

Summary of Ohio Proposed Amendment to Sections 308 and 310 of the Streamlined Sales and Use Tax Agreement

February 16, 2006

- This proposal amends section 308 of the Streamlined Agreement to allow states that have local option sales and use taxes the option of adopting their own sourcing rules for in-state sales.
- Any state that chooses to use its own sourcing rules for in-state sales would be required to adopt a single statewide rate option for sales into the state from out-of-state locations. Sellers making sales into the state from locations outside the state would have the option to source their sales into that state under the rules of section 310A of the Agreement (destination sourcing) or to collect the single statewide rate for those sales.
- The single statewide rate would be available for any seller making sales into the state from out-of-state, regardless of nexus.
- The single statewide rate could not exceed the highest combined state and local tax rate in effect in any jurisdiction in the state.
- The single statewide rate option provides sellers making sales from outside the state with a simple alternative to the destination sourcing rules.
- The proposal would not affect the sourcing of leases under divisions B through D of section 310 of the Agreement.
- Consumers that are charged the single statewide rate would be protected. If the local rate applicable where the consumer receives the product sold is higher than the single statewide rate, no additional tax could be charged to make up the rate for the jurisdiction where the property is received. If the item is moved, tax for the subsequent jurisdiction could apply use tax as applicable under state law.
- If the single statewide rate is higher than the rate for the jurisdiction in which the product sold is received, the state would be required to give the consumer a refund of the difference in the tax rates. The state must provide the purchaser with at least one year to file such a claim.
- Section 308 of the Agreement would be amended to specify that the single statewide rate is an exception to the single state rate provisions of that section.