Recently enacted Substitute House Bill No. 430 (Bill), which is effective September 13, 2018, clarifies the scope of the sales and use tax exemption for certain kinds of property used in the production of oil and gas. The Bill deleted the exemption language relating to the production of crude oil and natural gas from Ohio Revised Code 5739.02(B)(42)(a) and adds 5739.02(B)(42)(q) to specifically address the exemption for “things” used in the production of crude oil and natural gas. 5739.02(B)(42)(q)(i) provides a list (not all-inclusive) of tangible personal property and services that qualify for the exemption while 5739.02(B)(42)(q)(ii) provides a list (not all-inclusive) of things that do not qualify for the exemption.

The Bill also clarifies that the Tax Commissioner shall obtain the opinion of the director of the Ohio Department of Natural Resources (ODNR), when applicable, as to whether property is primarily designed, constructed, installed, and used as an exempt facility. Prior to the change by the Bill, there was concern by the Department of Taxation and the Ohio Environmental Protection Agency as to whether property could be certified as an exempt facility by ODNR.
It is important to note that the uncodified Section 2 of the Bill provides that the amendment was a remedial measure intended to clarify existing law. Further, the Bill provides that the clarification applies to all cases pending on a petition for reassessment or further appeal, or transactions subject to an audit by the Department of Taxation, on or after, May 18, 2018.

If you would like to discuss the changes resulting from the Bill or any other state and local tax matters, please contact John Trippier or any ZHF professional.
WWW.ZHFTAXLAW.COM

614-326-1120
855-770-1120 (toll-free)

RON AMSTUTZ
(non-attorney professional)
614-782-1545 (Direct)
330-347-3533 (Mobile)
ronamstutz@zhfconsulting.com

STEVE AUSTRIA
(non-attorney professional)
614-349-4820 (Direct)
937-609-8355 (Mobile)
saustria@zhftaxlaw.com

ADAM L. GARN
614-349-4814 (Direct)
agarn@zhftaxlaw.com

RICHARD C. FARRIN
614-349-4811 (Direct)
614-634-3130 (Mobile)
rfarrin@zhftaxlaw.com

CHARLOTTE B. HICKCOX
(non-attorney professional)
614-349-4819 (Direct)
614-537-4339 (Mobile)
chickcox@zhftaxlaw.com

STEPHEN K. HALL
614-349-4812 (Direct)
614-284-1253 (Mobile)
shall@zhftaxlaw.com

PHILLIP L. LAWLESS
(non-attorney professional)
614-349-4821 (Direct)
614-565-6098 (Mobile)
plawless@zhftaxlaw.com

DEBORA D. MCGRAW
614-349-4813 (Direct)
614-595-5560 (Mobile)
dmcgraw@zhftaxlaw.com

BRAD W. TOMLINSON
(non-attorney professional)
614-349-4818 (Direct)
btomlinson@zhftaxlaw.com

JOHN R. TRIPPIER
(non-attorney professional)
614-349-4815 (Direct)
614-203-4173 (Mobile)
jtrippi@zhftaxlaw.com

JASON WALKER
(non-attorney professional)
614-349-4817 (Direct)
916-533-1626 (Mobile)
jwalker@zhftaxlaw.com

THOMAS M. ZAINO
614-349-4810 (Direct)
614-598-1596 (Mobile)
tzaino@zhftaxlaw.com