



Ohio: House passes measure to exempt optical aids from sales tax, saving consumers \$29M

TAX AND BENEFITS CHALLENGES | OCT 12, 2017

In a late September blog post, the Ohio House Majority Caucus announced that it had passed HB 116, which exempts optical aids from sales and use tax, beginning in July 2019. Optical aids include the following: eyeglasses, contact lenses, and “other instruments or devices that may aid or correct human vision and that have been prescribed by a physician or optometrist licensed by any state, country, or province.” Eyeglass lenses, and “frames into which lenses have been installed, if the lenses have been prescribed by a physician or optometrist licensed by any state, country, or province,” are also within the definition of exempted items.

In order to prevent tax evasion, the law will presume that sales tax applies “until the contrary is established.”

The blog post states the rationale for the measure: “Eyeglasses and corrective contacts significantly improve Ohio lives—enabling many to maintain employment, learn, live safely, and have mobility. House Bill 116...would benefit families struggling to pay for a basic medical necessity that helps the youngest of Ohioans.”

In addition, Ohio retailers are at a disadvantage because it is one of only 14 states that impose a tax on prescription eyewear, asserted the blog post. Most of the Buckeye State’s neighbors, Pennsylvania, Indiana, and West Virginia, have all eliminated the tax.

Most prescription goods are sold tax-free in the Buckeye State. Exceptions to this are dental prostheses, the sale of medical oxygen-dispensing equipment, and hospital beds, unless purchased by a hospital, nursing home, or other medical facility, which are taxed.

Perhaps the most surprising feature of this little-publicized piece of legislation is the amount of money it would save taxpayers: \$29 million in fiscal year 2020, according to the fiscal note. The 2012 Economic Census for Ohio asserts that retail sales of prescription glasses and lenses at optical goods stores amounted to about \$279 million.

Of the \$29 million consumer savings, 97 percent, or \$22.4 million, represents a loss to the general revenue fund. Counties and transit authorities stand to lose \$6 million, and local government and public library funds would be reduced by about \$800,000.

On September 20, 2017, HB 116 passed the House by a vote of 93 to 1, and a day later, it was introduced in the Senate.

KASICH VETOED A SIMILAR PROVISION

When Gov. John Kasich signed the new budget on June 30, 2017, one of the 47 items he vetoed was the sales tax exemption on prescription optical aids. The budget exempted optical aids and their components, up to \$650 in value, from the sales and use tax. He reasoned that the language “was not compliant with the Streamlined Sales and Use Tax Agreement and therefor jeopardizes the sales tax revenue...[that] the state receives from its membership” therein. In 2013, the tax revenue amounted to \$43.8 million.



DAVID KALL

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