

As Introduced

132nd General Assembly

Regular Session

2017-2018

H. B. No. 427

Representative Young

Cosponsors: Representatives Hill, Hood, Landis, Stein, Barnes, Bocchieri, Miller

A BILL

To amend section 5747.01 and to enact sections 1
313.213, 3705.161, 5119.63, 5119.64, 5119.65, 2
and 5747.014 of the Revised Code to require the 3
Department of Health to publish monthly drug 4
overdose death information for each county, to 5
create grant programs to support faith-based 6
substance abuse services, to authorize an income 7
tax deduction for physicians providing such 8
services for free, and to allocate funds and 9
make an appropriation for the grant programs. 10

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

Section 1. That section 5747.01 be amended and sections 11
313.213, 3705.161, 5119.63, 5119.64, 5119.65, and 5747.014 of 12
the Revised Code be enacted to read as follows: 13

Sec. 313.213. Each month the coroner shall prepare and 14
submit to the department of health a report listing the number 15
of deaths from the previous month that the coroner determined 16
were caused by drug overdose. The report shall be prepared and 17
submitted in accordance with rules adopted by the director of 18

health under section 3705.161 of the Revised Code. 19

Sec. 3705.161. (A) The department of health shall publish 20
on its internet web site the number of drug overdose deaths per 21
month for each county of the state. The department shall update 22
this information on a monthly basis. 23

The department shall use the reports described in section 24
313.213 of the Revised Code to compile, publish on its website, 25
and update the number of drug overdose deaths per month by 26
county. The department shall issue a press release each time a 27
monthly update is completed. 28

(B) The director of health shall adopt rules establishing 29
standards and procedures for the reporting of drug overdose 30
deaths as required by section 313.213 of the Revised Code. The 31
director may adopt any other rules the director considers 32
necessary to implement this section. 33

All rules adopted under this division shall be adopted in 34
accordance with Chapter 119. of the Revised Code. 35

Sec. 5119.63. There is hereby created the faith-based 36
substance abuse curricula grant program. The department of 37
mental health and addiction services shall administer the 38
program. 39

Under the program, the department shall award grants to 40
nonprofit faith-based entities that administer programs intended 41
to support individuals in avoiding abuse of or overcoming 42
addiction to one or more substances and that use curricula 43
materials to achieve this intended purpose. The curricula 44
materials that are used may be faith-based in nature. The 45
department shall create a grant application for the program and 46
develop a process for receiving and evaluating completed grant 47

applications on a competitive basis. The grant application shall 48
require an applicant to specify which of the following the 49
department must consult with to obtain input about the entity's 50
success with supporting individuals in avoiding abuse of or 51
overcoming addiction to one or more substances: a judge or 52
magistrate from the drug court or other court that considers 53
drug-related prosecutions in the same jurisdiction as the 54
entity, that jurisdiction's chief police officer or the 55
officer's delegate, or both. The department shall give this 56
input significant weight when making a final determination 57
regarding a grant award, although the department's decision is 58
final. 59

The department shall select initial grant recipients not 60
later than nine months after the effective date of this section. 61
The department may award a grant to an applicant from outside 62
this state if the applicant has attested in the application that 63
the amount received will be used only to purchase curricula 64
materials for residents of this state. 65

Sec. 5119.64. There is hereby created the faith-based 66
substance abuse transportation assistance grant program. The 67
department of mental health and addiction services shall 68
administer the program. 69

Under the program, the department shall award grants to 70
nonprofit faith-based entities that administer programs intended 71
to support individuals in avoiding abuse of or overcoming 72
addiction to one or more substances. 73

An entity that is awarded a grant may use the amount 74
received only to defray the cost of providing participants in 75
its program with transportation services to program meetings or 76
activities or to reimburse participants for the costs they incur 77

in traveling to program meetings or activities. 78

The department shall create a grant application for the 79
program and develop a process for receiving and evaluating 80
completed grant applications on a competitive basis. The grant 81
application shall require an applicant to specify which of the 82
following the department must consult with to obtain input about 83
the entity's success with supporting individuals in avoiding 84
abuse of or overcoming addiction to one or more substances: a 85
judge or magistrate from the drug court or other court that 86
considers drug-related prosecutions in the same jurisdiction as 87
the entity, that jurisdiction's chief police officer or the 88
officer's delegate, or both. The department shall give this 89
input significant weight when making a final determination 90
regarding a grant award, although the department's decision is 91
final. 92

The department shall select initial grant recipients not 93
later than nine months after the effective date of this section. 94
The department may award a grant to an applicant from outside 95
this state if the applicant has attested in the application that 96
the amount received will be used only to defray transportation 97
costs involving residents of this state. 98

Sec. 5119.65. (A) There is hereby created the faith-based 99
substance abuse rehabilitation facility grant program. The 100
department of mental health and addiction services shall 101
administer the program. 102

(B) Under the program, the department shall award grants 103
to nonprofit faith-based entities that meet all of the following 104
criteria: 105

(1) Have been operating for at least three years 106

immediately prior to the date the entity submits the grant 107
application to the department; 108

(2) Are able to demonstrate success with supporting 109
individuals, including those who participate in drug court or 110
are incarcerated, in avoiding abuse of or overcoming addiction 111
to one or more substances using faith-based programming; 112

(3) Are able to demonstrate that they have received 113
community support for their programming, including financial 114
support; 115

(4) Have been endorsed by at least three judges or police 116
officers in a community intended to benefit from a grant. 117

(C) An entity that is awarded a grant may use the amount 118
received only to open and operate one or more facilities at 119
which drug addiction services, certified by the department under 120
section 5119.36 of the Revised Code, are provided. The entity 121
must ensure that all such facilities are located in or not more 122
than ten miles from a community that has historically had a high 123
incidence of accidental death by opioid overdose. 124

(D) The department shall create a grant application for 125
the program and develop a process for receiving and evaluating 126
completed grant applications on a competitive basis. The grant 127
application shall require an applicant to provide evidence of 128
meeting the criteria specified in division (B) of this section. 129
The department shall give significant weight to the quality of 130
the evidence it receives when making a final determination 131
regarding a grant award. The department's decision regarding a 132
grant award is final. 133

The department shall select initial grant recipients not 134
later than nine months after the effective date of this section. 135

The department may award a grant to an applicant from outside 136
this state if the applicant has attested in the application that 137
the amount received will be used only to serve residents of this 138
state. 139

Sec. 5747.01. Except as otherwise expressly provided or 140
clearly appearing from the context, any term used in this 141
chapter that is not otherwise defined in this section has the 142
same meaning as when used in a comparable context in the laws of 143
the United States relating to federal income taxes or if not 144
used in a comparable context in those laws, has the same meaning 145
as in section 5733.40 of the Revised Code. Any reference in this 146
chapter to the Internal Revenue Code includes other laws of the 147
United States relating to federal income taxes. 148

As used in this chapter: 149

(A) "Adjusted gross income" or "Ohio adjusted gross 150
income" means federal adjusted gross income, as defined and used 151
in the Internal Revenue Code, adjusted as provided in this 152
section: 153

(1) Add interest or dividends on obligations or securities 154
of any state or of any political subdivision or authority of any 155
state, other than this state and its subdivisions and 156
authorities. 157

(2) Add interest or dividends on obligations of any 158
authority, commission, instrumentality, territory, or possession 159
of the United States to the extent that the interest or 160
dividends are exempt from federal income taxes but not from 161
state income taxes. 162

(3) Deduct interest or dividends on obligations of the 163
United States and its territories and possessions or of any 164

authority, commission, or instrumentality of the United States 165
to the extent that the interest or dividends are included in 166
federal adjusted gross income but exempt from state income taxes 167
under the laws of the United States. 168

(4) Deduct disability and survivor's benefits to the 169
extent included in federal adjusted gross income. 170

(5) Deduct benefits under Title II of the Social Security 171
Act and tier 1 railroad retirement benefits to the extent 172
included in federal adjusted gross income under section 86 of 173
the Internal Revenue Code. 174

(6) In the case of a taxpayer who is a beneficiary of a 175
trust that makes an accumulation distribution as defined in 176
section 665 of the Internal Revenue Code, add, for the 177
beneficiary's taxable years beginning before 2002, the portion, 178
if any, of such distribution that does not exceed the 179
undistributed net income of the trust for the three taxable 180
years preceding the taxable year in which the distribution is 181
made to the extent that the portion was not included in the 182
trust's taxable income for any of the trust's taxable years 183
beginning in 2002 or thereafter. "Undistributed net income of a 184
trust" means the taxable income of the trust increased by (a) (i) 185
the additions to adjusted gross income required under division 186
(A) of this section and (ii) the personal exemptions allowed to 187
the trust pursuant to section 642(b) of the Internal Revenue 188
Code, and decreased by (b) (i) the deductions to adjusted gross 189
income required under division (A) of this section, (ii) the 190
amount of federal income taxes attributable to such income, and 191
(iii) the amount of taxable income that has been included in the 192
adjusted gross income of a beneficiary by reason of a prior 193
accumulation distribution. Any undistributed net income included 194

in the adjusted gross income of a beneficiary shall reduce the 195
undistributed net income of the trust commencing with the 196
earliest years of the accumulation period. 197

(7) Deduct the amount of wages and salaries, if any, not 198
otherwise allowable as a deduction but that would have been 199
allowable as a deduction in computing federal adjusted gross 200
income for the taxable year, had the targeted jobs credit 201
allowed and determined under sections 38, 51, and 52 of the 202
Internal Revenue Code not been in effect. 203

(8) Deduct any interest or interest equivalent on public 204
obligations and purchase obligations to the extent that the 205
interest or interest equivalent is included in federal adjusted 206
gross income. 207

(9) Add any loss or deduct any gain resulting from the 208
sale, exchange, or other disposition of public obligations to 209
the extent that the loss has been deducted or the gain has been 210
included in computing federal adjusted gross income. 211

(10) Deduct or add amounts, as provided under section 212
5747.70 of the Revised Code, related to contributions to 213
variable college savings program accounts made or tuition units 214
purchased pursuant to Chapter 3334. of the Revised Code. 215

(11) (a) Deduct, to the extent not otherwise allowable as a 216
deduction or exclusion in computing federal or Ohio adjusted 217
gross income for the taxable year, the amount the taxpayer paid 218
during the taxable year for medical care insurance and qualified 219
long-term care insurance for the taxpayer, the taxpayer's 220
spouse, and dependents. No deduction for medical care insurance 221
under division (A) (11) of this section shall be allowed either 222
to any taxpayer who is eligible to participate in any subsidized 223

health plan maintained by any employer of the taxpayer or of the taxpayer's spouse, or to any taxpayer who is entitled to, or on application would be entitled to, benefits under part A of Title XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of division (A)(11)(a) of this section, "subsidized health plan" means a health plan for which the employer pays any portion of the plan's cost. The deduction allowed under division (A)(11)(a) of this section shall be the net of any related premium refunds, related premium reimbursements, or related insurance premium dividends received during the taxable year.

(b) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income during the taxable year, the amount the taxpayer paid during the taxable year, not compensated for by any insurance or otherwise, for medical care of the taxpayer, the taxpayer's spouse, and dependents, to the extent the expenses exceed seven and one-half per cent of the taxpayer's federal adjusted gross income.

(c) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income, any amount included in federal adjusted gross income under section 105 or not excluded under section 106 of the Internal Revenue Code solely because it relates to an accident and health plan for a person who otherwise would be a "qualifying relative" and thus a "dependent" under section 152 of the Internal Revenue Code but for the fact that the person fails to meet the income and support limitations under section 152(d)(1)(B) and (C) of the Internal Revenue Code.

(d) For purposes of division (A)(11) of this section, "medical care" has the meaning given in section 213 of the

Internal Revenue Code, subject to the special rules, 254
limitations, and exclusions set forth therein, and "qualified 255
long-term care" has the same meaning given in section 7702B(c) 256
of the Internal Revenue Code. Solely for purposes of divisions 257
(A) (11) (a) and (c) of this section, "dependent" includes a 258
person who otherwise would be a "qualifying relative" and thus a 259
"dependent" under section 152 of the Internal Revenue Code but 260
for the fact that the person fails to meet the income and 261
support limitations under section 152(d) (1) (B) and (C) of the 262
Internal Revenue Code. 263

(12) (a) Deduct any amount included in federal adjusted 264
gross income solely because the amount represents a 265
reimbursement or refund of expenses that in any year the 266
taxpayer had deducted as an itemized deduction pursuant to 267
section 63 of the Internal Revenue Code and applicable United 268
States department of the treasury regulations. The deduction 269
otherwise allowed under division (A) (12) (a) of this section 270
shall be reduced to the extent the reimbursement is attributable 271
to an amount the taxpayer deducted under this section in any 272
taxable year. 273

(b) Add any amount not otherwise included in Ohio adjusted 274
gross income for any taxable year to the extent that the amount 275
is attributable to the recovery during the taxable year of any 276
amount deducted or excluded in computing federal or Ohio 277
adjusted gross income in any taxable year. 278

(13) Deduct any portion of the deduction described in 279
section 1341(a) (2) of the Internal Revenue Code, for repaying 280
previously reported income received under a claim of right, that 281
meets both of the following requirements: 282

(a) It is allowable for repayment of an item that was 283

included in the taxpayer's adjusted gross income for a prior	284
taxable year and did not qualify for a credit under division (A)	285
or (B) of section 5747.05 of the Revised Code for that year;	286
(b) It does not otherwise reduce the taxpayer's adjusted	287
gross income for the current or any other taxable year.	288
(14) Deduct an amount equal to the deposits made to, and	289
net investment earnings of, a medical savings account during the	290
taxable year, in accordance with section 3924.66 of the Revised	291
Code. The deduction allowed by division (A)(14) of this section	292
does not apply to medical savings account deposits and earnings	293
otherwise deducted or excluded for the current or any other	294
taxable year from the taxpayer's federal adjusted gross income.	295
(15) (a) Add an amount equal to the funds withdrawn from a	296
medical savings account during the taxable year, and the net	297
investment earnings on those funds, when the funds withdrawn	298
were used for any purpose other than to reimburse an account	299
holder for, or to pay, eligible medical expenses, in accordance	300
with section 3924.66 of the Revised Code;	301
(b) Add the amounts distributed from a medical savings	302
account under division (A)(2) of section 3924.68 of the Revised	303
Code during the taxable year.	304
(16) Add any amount claimed as a credit under section	305
5747.059 or 5747.65 of the Revised Code to the extent that such	306
amount satisfies either of the following:	307
(a) The amount was deducted or excluded from the	308
computation of the taxpayer's federal adjusted gross income as	309
required to be reported for the taxpayer's taxable year under	310
the Internal Revenue Code;	311
(b) The amount resulted in a reduction of the taxpayer's	312

federal adjusted gross income as required to be reported for any 313
of the taxpayer's taxable years under the Internal Revenue Code. 314

(17) Deduct the amount contributed by the taxpayer to an 315
individual development account program established by a county 316
department of job and family services pursuant to sections 317
329.11 to 329.14 of the Revised Code for the purpose of matching 318
funds deposited by program participants. On request of the tax 319
commissioner, the taxpayer shall provide any information that, 320
in the tax commissioner's opinion, is necessary to establish the 321
amount deducted under division (A) (17) of this section. 322

(18) Beginning in taxable year 2001 but not for any 323
taxable year beginning after December 31, 2005, if the taxpayer 324
is married and files a joint return and the combined federal 325
adjusted gross income of the taxpayer and the taxpayer's spouse 326
for the taxable year does not exceed one hundred thousand 327
dollars, or if the taxpayer is single and has a federal adjusted 328
gross income for the taxable year not exceeding fifty thousand 329
dollars, deduct amounts paid during the taxable year for 330
qualified tuition and fees paid to an eligible institution for 331
the taxpayer, the taxpayer's spouse, or any dependent of the 332
taxpayer, who is a resident of this state and is enrolled in or 333
attending a program that culminates in a degree or diploma at an 334
eligible institution. The deduction may be claimed only to the 335
extent that qualified tuition and fees are not otherwise 336
deducted or excluded for any taxable year from federal or Ohio 337
adjusted gross income. The deduction may not be claimed for 338
educational expenses for which the taxpayer claims a credit 339
under section 5747.27 of the Revised Code. 340

(19) Add any reimbursement received during the taxable 341
year of any amount the taxpayer deducted under division (A) (18) 342

of this section in any previous taxable year to the extent the 343
amount is not otherwise included in Ohio adjusted gross income. 344

(20) (a) (i) Subject to divisions (A) (20) (a) (iii), (iv), and 345
(v) of this section, add five-sixths of the amount of 346
depreciation expense allowed by subsection (k) of section 168 of 347
the Internal Revenue Code, including the taxpayer's 348
proportionate or distributive share of the amount of 349
depreciation expense allowed by that subsection to a pass- 350
through entity in which the taxpayer has a direct or indirect 351
ownership interest. 352

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) 353
of this section, add five-sixths of the amount of qualifying 354
section 179 depreciation expense, including the taxpayer's 355
proportionate or distributive share of the amount of qualifying 356
section 179 depreciation expense allowed to any pass-through 357
entity in which the taxpayer has a direct or indirect ownership 358
interest. 359

(iii) Subject to division (A) (20) (a) (v) of this section, 360
for taxable years beginning in 2012 or thereafter, if the 361
increase in income taxes withheld by the taxpayer is equal to or 362
greater than ten per cent of income taxes withheld by the 363
taxpayer during the taxpayer's immediately preceding taxable 364
year, "two-thirds" shall be substituted for "five-sixths" for 365
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 366

(iv) Subject to division (A) (20) (a) (v) of this section, 367
for taxable years beginning in 2012 or thereafter, a taxpayer is 368
not required to add an amount under division (A) (20) of this 369
section if the increase in income taxes withheld by the taxpayer 370
and by any pass-through entity in which the taxpayer has a 371
direct or indirect ownership interest is equal to or greater 372

than the sum of (I) the amount of qualifying section 179 373
depreciation expense and (II) the amount of depreciation expense 374
allowed to the taxpayer by subsection (k) of section 168 of the 375
Internal Revenue Code, and including the taxpayer's 376
proportionate or distributive shares of such amounts allowed to 377
any such pass-through entities. 378

(v) If a taxpayer directly or indirectly incurs a net 379
operating loss for the taxable year for federal income tax 380
purposes, to the extent such loss resulted from depreciation 381
expense allowed by subsection (k) of section 168 of the Internal 382
Revenue Code and by qualifying section 179 depreciation expense, 383
"the entire" shall be substituted for "five-sixths of the" for 384
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 385

The tax commissioner, under procedures established by the 386
commissioner, may waive the add-backs related to a pass-through 387
entity if the taxpayer owns, directly or indirectly, less than 388
five per cent of the pass-through entity. 389

(b) Nothing in division (A) (20) of this section shall be 390
construed to adjust or modify the adjusted basis of any asset. 391

(c) To the extent the add-back required under division (A) 392
(20) (a) of this section is attributable to property generating 393
nonbusiness income or loss allocated under section 5747.20 of 394
the Revised Code, the add-back shall be situated to the same 395
location as the nonbusiness income or loss generated by the 396
property for the purpose of determining the credit under 397
division (A) of section 5747.05 of the Revised Code. Otherwise, 398
the add-back shall be apportioned, subject to one or more of the 399
four alternative methods of apportionment enumerated in section 400
5747.21 of the Revised Code. 401

(d) For the purposes of division (A) (20) (a) (v) of this section, net operating loss carryback and carryforward shall not include the allowance of any net operating loss deduction carryback or carryforward to the taxable year to the extent such loss resulted from depreciation allowed by section 168(k) of the Internal Revenue Code and by the qualifying section 179 depreciation expense amount.

(e) For the purposes of divisions (A) (20) and (21) of this section:

(i) "Income taxes withheld" means the total amount withheld and remitted under sections 5747.06 and 5747.07 of the Revised Code by an employer during the employer's taxable year.

(ii) "Increase in income taxes withheld" means the amount by which the amount of income taxes withheld by an employer during the employer's current taxable year exceeds the amount of income taxes withheld by that employer during the employer's immediately preceding taxable year.

(iii) "Qualifying section 179 depreciation expense" means the difference between (I) the amount of depreciation expense directly or indirectly allowed to a taxpayer under section 179 of the Internal Revised Code, and (II) the amount of depreciation expense directly or indirectly allowed to the taxpayer under section 179 of the Internal Revenue Code as that section existed on December 31, 2002.

(21) (a) If the taxpayer was required to add an amount under division (A) (20) (a) of this section for a taxable year, deduct one of the following:

(i) One-fifth of the amount so added for each of the five succeeding taxable years if the amount so added was five-sixths

of qualifying section 179 depreciation expense or depreciation 431
expense allowed by subsection (k) of section 168 of the Internal 432
Revenue Code; 433

(ii) One-half of the amount so added for each of the two 434
succeeding taxable years if the amount so added was two-thirds 435
of such depreciation expense; 436

(iii) One-sixth of the amount so added for each of the six 437
succeeding taxable years if the entire amount of such 438
depreciation expense was so added. 439

(b) If the amount deducted under division (A) (21) (a) of 440
this section is attributable to an add-back allocated under 441
division (A) (20) (c) of this section, the amount deducted shall 442
be situated to the same location. Otherwise, the add-back shall 443
be apportioned using the apportionment factors for the taxable 444
year in which the deduction is taken, subject to one or more of 445
the four alternative methods of apportionment enumerated in 446
section 5747.21 of the Revised Code. 447

(c) No deduction is available under division (A) (21) (a) of 448
this section with regard to any depreciation allowed by section 449
168(k) of the Internal Revenue Code and by the qualifying 450
section 179 depreciation expense amount to the extent that such 451
depreciation results in or increases a federal net operating 452
loss carryback or carryforward. If no such deduction is 453
available for a taxable year, the taxpayer may carry forward the 454
amount not deducted in such taxable year to the next taxable 455
year and add that amount to any deduction otherwise available 456
under division (A) (21) (a) of this section for that next taxable 457
year. The carryforward of amounts not so deducted shall continue 458
until the entire addition required by division (A) (20) (a) of 459
this section has been deducted. 460

(d) No refund shall be allowed as a result of adjustments made by division (A) (21) of this section.	461 462
(22) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income for the taxable year, the amount the taxpayer received during the taxable year as reimbursement for life insurance premiums under section 5919.31 of the Revised Code.	463 464 465 466 467
(23) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income for the taxable year, the amount the taxpayer received during the taxable year as a death benefit paid by the adjutant general under section 5919.33 of the Revised Code.	468 469 470 471 472
(24) Deduct, to the extent included in federal adjusted gross income and not otherwise allowable as a deduction or exclusion in computing federal or Ohio adjusted gross income for the taxable year, military pay and allowances received by the taxpayer during the taxable year for active duty service in the United States army, air force, navy, marine corps, or coast guard or reserve components thereof or the national guard. The deduction may not be claimed for military pay and allowances received by the taxpayer while the taxpayer is stationed in this state.	473 474 475 476 477 478 479 480 481 482
(25) Deduct, to the extent not otherwise allowable as a deduction or exclusion in computing federal or Ohio adjusted gross income for the taxable year and not otherwise compensated for by any other source, the amount of qualified organ donation expenses incurred by the taxpayer during the taxable year, not to exceed ten thousand dollars. A taxpayer may deduct qualified organ donation expenses only once for all taxable years beginning with taxable years beginning in 2007.	483 484 485 486 487 488 489 490

For the purposes of division (A) (25) of this section:	491
(a) "Human organ" means all or any portion of a human	492
liver, pancreas, kidney, intestine, or lung, and any portion of	493
human bone marrow.	494
(b) "Qualified organ donation expenses" means travel	495
expenses, lodging expenses, and wages and salary forgone by a	496
taxpayer in connection with the taxpayer's donation, while	497
living, of one or more of the taxpayer's human organs to another	498
human being.	499
(26) Deduct, to the extent not otherwise deducted or	500
excluded in computing federal or Ohio adjusted gross income for	501
the taxable year, amounts received by the taxpayer as retired	502
personnel pay for service in the uniformed services or reserve	503
components thereof, or the national guard, or received by the	504
surviving spouse or former spouse of such a taxpayer under the	505
survivor benefit plan on account of such a taxpayer's death. If	506
the taxpayer receives income on account of retirement paid under	507
the federal civil service retirement system or federal employees	508
retirement system, or under any successor retirement program	509
enacted by the congress of the United States that is established	510
and maintained for retired employees of the United States	511
government, and such retirement income is based, in whole or in	512
part, on credit for the taxpayer's uniformed service, the	513
deduction allowed under this division shall include only that	514
portion of such retirement income that is attributable to the	515
taxpayer's uniformed service, to the extent that portion of such	516
retirement income is otherwise included in federal adjusted	517
gross income and is not otherwise deducted under this section.	518
Any amount deducted under division (A) (26) of this section is	519
not included in a taxpayer's adjusted gross income for the	520

purposes of section 5747.055 of the Revised Code. No amount may 521
be deducted under division (A) (26) of this section on the basis 522
of which a credit was claimed under section 5747.055 of the 523
Revised Code. 524

(27) Deduct, to the extent not otherwise deducted or 525
excluded in computing federal or Ohio adjusted gross income for 526
the taxable year, the amount the taxpayer received during the 527
taxable year from the military injury relief fund created in 528
section 5902.05 of the Revised Code. 529

(28) Deduct, to the extent not otherwise deducted or 530
excluded in computing federal or Ohio adjusted gross income for 531
the taxable year, the amount the taxpayer received as a veterans 532
bonus during the taxable year from the Ohio department of 533
veterans services as authorized by Section 2r of Article VIII, 534
Ohio Constitution. 535

(29) Deduct, to the extent not otherwise deducted or 536
excluded in computing federal or Ohio adjusted gross income for 537
the taxable year, any income derived from a transfer agreement 538
or from the enterprise transferred under that agreement under 539
section 4313.02 of the Revised Code. 540

(30) Deduct, to the extent not otherwise deducted or 541
excluded in computing federal or Ohio adjusted gross income for 542
the taxable year, Ohio college opportunity or federal Pell grant 543
amounts received by the taxpayer or the taxpayer's spouse or 544
dependent pursuant to section 3333.122 of the Revised Code or 20 545
U.S.C. 1070a, et seq., and used to pay room or board furnished 546
by the educational institution for which the grant was awarded 547
at the institution's facilities, including meal plans 548
administered by the institution. For the purposes of this 549
division, receipt of a grant includes the distribution of a 550

grant directly to an educational institution and the crediting 551
of the grant to the enrollee's account with the institution. 552

(31) (a) For taxable years beginning in 2015, deduct from 553
the portion of an individual's adjusted gross income that is 554
business income, to the extent not otherwise deducted or 555
excluded in computing federal or Ohio adjusted gross income for 556
the taxable year, the lesser of the following amounts: 557

(i) Seventy-five per cent of the individual's business 558
income; 559

(ii) Ninety-three thousand seven hundred fifty dollars for 560
each spouse if spouses file separate returns under section 561
5747.08 of the Revised Code or one hundred eighty-seven thousand 562
five hundred dollars for all other individuals. 563

(b) For taxable years beginning in 2016 or thereafter, 564
deduct from the portion of an individual's adjusted gross income 565
that is business income, to the extent not otherwise deducted or 566
excluded in computing federal adjusted gross income for the 567
taxable year, one hundred twenty-five thousand dollars for each 568
spouse if spouses file separate returns under section 5747.08 of 569
the Revised Code or two hundred fifty thousand dollars for all 570
other individuals. 571

(32) Deduct, as provided under section 5747.78 of the 572
Revised Code, contributions to ABLE savings accounts made in 573
accordance with sections 113.50 to 113.56 of the Revised Code. 574

(33) Deduct, to the extent not otherwise deducted or 575
excluded in computing federal or Ohio adjusted gross income for 576
the taxable year, amounts computed under section 5747.014 of the 577
Revised Code relating to a physician providing uncompensated 578
medical care through or on behalf of a nonprofit faith-based 579

entity that provides drug addiction services. 580

(B) "Business income" means income, including gain or 581
loss, arising from transactions, activities, and sources in the 582
regular course of a trade or business and includes income, gain, 583
or loss from real property, tangible property, and intangible 584
property if the acquisition, rental, management, and disposition 585
of the property constitute integral parts of the regular course 586
of a trade or business operation. "Business income" includes 587
income, including gain or loss, from a partial or complete 588
liquidation of a business, including, but not limited to, gain 589
or loss from the sale or other disposition of goodwill. 590

(C) "Nonbusiness income" means all income other than 591
business income and may include, but is not limited to, 592
compensation, rents and royalties from real or tangible personal 593
property, capital gains, interest, dividends and distributions, 594
patent or copyright royalties, or lottery winnings, prizes, and 595
awards. 596

(D) "Compensation" means any form of remuneration paid to 597
an employee for personal services. 598

(E) "Fiduciary" means a guardian, trustee, executor, 599
administrator, receiver, conservator, or any other person acting 600
in any fiduciary capacity for any individual, trust, or estate. 601

(F) "Fiscal year" means an accounting period of twelve 602
months ending on the last day of any month other than December. 603

(G) "Individual" means any natural person. 604

(H) "Internal Revenue Code" means the "Internal Revenue 605
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 606

(I) "Resident" means any of the following, provided that 607

division (I) (3) of this section applies only to taxable years of 608
a trust beginning in 2002 or thereafter: 609

(1) An individual who is domiciled in this state, subject 610
to section 5747.24 of the Revised Code; 611

(2) The estate of a decedent who at the time of death was 612
domiciled in this state. The domicile tests of section 5747.24 613
of the Revised Code are not controlling for purposes of division 614
(I) (2) of this section. 615

(3) A trust that, in whole or part, resides in this state. 616
If only part of a trust resides in this state, the trust is a 617
resident only with respect to that part. 618

For the purposes of division (I) (3) of this section: 619

(a) A trust resides in this state for the trust's current 620
taxable year to the extent, as described in division (I) (3) (d) 621
of this section, that the trust consists directly or indirectly, 622
in whole or in part, of assets, net of any related liabilities, 623
that were transferred, or caused to be transferred, directly or 624
indirectly, to the trust by any of the following: 625

(i) A person, a court, or a governmental entity or 626
instrumentality on account of the death of a decedent, but only 627
if the trust is described in division (I) (3) (e) (i) or (ii) of 628
this section; 629

(ii) A person who was domiciled in this state for the 630
purposes of this chapter when the person directly or indirectly 631
transferred assets to an irrevocable trust, but only if at least 632
one of the trust's qualifying beneficiaries is domiciled in this 633
state for the purposes of this chapter during all or some 634
portion of the trust's current taxable year; 635

(iii) A person who was domiciled in this state for the 636
purposes of this chapter when the trust document or instrument 637
or part of the trust document or instrument became irrevocable, 638
but only if at least one of the trust's qualifying beneficiaries 639
is a resident domiciled in this state for the purposes of this 640
chapter during all or some portion of the trust's current 641
taxable year. If a trust document or instrument became 642
irrevocable upon the death of a person who at the time of death 643
was domiciled in this state for purposes of this chapter, that 644
person is a person described in division (I) (3) (a) (iii) of this 645
section. 646

(b) A trust is irrevocable to the extent that the 647
transferor is not considered to be the owner of the net assets 648
of the trust under sections 671 to 678 of the Internal Revenue 649
Code. 650

(c) With respect to a trust other than a charitable lead 651
trust, "qualifying beneficiary" has the same meaning as 652
"potential current beneficiary" as defined in section 1361(e) (2) 653
of the Internal Revenue Code, and with respect to a charitable 654
lead trust "qualifying beneficiary" is any current, future, or 655
contingent beneficiary, but with respect to any trust 656
"qualifying beneficiary" excludes a person or a governmental 657
entity or instrumentality to any of which a contribution would 658
qualify for the charitable deduction under section 170 of the 659
Internal Revenue Code. 660

(d) For the purposes of division (I) (3) (a) of this 661
section, the extent to which a trust consists directly or 662
indirectly, in whole or in part, of assets, net of any related 663
liabilities, that were transferred directly or indirectly, in 664
whole or part, to the trust by any of the sources enumerated in 665

that division shall be ascertained by multiplying the fair 666
market value of the trust's assets, net of related liabilities, 667
by the qualifying ratio, which shall be computed as follows: 668

(i) The first time the trust receives assets, the 669
numerator of the qualifying ratio is the fair market value of 670
those assets at that time, net of any related liabilities, from 671
sources enumerated in division (I) (3) (a) of this section. The 672
denominator of the qualifying ratio is the fair market value of 673
all the trust's assets at that time, net of any related 674
liabilities. 675

(ii) Each subsequent time the trust receives assets, a 676
revised qualifying ratio shall be computed. The numerator of the 677
revised qualifying ratio is the sum of (1) the fair market value 678
of the trust's assets immediately prior to the subsequent 679
transfer, net of any related liabilities, multiplied by the 680
qualifying ratio last computed without regard to the subsequent 681
transfer, and (2) the fair market value of the subsequently 682
transferred assets at the time transferred, net of any related 683
liabilities, from sources enumerated in division (I) (3) (a) of 684
this section. The denominator of the revised qualifying ratio is 685
the fair market value of all the trust's assets immediately 686
after the subsequent transfer, net of any related liabilities. 687

(iii) Whether a transfer to the trust is by or from any of 688
the sources enumerated in division (I) (3) (a) of this section 689
shall be ascertained without regard to the domicile of the 690
trust's beneficiaries. 691

(e) For the purposes of division (I) (3) (a) (i) of this 692
section: 693

(i) A trust is described in division (I) (3) (e) (i) of this 694

section if the trust is a testamentary trust and the testator of 695
that testamentary trust was domiciled in this state at the time 696
of the testator's death for purposes of the taxes levied under 697
Chapter 5731. of the Revised Code. 698

(ii) A trust is described in division (I) (3) (e) (ii) of 699
this section if the transfer is a qualifying transfer described 700
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 701
trust is an irrevocable inter vivos trust, and at least one of 702
the trust's qualifying beneficiaries is domiciled in this state 703
for purposes of this chapter during all or some portion of the 704
trust's current taxable year. 705

(f) For the purposes of division (I) (3) (e) (ii) of this 706
section, a "qualifying transfer" is a transfer of assets, net of 707
any related liabilities, directly or indirectly to a trust, if 708
the transfer is described in any of the following: 709

(i) The transfer is made to a trust, created by the 710
decedent before the decedent's death and while the decedent was 711
domiciled in this state for the purposes of this chapter, and, 712
prior to the death of the decedent, the trust became irrevocable 713
while the decedent was domiciled in this state for the purposes 714
of this chapter. 715

(ii) The transfer is made to a trust to which the 716
decedent, prior to the decedent's death, had directly or 717
indirectly transferred assets, net of any related liabilities, 718
while the decedent was domiciled in this state for the purposes 719
of this chapter, and prior to the death of the decedent the 720
trust became irrevocable while the decedent was domiciled in 721
this state for the purposes of this chapter. 722

(iii) The transfer is made on account of a contractual 723

relationship existing directly or indirectly between the 724
transferor and either the decedent or the estate of the decedent 725
at any time prior to the date of the decedent's death, and the 726
decedent was domiciled in this state at the time of death for 727
purposes of the taxes levied under Chapter 5731. of the Revised 728
Code. 729

(iv) The transfer is made to a trust on account of a 730
contractual relationship existing directly or indirectly between 731
the transferor and another person who at the time of the 732
decedent's death was domiciled in this state for purposes of 733
this chapter. 734

(v) The transfer is made to a trust on account of the will 735
of a testator who was domiciled in this state at the time of the 736
testator's death for purposes of the taxes levied under Chapter 737
5731. of the Revised Code. 738

(vi) The transfer is made to a trust created by or caused 739
to be created by a court, and the trust was directly or 740
indirectly created in connection with or as a result of the 741
death of an individual who, for purposes of the taxes levied 742
under Chapter 5731. of the Revised Code, was domiciled in this 743
state at the time of the individual's death. 744

(g) The tax commissioner may adopt rules to ascertain the 745
part of a trust residing in this state. 746

(J) "Nonresident" means an individual or estate that is 747
not a resident. An individual who is a resident for only part of 748
a taxable year is a nonresident for the remainder of that 749
taxable year. 750

(K) "Pass-through entity" has the same meaning as in 751
section 5733.04 of the Revised Code. 752

(L) "Return" means the notifications and reports required 753
to be filed pursuant to this chapter for the purpose of 754
reporting the tax due and includes declarations of estimated tax 755
when so required. 756

(M) "Taxable year" means the calendar year or the 757
taxpayer's fiscal year ending during the calendar year, or 758
fractional part thereof, upon which the adjusted gross income is 759
calculated pursuant to this chapter. 760

(N) "Taxpayer" means any person subject to the tax imposed 761
by section 5747.02 of the Revised Code or any pass-through 762
entity that makes the election under division (D) of section 763
5747.08 of the Revised Code. 764

(O) "Dependents" means dependents as defined in the 765
Internal Revenue Code and as claimed in the taxpayer's federal 766
income tax return for the taxable year or which the taxpayer 767
would have been permitted to claim had the taxpayer filed a 768
federal income tax return. 769

(P) "Principal county of employment" means, in the case of 770
a nonresident, the county within the state in which a taxpayer 771
performs services for an employer or, if those services are 772
performed in more than one county, the county in which the major 773
portion of the services are performed. 774

(Q) As used in sections 5747.50 to 5747.55 of the Revised 775
Code: 776

(1) "Subdivision" means any county, municipal corporation, 777
park district, or township. 778

(2) "Essential local government purposes" includes all 779
functions that any subdivision is required by general law to 780
exercise, including like functions that are exercised under a 781

charter adopted pursuant to the Ohio Constitution. 782

(R) "Overpayment" means any amount already paid that 783
exceeds the figure determined to be the correct amount of the 784
tax. 785

(S) "Taxable income" or "Ohio taxable income" applies only 786
to estates and trusts, and means federal taxable income, as 787
defined and used in the Internal Revenue Code, adjusted as 788
follows: 789

(1) Add interest or dividends, net of ordinary, necessary, 790
and reasonable expenses not deducted in computing federal 791
taxable income, on obligations or securities of any state or of 792
any political subdivision or authority of any state, other than 793
this state and its subdivisions and authorities, but only to the 794
extent that such net amount is not otherwise includible in Ohio 795
taxable income and is described in either division (S) (1) (a) or 796
(b) of this section: 797

(a) The net amount is not attributable to the S portion of 798
an electing small business trust and has not been distributed to 799
beneficiaries for the taxable year; 800

(b) The net amount is attributable to the S portion of an 801
electing small business trust for the taxable year. 802

(2) Add interest or dividends, net of ordinary, necessary, 803
and reasonable expenses not deducted in computing federal 804
taxable income, on obligations of any authority, commission, 805
instrumentality, territory, or possession of the United States 806
to the extent that the interest or dividends are exempt from 807
federal income taxes but not from state income taxes, but only 808
to the extent that such net amount is not otherwise includible 809
in Ohio taxable income and is described in either division (S) 810

(1) (a) or (b) of this section;	811
(3) Add the amount of personal exemption allowed to the estate pursuant to section 642(b) of the Internal Revenue Code;	812 813
(4) Deduct interest or dividends, net of related expenses deducted in computing federal taxable income, on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent that the interest or dividends are exempt from state taxes under the laws of the United States, but only to the extent that such amount is included in federal taxable income and is described in either division (S) (1) (a) or (b) of this section;	814 815 816 817 818 819 820 821 822
(5) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal taxable income for the taxable year, had the targeted jobs credit allowed under sections 38, 51, and 52 of the Internal Revenue Code not been in effect, but only to the extent such amount relates either to income included in federal taxable income for the taxable year or to income of the S portion of an electing small business trust for the taxable year;	823 824 825 826 827 828 829 830 831
(6) Deduct any interest or interest equivalent, net of related expenses deducted in computing federal taxable income, on public obligations and purchase obligations, but only to the extent that such net amount relates either to income included in federal taxable income for the taxable year or to income of the S portion of an electing small business trust for the taxable year;	832 833 834 835 836 837 838
(7) Add any loss or deduct any gain resulting from sale,	839

exchange, or other disposition of public obligations to the 840
extent that such loss has been deducted or such gain has been 841
included in computing either federal taxable income or income of 842
the S portion of an electing small business trust for the 843
taxable year; 844

(8) Except in the case of the final return of an estate, 845
add any amount deducted by the taxpayer on both its Ohio estate 846
tax return pursuant to section 5731.14 of the Revised Code, and 847
on its federal income tax return in determining federal taxable 848
income; 849

(9) (a) Deduct any amount included in federal taxable 850
income solely because the amount represents a reimbursement or 851
refund of expenses that in a previous year the decedent had 852
deducted as an itemized deduction pursuant to section 63 of the 853
Internal Revenue Code and applicable treasury regulations. The 854
deduction otherwise allowed under division (S) (9) (a) of this 855
section shall be reduced to the extent the reimbursement is 856
attributable to an amount the taxpayer or decedent deducted 857
under this section in any taxable year. 858

(b) Add any amount not otherwise included in Ohio taxable 859
income for any taxable year to the extent that the amount is 860
attributable to the recovery during the taxable year of any 861
amount deducted or excluded in computing federal or Ohio taxable 862
income in any taxable year, but only to the extent such amount 863
has not been distributed to beneficiaries for the taxable year. 864

(10) Deduct any portion of the deduction described in 865
section 1341(a) (2) of the Internal Revenue Code, for repaying 866
previously reported income received under a claim of right, that 867
meets both of the following requirements: 868

(a) It is allowable for repayment of an item that was 869
included in the taxpayer's taxable income or the decedent's 870
adjusted gross income for a prior taxable year and did not 871
qualify for a credit under division (A) or (B) of section 872
5747.05 of the Revised Code for that year. 873

(b) It does not otherwise reduce the taxpayer's taxable 874
income or the decedent's adjusted gross income for the current 875
or any other taxable year. 876

(11) Add any amount claimed as a credit under section 877
5747.059 or 5747.65 of the Revised Code to the extent that the 878
amount satisfies either of the following: 879

(a) The amount was deducted or excluded from the 880
computation of the taxpayer's federal taxable income as required 881
to be reported for the taxpayer's taxable year under the 882
Internal Revenue Code; 883

(b) The amount resulted in a reduction in the taxpayer's 884
federal taxable income as required to be reported for any of the 885
taxpayer's taxable years under the Internal Revenue Code. 886

(12) Deduct any amount, net of related expenses deducted 887
in computing federal taxable income, that a trust is required to 888
report as farm income on its federal income tax return, but only 889
if the assets of the trust include at least ten acres of land 890
satisfying the definition of "land devoted exclusively to 891
agricultural use" under section 5713.30 of the Revised Code, 892
regardless of whether the land is valued for tax purposes as 893
such land under sections 5713.30 to 5713.38 of the Revised Code. 894
If the trust is a pass-through entity investor, section 5747.231 895
of the Revised Code applies in ascertaining if the trust is 896
eligible to claim the deduction provided by division (S)(12) of 897

this section in connection with the pass-through entity's farm income.	898 899
Except for farm income attributable to the S portion of an electing small business trust, the deduction provided by division (S) (12) of this section is allowed only to the extent that the trust has not distributed such farm income. Division (S) (12) of this section applies only to taxable years of a trust beginning in 2002 or thereafter.	900 901 902 903 904 905
(13) Add the net amount of income described in section 641(c) of the Internal Revenue Code to the extent that amount is not included in federal taxable income.	906 907 908
(14) Add or deduct the amount the taxpayer would be required to add or deduct under division (A) (20) or (21) of this section if the taxpayer's Ohio taxable income were computed in the same manner as an individual's Ohio adjusted gross income is computed under this section. In the case of a trust, division (S) (14) of this section applies only to any of the trust's taxable years beginning in 2002 or thereafter.	909 910 911 912 913 914 915
(T) "School district income" and "school district income tax" have the same meanings as in section 5748.01 of the Revised Code.	916 917 918
(U) As used in divisions (A) (8), (A) (9), (S) (6), and (S) (7) of this section, "public obligations," "purchase obligations," and "interest or interest equivalent" have the same meanings as in section 5709.76 of the Revised Code.	919 920 921 922
(V) "Limited liability company" means any limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state.	923 924 925
(W) "Pass-through entity investor" means any person who,	926

during any portion of a taxable year of a pass-through entity, 927
is a partner, member, shareholder, or equity investor in that 928
pass-through entity. 929

(X) "Banking day" has the same meaning as in section 930
1304.01 of the Revised Code. 931

(Y) "Month" means a calendar month. 932

(Z) "Quarter" means the first three months, the second 933
three months, the third three months, or the last three months 934
of the taxpayer's taxable year. 935

(AA) (1) "Eligible institution" means a state university or 936
state institution of higher education as defined in section 937
3345.011 of the Revised Code, or a private, nonprofit college, 938
university, or other post-secondary institution located in this 939
state that possesses a certificate of authorization issued by 940
the chancellor of higher education pursuant to Chapter 1713. of 941
the Revised Code or a certificate of registration issued by the 942
state board of career colleges and schools under Chapter 3332. 943
of the Revised Code. 944

(2) "Qualified tuition and fees" means tuition and fees 945
imposed by an eligible institution as a condition of enrollment 946
or attendance, not exceeding two thousand five hundred dollars 947
in each of the individual's first two years of post-secondary 948
education. If the individual is a part-time student, "qualified 949
tuition and fees" includes tuition and fees paid for the 950
academic equivalent of the first two years of post-secondary 951
education during a maximum of five taxable years, not exceeding 952
a total of five thousand dollars. "Qualified tuition and fees" 953
does not include: 954

(a) Expenses for any course or activity involving sports, 955

games, or hobbies unless the course or activity is part of the individual's degree or diploma program;	956 957
(b) The cost of books, room and board, student activity fees, athletic fees, insurance expenses, or other expenses unrelated to the individual's academic course of instruction;	958 959 960
(c) Tuition, fees, or other expenses paid or reimbursed through an employer, scholarship, grant in aid, or other educational benefit program.	961 962 963
(BB) (1) "Modified business income" means the business income included in a trust's Ohio taxable income after such taxable income is first reduced by the qualifying trust amount, if any.	964 965 966 967
(2) "Qualifying trust amount" of a trust means capital gains and losses from the sale, exchange, or other disposition of equity or ownership interests in, or debt obligations of, a qualifying investee to the extent included in the trust's Ohio taxable income, but only if the following requirements are satisfied:	968 969 970 971 972 973
(a) The book value of the qualifying investee's physical assets in this state and everywhere, as of the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss, is available to the trust.	974 975 976 977 978
(b) The requirements of section 5747.011 of the Revised Code are satisfied for the trust's taxable year in which the trust recognizes the gain or loss.	979 980 981
Any gain or loss that is not a qualifying trust amount is modified business income, qualifying investment income, or modified nonbusiness income, as the case may be.	982 983 984

(3) "Modified nonbusiness income" means a trust's Ohio taxable income other than modified business income, other than the qualifying trust amount, and other than qualifying investment income, as defined in section 5747.012 of the Revised Code, to the extent such qualifying investment income is not otherwise part of modified business income.

(4) "Modified Ohio taxable income" applies only to trusts, and means the sum of the amounts described in divisions (BB) (4) (a) to (c) of this section:

(a) The fraction, calculated under section 5747.013, and applying section 5747.231 of the Revised Code, multiplied by the sum of the following amounts:

(i) The trust's modified business income;

(ii) The trust's qualifying investment income, as defined in section 5747.012 of the Revised Code, but only to the extent the qualifying investment income does not otherwise constitute modified business income and does not otherwise constitute a qualifying trust amount.

(b) The qualifying trust amount multiplied by a fraction, the numerator of which is the sum of the book value of the qualifying investee's physical assets in this state on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the day on which the trust recognizes the qualifying trust amount, and the denominator of which is the sum of the book value of the qualifying investee's total physical assets everywhere on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the day on which the trust recognizes the qualifying trust amount. If, for a taxable year, the trust recognizes a qualifying trust amount

with respect to more than one qualifying investee, the amount 1014
described in division (BB) (4) (b) of this section shall equal the 1015
sum of the products so computed for each such qualifying 1016
investee. 1017

(c) (i) With respect to a trust or portion of a trust that 1018
is a resident as ascertained in accordance with division (I) (3) 1019
(d) of this section, its modified nonbusiness income. 1020

(ii) With respect to a trust or portion of a trust that is 1021
not a resident as ascertained in accordance with division (I) (3) 1022
(d) of this section, the amount of its modified nonbusiness 1023
income satisfying the descriptions in divisions (B) (2) to (5) of 1024
section 5747.20 of the Revised Code, except as otherwise 1025
provided in division (BB) (4) (c) (ii) of this section. With 1026
respect to a trust or portion of a trust that is not a resident 1027
as ascertained in accordance with division (I) (3) (d) of this 1028
section, the trust's portion of modified nonbusiness income 1029
recognized from the sale, exchange, or other disposition of a 1030
debt interest in or equity interest in a section 5747.212 1031
entity, as defined in section 5747.212 of the Revised Code, 1032
without regard to division (A) of that section, shall not be 1033
allocated to this state in accordance with section 5747.20 of 1034
the Revised Code but shall be apportioned to this state in 1035
accordance with division (B) of section 5747.212 of the Revised 1036
Code without regard to division (A) of that section. 1037

If the allocation and apportionment of a trust's income 1038
under divisions (BB) (4) (a) and (c) of this section do not fairly 1039
represent the modified Ohio taxable income of the trust in this 1040
state, the alternative methods described in division (C) of 1041
section 5747.21 of the Revised Code may be applied in the manner 1042
and to the same extent provided in that section. 1043

(5) (a) Except as set forth in division (BB) (5) (b) of this section, "qualifying investee" means a person in which a trust has an equity or ownership interest, or a person or unit of government the debt obligations of either of which are owned by a trust. For the purposes of division (BB) (2) (a) of this section and for the purpose of computing the fraction described in division (BB) (4) (b) of this section, all of the following apply:

(i) If the qualifying investee is a member of a qualifying controlled group on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss, then "qualifying investee" includes all persons in the qualifying controlled group on such last day.

(ii) If the qualifying investee, or if the qualifying investee and any members of the qualifying controlled group of which the qualifying investee is a member on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss, separately or cumulatively own, directly or indirectly, on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the qualifying trust amount, more than fifty per cent of the equity of a pass-through entity, then the qualifying investee and the other members are deemed to own the proportionate share of the pass-through entity's physical assets which the pass-through entity directly or indirectly owns on the last day of the pass-through entity's calendar or fiscal year ending within or with the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the qualifying trust amount.

(iii) For the purposes of division (BB) (5) (a) (iii) of this section, "upper level pass-through entity" means a pass-through entity directly or indirectly owning any equity of another pass-through entity, and "lower level pass-through entity" means that other pass-through entity.

An upper level pass-through entity, whether or not it is also a qualifying investee, is deemed to own, on the last day of the upper level pass-through entity's calendar or fiscal year, the proportionate share of the lower level pass-through entity's physical assets that the lower level pass-through entity directly or indirectly owns on the last day of the lower level pass-through entity's calendar or fiscal year ending within or with the last day of the upper level pass-through entity's fiscal or calendar year. If the upper level pass-through entity directly and indirectly owns less than fifty per cent of the equity of the lower level pass-through entity on each day of the upper level pass-through entity's calendar or fiscal year in which or with which ends the calendar or fiscal year of the lower level pass-through entity and if, based upon clear and convincing evidence, complete information about the location and cost of the physical assets of the lower pass-through entity is not available to the upper level pass-through entity, then solely for purposes of ascertaining if a gain or loss constitutes a qualifying trust amount, the upper level pass-through entity shall be deemed as owning no equity of the lower level pass-through entity for each day during the upper level pass-through entity's calendar or fiscal year in which or with which ends the lower level pass-through entity's calendar or fiscal year. Nothing in division (BB) (5) (a) (iii) of this section shall be construed to provide for any deduction or exclusion in computing any trust's Ohio taxable income.

(b) With respect to a trust that is not a resident for the taxable year and with respect to a part of a trust that is not a resident for the taxable year, "qualifying investee" for that taxable year does not include a C corporation if both of the following apply:

(i) During the taxable year the trust or part of the trust recognizes a gain or loss from the sale, exchange, or other disposition of equity or ownership interests in, or debt obligations of, the C corporation.

(ii) Such gain or loss constitutes nonbusiness income.

(6) "Available" means information is such that a person is able to learn of the information by the due date plus extensions, if any, for filing the return for the taxable year in which the trust recognizes the gain or loss.

(CC) "Qualifying controlled group" has the same meaning as in section 5733.04 of the Revised Code.

(DD) "Related member" has the same meaning as in section 5733.042 of the Revised Code.

(EE) (1) For the purposes of division (EE) of this section:

(a) "Qualifying person" means any person other than a qualifying corporation.

(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:

(i) A corporation that has made an election under subchapter S, chapter one, subtitle A, of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year;

(ii) A subsidiary that is wholly owned by any corporation 1133
that has made an election under subchapter S, chapter one, 1134
subtitle A of the Internal Revenue Code for its taxable year 1135
ending within, or on the last day of, the investor's taxable 1136
year. 1137

(2) For the purposes of this chapter, unless expressly 1138
stated otherwise, no qualifying person indirectly owns any asset 1139
directly or indirectly owned by any qualifying corporation. 1140

(FF) For purposes of this chapter and Chapter 5751. of the 1141
Revised Code: 1142

(1) "Trust" does not include a qualified pre-income tax 1143
trust. 1144

(2) A "qualified pre-income tax trust" is any pre-income 1145
tax trust that makes a qualifying pre-income tax trust election 1146
as described in division (FF)(3) of this section. 1147

(3) A "qualifying pre-income tax trust election" is an 1148
election by a pre-income tax trust to subject to the tax imposed 1149
by section 5751.02 of the Revised Code the pre-income tax trust 1150
and all pass-through entities of which the trust owns or 1151
controls, directly, indirectly, or constructively through 1152
related interests, five per cent or more of the ownership or 1153
equity interests. The trustee shall notify the tax commissioner 1154
in writing of the election on or before April 15, 2006. The 1155
election, if timely made, shall be effective on and after 1156
January 1, 2006, and shall apply for all tax periods and tax 1157
years until revoked by the trustee of the trust. 1158

(4) A "pre-income tax trust" is a trust that satisfies all 1159
of the following requirements: 1160

(a) The document or instrument creating the trust was 1161

executed by the grantor before January 1, 1972; 1162

(b) The trust became irrevocable upon the creation of the 1163
trust; and 1164

(c) The grantor was domiciled in this state at the time 1165
the trust was created. 1166

(GG) "Uniformed services" has the same meaning as in 10 1167
U.S.C. 101. 1168

(HH) "Taxable business income" means the amount by which 1169
an individual's business income that is included in federal 1170
adjusted gross income exceeds the amount of business income the 1171
individual is authorized to deduct under division (A) (31) of 1172
this section for the taxable year. 1173

Sec. 5747.014. (A) As used in this section and division 1174
(A) (33) of section 5747.01 of the Revised Code, "physician" 1175
means an individual who holds a valid license to practice 1176
medicine and surgery or osteopathic medicine and surgery issued 1177
under Chapter 4731. of the Revised Code. 1178

(B) A physician may deduct, in computing Ohio adjusted 1179
gross income for a taxable year, an amount equal to the product 1180
obtained by multiplying one hundred twenty-five dollars by the 1181
number of hours the physician provides medical care during the 1182
taxable year to patients through or on behalf of a nonprofit 1183
faith-based entity that provides drug addiction services, 1184
certified under section 5119.36 of the Revised Code, excluding 1185
any such hour for which the physician is compensated or 1186
reimbursed. The amount deducted for a taxable year may not 1187
exceed ten thousand dollars. 1188

(C) A physician who claims a deduction under this section 1189
and division (A) (33) of section 5747.01 of the Revised Code 1190

shall submit, along with the return required under section 1191
5747.08 of the Revised Code, a written statement from the 1192
nonprofit faith-based entity confirming the number of hours the 1193
physician provided uncompensated and unreimbursed medical care 1194
to patients during the taxable year through or on behalf of the 1195
nonprofit faith-based entity. A physician may not claim the 1196
deduction without first obtaining such a statement. 1197

(D) The tax commissioner may adopt rules for the 1198
administration of this section including rules governing 1199
documents, records, or other information physicians claiming the 1200
deduction shall provide to the commissioner. 1201

Section 2. That existing section 5747.01 of the Revised 1202
Code is hereby repealed. 1203

Section 3. The Department of Mental Health and Addiction 1204
Services shall expend \$50,000 in fiscal year 2018 and \$50,000 in 1205
fiscal year 2019 for the Faith-Based Substance Abuse Curricula 1206
Grant Program established by section 5119.63 of the Revised 1207
Code. The Department shall also expend \$40,000 in fiscal year 1208
2018 and \$40,000 in fiscal year 2019 for the Faith-Based 1209
Substance Abuse Transportation Assistance Grant Program 1210
established in section 5119.64 of the Revised Code. The 1211
Department shall use any available appropriations contained in 1212
Am. Sub. H.B. 49 of the 132nd General Assembly as the source of 1213
funding for these two programs. 1214

Section 4. All items in this section are hereby 1215
appropriated as designated out of any moneys in the state 1216
treasury to the credit of the designated fund. For all 1217
appropriations made in this act, those in the first column are 1218
for fiscal year 2018 and those in the second column are for 1219
fiscal year 2019. The appropriations made in this act are in 1220

addition to any other appropriations made for the FY 2018-FY	1221
2019 biennium.	1222
MHA DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES	1223
General Revenue Fund	1224
GRF 336421 Continuum of Care Services\$1,000,000 \$1,000,000	1225
TOTAL GRF General Revenue Fund \$1,000,000\$1,000,000	1226
TOTAL ALL BUDGET FUND GROUPS \$1,000,000\$1,000,000	1227
CONTINUUM OF CARE SERVICES	1228
The foregoing appropriation item 336421, Continuum of Care	1229
Services, shall be used for the Faith-Based Substance Abuse	1230
Rehabilitation Facility Grant Program established in section	1231
5119.65 of the Revised Code.	1232
Section 5. Within the limits set forth in this act, the	1233
Director of Budget and Management shall establish accounts	1234
indicating the source and amount of funds for each appropriation	1235
made in this act, and shall determine the form and manner in	1236
which appropriation accounts shall be maintained. Expenditures	1237
from appropriations contained in this act shall be accounted for	1238
as though made in Am. Sub. H.B. 49 of the 132nd General	1239
Assembly.	1240
The appropriations made in this act are subject to all	1241
provisions of Am. Sub. H.B. 49 of the 132nd General Assembly	1242
that are generally applicable to such appropriations.	1243
Section 6. The amendment or enactment by this act of	1244
sections 5747.01 and 5747.014 of the Revised Code applies to	1245
taxable years beginning on or after January 1, 2018.	1246