

**Rule Summary and Fiscal Analysis (Part A)****Department of Taxation**

Agency Name

Division

**Fred Nicely**

Contact

**30 E. Broad Street 22nd floor Columbus OH  
43215-0000**

Agency Mailing Address (Plus Zip)

**614-466-2166**

Phone

Fax

**5703-29-15**

Rule Number

**NEW**

TYPE of rule filing

Rule Title/Tag Line

**Highway transportation services - bright-line presence and situsing.****RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **No**

2. Are you proposing this rule as a result of recent legislation? **Yes**

Bill Number: **HB66**General Assembly: **126**Sponsor: **Calvert**

3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **5703.14**

4. Statute(s) authorizing agency to adopt the rule: **5703.05**

5. Statute(s) the rule, as filed, amplifies or implements: **5751.01(I)**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

For purposes of the CAT, a 'person' is deemed to have bright-line nexus with this state if the 'person' meets any of five tests listed in ORC 5751.01 division (I). One of the tests is whether the 'person' had property in this state with an aggregate value of at least \$50,000 at any time in the calendar year. This rule addresses the application of this "property in the state" test to highway transportation services.

7. If the rule is an AMENDMENT, then summarize the changes and the content of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

If a highway transportation service provider is in this state for more than 13 days and has property worth \$50,000 or more, then the providers must situs their gross receipts in proportion to the miles traveled in Ohio to the miles traveled everywhere for the reporting period. The rule emphasizes that even if the transportation service providers have bright-line nexus with the state, the providers will not be CAT taxpayers until they reach the \$150,000 threshold. The proposed rule then gives examples.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

*This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.*

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

*This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.*

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

*Not Applicable.*

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so:

*Not Applicable.*

12. 119.032 Rule Review Date:

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

### **FISCAL ANALYSIS**

13. Estimate the total amount by which *this proposed rule* would **increase / decrease** either **revenues / expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will have no impact on revenues or expenditures.

\$0.00

Not applicable.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

Not applicable.

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

Since the CAT is relatively new, there is no information relative to the costs of additional record-keeping and/or the filing and payment of the tax for the applicable 'persons'.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**