As Introduced

136th General Assembly
Regular Session
2025-2026

S. B. No. 186

Senator Smith

To amend section 5739.21 and to enact section 122.97 of the Revised Code to create a music incubator program to provide sales tax rebates to certain music venues and festival promoters.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 5739.21 be amended and section 122.97 of the Revised Code be enacted to read as follows:

Sec. 122.97. (A) As used in this section:

(1) "Eligible music venue or festival promoter" means a music venue or music festival promoter that has met all of the following conditions for at least the two years immediately preceding the date the person submits an application under division (B) of this section:

(a) The venue or promoter has held a vendor's license issued under section 5739.17 of the Revised Code.

(b) In the case of a music venue, the venue has been a retail establishment with a dedicated audience capacity of not more than three thousand individuals.

(c) In the case of a music festival promoter, the promoter has held a music festival in a county with a population of less

than one hundred thousand.

(d) The venue or promoter has entered into a written contract with a musical performing artist to conduct a live performance at the venue or festival, as applicable, under which the artist received as compensation a specified percentage of ticket sales for or other sales during the performance, or a guaranteed amount in advance of the performance.

(e) The venue or promoter has met at least five of the following criteria, including at least one of the criteria described in division (A)(1)(e)(i) or (ii) of this section:

(i) Has marketed live performances through listings in printed or electronic publications;

(ii) Has provided live music performances five or more nights per week;

(iii) Has employed or contracted for one or more individuals to perform at least two of the following services: sound engineering, booking, promoting, stage management, or security;

(iv) Has live performance and audience space;

(v) Has provided technical sound and lighting support, either in-house or through a contract with a third party;

(vi) Has a space for the storage of audio equipment or musical instruments;

(vii) Has applied cover charges to one or more live music performances through ticketing or the imposition of an entrance fee;

(viii) Has maintained hours of operation that coincide

with live music performance show times.

(2) "State sales tax" means the tax imposed by section 5739.02 of the Revised Code.

(3) "Beer" and "wine" have the same meanings as in section 4301.01 of the Revised Code.

(B) An eligible music venue or festival promoter may apply to the director of development for a rebate under this section. The director shall prescribe the form and manner of the application, which shall include allowing applicants to submit applications by electronic mail or by uploading the application to a designated department web site.

The director shall accept applications beginning on the first day of September of each year, beginning in 2026. The director shall review applications in the order in which the applications are received and shall make a determination on each application within thirty days after its receipt. The director shall approve an application if the director determines that the applicant is an eligible music venue or festival promoter that, in either case, provides or has committed to provide an economic benefit to the communities in which the music venues are located or the festivals are held, as applicable, and to the music industry in the state, including live music performers.

(C) Subject to division (D) of this section, if the director determines that an eligible music venue or festival promoter qualifies for a rebate under this section, the amount of the rebate shall equal the lesser of the following:

(1) The amount of state sales taxes attributable to the sale of beer and wine remitted to the state by the eligible music venue or festival promoter during the preceding fiscal

year;

(2) One hundred thousand dollars.

(D) The total amount of rebates awarded under this section for a single fiscal year shall not exceed ten million dollars.

(E) Eligible music venues and festival promoters shall use any rebate received under this section to recruit performing artists and bring live musical performances to the state. A venue or promoter receiving a rebate shall provide to the director of development any receipts, invoices, or similar documents demonstrating that the venue or promoter used the rebate for these purposes. The director may require the venue or promoter to repay all or part of the rebate if the venue or promoter fails to provide such documentation or if the director determines that the venue or promoter spent the rebate for any other purpose.

(F) The music incubator rebate fund is created in the state treasury, consisting of money deposited into it under section 5739.21 of the Revised Code. Money in the fund shall be used solely in accordance with this section to award rebates to eligible music venues and festival promoters. All interest earned on money in the fund shall be credited to the fund.

On the last day of each fiscal year, the director of budget and management shall transfer any money deposited into the fund under section 5739.21 of the Revised Code that is unobligated and unexpended on that date to the general revenue fund.

Sec. 5739.21. ~~(A) One~~ (A)(1) Beginning in fiscal year 2027, the first ten million dollars deposited into the state treasury under sections 5739.01 to 5739.31 of the Revised Code

in each fiscal year shall be credited to the music incubator rebate fund created in section 122.97 of the Revised Code.

(2) After crediting the amount required in division (A)(1) of this section, one hundred per cent of all money deposited into the state treasury under sections 5739.01 to 5739.31 of the Revised Code that is not required to be distributed as provided in section 5739.102 of the Revised Code or division (B) of this section shall be credited to the general revenue fund.

(B)(1) In any case where any county or transit authority has levied a tax or taxes pursuant to section 5739.021, 5739.023, or 5739.026 of the Revised Code, the tax commissioner shall, within forty-five days after the end of each month, determine and certify to the director of budget and management the amount of the proceeds of such tax or taxes received during that month from billings and assessments, or associated with tax returns or reports filed during that month, to be returned to the county or transit authority levying the tax or taxes. The amount to be returned to each county and transit authority shall be a fraction of the aggregate amount of money collected with respect to each area in which one or more of such taxes are concurrently in effect with the tax levied by section 5739.02 of the Revised Code. The numerator of the fraction is the rate of the tax levied by the county or transit authority and the denominator of the fraction is the aggregate rate of such taxes applicable to such area. The amount to be returned to each county or transit authority shall be reduced by the amount of any refunds of county or transit authority tax paid pursuant to section 5739.07 of the Revised Code during the same month, or transfers made pursuant to division (B)(2) of section 5703.052 of the Revised Code.

(2) On a periodic basis, using the best information available, the tax commissioner shall distribute any amount of a county or transit authority tax that cannot be distributed under division (B)(1) of this section. Through audit or other means, the commissioner shall attempt to obtain the information necessary to make the distribution as provided under that division and, on receipt of that information, shall make adjustments to distributions previously made under this division.

(3) Eight and thirty-three one-hundredths of one per cent of the revenue collected from the tax due under division (A) of section 5739.029 of the Revised Code shall be distributed to the county where the sale of the motor vehicle is sitused under section 5739.033 of the Revised Code. The amount to be so distributed to the county shall be apportioned on the basis of the rates of taxes the county levies pursuant to sections 5739.021 and 5739.026 of the Revised Code, as applicable, and shall be credited to the funds of the county as provided in divisions (A) and (B) of section 5739.211 of the Revised Code.

(C) The aggregate amount to be returned to any county or transit authority shall be reduced by one per cent, which shall be certified directly to the credit of the local sales tax administrative fund, which is hereby created in the state treasury. For the purpose of determining the amount to be returned to a county and transit authority in which the rate of tax imposed by the transit authority has been reduced under section 5739.028 of the Revised Code, the tax commissioner shall use the respective rates of tax imposed by the county or transit authority that results from the change in the rates authorized under that section.

(D) The director of budget and management shall transfer, from the same funds and in the same proportions specified in division (A) of this section, to the permissive tax distribution fund created by division (B)(1) of section 4301.423 of the Revised Code and to the local sales tax administrative fund, the amounts certified by the tax commissioner. The tax commissioner shall then, on or before the twentieth day of the month in which such certification is made, provide for payment of such respective amounts to the county treasurer and to the fiscal officer of the transit authority levying the tax or taxes. The amount transferred to the local sales tax administrative fund is for use by the tax commissioner in defraying costs incurred in administering such taxes levied by a county or transit authority.

Section 2. That existing section 5739.21 of the Revised Code is hereby repealed.