D) The committee shall establish a schedule for review 64
for each tax expenditure so that each expenditure is reviewed at 65
least once every eight years. The schedule may provide for the 66
review of each tax expenditure in the order the expenditures 67
were enacted or modified, beginning with the least recently 68
enacted or modified tax expenditure. Alternatively, the review 69
schedule may group tax expenditures by the individuals or 70
industries benefiting from the expenditures, the objectives of 71
each expenditure, or the policy rationale of each expenditure. 72
In its review, the committee shall make recommendations as to 73
whether each tax expenditure should be continued without 74
modification, modified, scheduled for further review at a future 75

date to consider repealing the expenditure, or repealed 76
outright. For each expenditure reviewed, the committee may 77
recommend accountability standards for the future review of the 78
expenditure. The committee may consider, when reviewing a tax 79
expenditure, any of the relevant factors in division (F) of this 80
section. 81

(E) Any tax expenditure bill shall include a statement 82
explaining the objectives of the tax expenditure or its 83
modification and the sponsor's intent in proposing the tax 84
expenditure or its modification. Before a tax expenditure bill 85
may be scheduled for a vote in any legislative committee, the 86
bill must be reviewed by the tax expenditure review committee. 87
The committee shall commence its review following the 88
introduction of the tax expenditure bill in the chamber in which 89
the bill originates. During the committee's review, the 90
committee may consider any of the relevant factors in division 91
(F) of this section. The committee shall issue copies of its 92
review to each member of the legislative committee to which the 93
bill has been referred upon the conclusion of the committee's 94
review. 95

(F) In conducting reviews pursuant to division (D) or (E) 96
of this section, the committee may consider the following 97
factors: 98

(1) The number and classes of persons, organizations, 99
businesses, or types of industries that would receive the direct 100
benefit or consequences of the tax expenditure; 101

(2) The fiscal impact of the tax expenditure on state and 102
local taxing authorities, including, in the case of a review 103
under division (D) of this section, any past fiscal effects and 104
expected future fiscal impacts of the tax expenditure in the 105

following eight-year period; 106

(3) Public policy objectives that might support the tax expenditure. In researching such objectives, the committee may consider the expenditure's legislative history, the tax expenditure's sponsor's intent in proposing the tax expenditure, or the extent to which the tax expenditure encourages or would encourage business growth or relocation into the state, promotes or would promote growth or retention of high-wage jobs in the state, or aids or would aid community stabilization. 107
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(4) Whether the tax expenditure successfully accomplishes any of the objectives identified in division (F) (3) of this section; 115
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(5) Whether the objectives identified in division (F) (3) of this section would or could have been accomplished successfully in the absence of the tax expenditure or with less cost to the state or local governments; 118
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(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; 122
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(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; 126
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(8) The extent to which terminating the tax expenditure may have negative effects on taxpayers that currently benefit from the tax expenditure; 131
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(9) The extent to which the repeal of the tax expenditure 134

may have negative effects on the state's employment and economy; 135

(10) The feasibility of modifying the tax expenditure to 136
provide for adjustment or recapture of the proceeds of the tax 137
expenditure if the objectives of the tax expenditure are not 138
fulfilled by the recipient of the tax expenditure. 139

(G) The committee shall prepare a report of its 140
determinations under division (D) of this section and, not later 141
than the thirtieth day of June of each even-numbered year, 142
provide a copy of the report to the governor, the speaker of the 143
house of representatives, the president of the senate, the 144
minority leader of the house of representatives, and the 145
minority leader of the senate. The first report shall be 146
submitted either in the year of the effective date of this 147
section or in the first even-numbered year thereafter. 148

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