



This Week in State Tax (TWIST)

July 14, 2025



Ohio: Sales Tax Changes in FY 2026 Budget

Governor Mike DeWine recently signed the Buckeye State budget for FY 2026-2027. The 3,000 page bill ([HB 96](#)) contains several significant changes to the state's indirect tax policies, including eliminating certain exemptions and changes to the payment of interest on refunds. Note that the governor line-item vetoed certain exemptions that may subsequently be overridden by the legislature. The vetoes do not affect the matters addressed here.

The following exemptions are repealed effective January 1, 2026:

- **Direct Marketing Exemption:** The sale of certain items to direct marketing vendors including printed advertising materials as well as the purchase of telecommunications, computers, and similar equipment used to accept direct marketing orders. R.C. 5739.02(B)(35) [See p. 2527 of the bill.]
- **Printers Exemption:** The use or consumption of materials to be used in the preparation and production of printed and other reproduced materials. R.C. 5739.02(B)(42)(f) [p. 2529]
- **Electronic Publishing Exemption:** The use or consumption of items acquired for preparing and disseminating data or information through electronic publishing. R.C. 5739.02(B)(42)(o) [p. 2530]
- **Call Center Exemption:** The sale of telecommunications service that is directly and primarily used to perform the functions of a call center. R.C. 5739.02(B)(45) [p. 2532]

In addition, the bill caps the vendor discount for timely remittance of the sales tax at \$750 per month for each vendor's license, applicable to returns required to be filed on and after January 1, 2026. [p. 2562] The bill also eliminates the payment of interest on refunds for certain county sales and use taxes found under R.C. sections 5739.021, 5739.026, 5741.021, and 5741.023, effective for refunds allowed on or after January 1, 2026. (p. 2566) Interest will still be paid on refunds of state taxes. Payment of interest on refund claims under a direct pay permit is also eliminated, effective for refund applications filed on or after January 1, 2026. R.C. 5739.07(G) (p. 2540) For any additional questions regarding the Ohio budget, please contact [Dave Perry](#) or [Kenna Goodman](#).

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