

Topic: Remove fee limitation; exclude de novo banks from CAT 1

_____ moved to amend as follows:

In line 1, of the title, delete "1121.29 and"; after "5726.01" 2
insert "and 5751.01" 3

In line 5, of the title, delete "and to limit the application fees 4
charged" 5

Delete line 6 6

In line 7, of the title, delete "for approval to incorporate a state 7
bank" 8

In line 8, delete "1121.29 and"; after "5726.01" insert "and 9
5751.01" 10

Delete lines 10 through 105 11

After line 331, insert: 12

"Sec. 5751.01. As used in this chapter: 13

(A) "Person" means, but is not limited to, individuals, 14
combinations of individuals of any form, receivers, assignees, 15



trustees in bankruptcy, firms, companies, joint-stock companies, 16
business trusts, estates, partnerships, limited liability 17
partnerships, limited liability companies, associations, joint 18
ventures, clubs, societies, for-profit corporations, S 19
corporations, qualified subchapter S subsidiaries, qualified 20
subchapter S trusts, trusts, entities that are disregarded for 21
federal income tax purposes, and any other entities. 22

(B) "Consolidated elected taxpayer" means a group of two 23
or more persons treated as a single taxpayer for purposes of 24
this chapter as the result of an election made under section 25
5751.011 of the Revised Code. 26

(C) "Combined taxpayer" means a group of two or more 27
persons treated as a single taxpayer for purposes of this 28
chapter under section 5751.012 of the Revised Code. 29

(D) "Taxpayer" means any person, or any group of persons 30
in the case of a consolidated elected taxpayer or combined 31
taxpayer treated as one taxpayer, required to register or pay 32
tax under this chapter. "Taxpayer" does not include excluded 33
persons. 34

(E) "Excluded person" means any of the following: 35

(1) Any person with not more than one hundred fifty 36
thousand dollars of taxable gross receipts during the calendar 37
year. Division (E) (1) of this section does not apply to a person 38
that is a member of a consolidated elected taxpayer; 39

(2) A public utility that paid the excise tax imposed by 40
section 5727.24 or 5727.30 of the Revised Code based on one or 41
more measurement periods that include the entire tax period 42
under this chapter, except that a public utility that is a 43
combined company is a taxpayer with regard to the following 44

gross receipts:	45
(a) Taxable gross receipts directly attributed to a public utility activity, but not directly attributed to an activity that is subject to the excise tax imposed by section 5727.24 or 5727.30 of the Revised Code;	46 47 48 49
(b) Taxable gross receipts that cannot be directly attributed to any activity, multiplied by a fraction whose numerator is the taxable gross receipts described in division (E) (2) (a) of this section and whose denominator is the total taxable gross receipts that can be directly attributed to any activity;	50 51 52 53 54 55
(c) Except for any differences resulting from the use of an accrual basis method of accounting for purposes of determining gross receipts under this chapter and the use of the cash basis method of accounting for purposes of determining gross receipts under section 5727.24 of the Revised Code, the gross receipts directly attributed to the activity of a natural gas company shall be determined in a manner consistent with division (D) of section 5727.03 of the Revised Code.	56 57 58 59 60 61 62 63
As used in division (E) (2) of this section, "combined company" and "public utility" have the same meanings as in section 5727.01 of the Revised Code.	64 65 66
(3) A financial institution, as defined in section 5726.01 of the Revised Code, that paid the tax imposed by section 5726.02 of the Revised Code based on one or more taxable years that include the entire tax period under this chapter <u>or a de novo bank organization, as those terms are defined in section 5726.01 of the Revised Code;</u>	67 68 69 70 71 72
(4) A person directly or indirectly owned by one or more	73

financial institutions, as defined in section 5726.01 of the Revised Code, that paid the tax imposed by section 5726.02 of the Revised Code based on one or more taxable years that include the entire tax period under this chapter.

For the purposes of division (E)(4) of this section, a person owns another person under the following circumstances:

(a) In the case of corporations issuing capital stock, one corporation owns another corporation if it owns fifty per cent or more of the other corporation's capital stock with current voting rights;

(b) In the case of a limited liability company, one person owns the company if that person's membership interest, as defined in section 1705.01 of the Revised Code, is fifty per cent or more of the combined membership interests of all persons owning such interests in the company;

(c) In the case of a partnership, trust, or other unincorporated business organization other than a limited liability company, one person owns the organization if, under the articles of organization or other instrument governing the affairs of the organization, that person has a beneficial interest in the organization's profits, surpluses, losses, or distributions of fifty per cent or more of the combined beneficial interests of all persons having such an interest in the organization.

(5) A domestic insurance company or foreign insurance company, as defined in section 5725.01 of the Revised Code, that paid the insurance company premiums tax imposed by section 5725.18 or Chapter 5729. of the Revised Code, or an unauthorized insurance company whose gross premiums are subject to tax under

section 3905.36 of the Revised Code based on one or more 103
measurement periods that include the entire tax period under 104
this chapter; 105

(6) A person that solely facilitates or services one or 106
more securitizations of phase-in-recovery property pursuant to a 107
final financing order as those terms are defined in section 108
4928.23 of the Revised Code. For purposes of this division, 109
"securitization" means transferring one or more assets to one or 110
more persons and then issuing securities backed by the right to 111
receive payment from the asset or assets so transferred. 112

(7) Except as otherwise provided in this division, a pre- 113
income tax trust as defined in division (FF) (4) of section 114
5747.01 of the Revised Code and any pass-through entity of which 115
such pre-income tax trust owns or controls, directly, 116
indirectly, or constructively through related interests, more 117
than five per cent of the ownership or equity interests. If the 118
pre-income tax trust has made a qualifying pre-income tax trust 119
election under division (FF) (3) of section 5747.01 of the 120
Revised Code, then the trust and the pass-through entities of 121
which it owns or controls, directly, indirectly, or 122
constructively through related interests, more than five per 123
cent of the ownership or equity interests, shall not be excluded 124
persons for purposes of the tax imposed under section 5751.02 of 125
the Revised Code. 126

(8) Nonprofit organizations or the state and its agencies, 127
instrumentalities, or political subdivisions. 128

(F) Except as otherwise provided in divisions (F) (2), (3), 129
and (4) of this section, "gross receipts" means the total amount 130
realized by a person, without deduction for the cost of goods 131
sold or other expenses incurred, that contributes to the 132

production of gross income of the person, including the fair	133
market value of any property and any services received, and any	134
debt transferred or forgiven as consideration.	135
(1) The following are examples of gross receipts:	136
(a) Amounts realized from the sale, exchange, or other	137
disposition of the taxpayer's property to or with another;	138
(b) Amounts realized from the taxpayer's performance of	139
services for another;	140
(c) Amounts realized from another's use or possession of	141
the taxpayer's property or capital;	142
(d) Any combination of the foregoing amounts.	143
(2) "Gross receipts" excludes the following amounts:	144
(a) Interest income except interest on credit sales;	145
(b) Dividends and distributions from corporations, and	146
distributive or proportionate shares of receipts and income from	147
a pass-through entity as defined under section 5733.04 of the	148
Revised Code;	149
(c) Receipts from the sale, exchange, or other disposition	150
of an asset described in section 1221 or 1231 of the Internal	151
Revenue Code, without regard to the length of time the person	152
held the asset. Notwithstanding section 1221 of the Internal	153
Revenue Code, receipts from hedging transactions also are	154
excluded to the extent the transactions are entered into	155
primarily to protect a financial position, such as managing the	156
risk of exposure to (i) foreign currency fluctuations that	157
affect assets, liabilities, profits, losses, equity, or	158
investments in foreign operations; (ii) interest rate	159
fluctuations; or (iii) commodity price fluctuations. As used in	160

division (F) (2) (c) of this section, "hedging transaction" has 161
the same meaning as used in section 1221 of the Internal Revenue 162
Code and also includes transactions accorded hedge accounting 163
treatment under statement of financial accounting standards 164
number 133 of the financial accounting standards board. For the 165
purposes of division (F) (2) (c) of this section, the actual 166
transfer of title of real or tangible personal property to 167
another entity is not a hedging transaction. 168

(d) Proceeds received attributable to the repayment, 169
maturity, or redemption of the principal of a loan, bond, mutual 170
fund, certificate of deposit, or marketable instrument; 171

(e) The principal amount received under a repurchase 172
agreement or on account of any transaction properly 173
characterized as a loan to the person; 174

(f) Contributions received by a trust, plan, or other 175
arrangement, any of which is described in section 501(a) of the 176
Internal Revenue Code, or to which Title 26, Subtitle A, Chapter 177
1, Subchapter (D) of the Internal Revenue Code applies; 178

(g) Compensation, whether current or deferred, and whether 179
in cash or in kind, received or to be received by an employee, 180
former employee, or the employee's legal successor for services 181
rendered to or for an employer, including reimbursements 182
received by or for an individual for medical or education 183
expenses, health insurance premiums, or employee expenses, or on 184
account of a dependent care spending account, legal services 185
plan, any cafeteria plan described in section 125 of the 186
Internal Revenue Code, or any similar employee reimbursement; 187

(h) Proceeds received from the issuance of the taxpayer's 188
own stock, options, warrants, puts, or calls, or from the sale 189

of the taxpayer's treasury stock;	190
(i) Proceeds received on the account of payments from insurance policies, except those proceeds received for the loss of business revenue;	191 192 193
(j) Gifts or charitable contributions received; membership dues received by trade, professional, homeowners', or condominium associations; and payments received for educational courses, meetings, meals, or similar payments to a trade, professional, or other similar association; and fundraising receipts received by any person when any excess receipts are donated or used exclusively for charitable purposes;	194 195 196 197 198 199 200
(k) Damages received as the result of litigation in excess of amounts that, if received without litigation, would be gross receipts;	201 202 203
(l) Property, money, and other amounts received or acquired by an agent on behalf of another in excess of the agent's commission, fee, or other remuneration;	204 205 206
(m) Tax refunds, other tax benefit recoveries, and reimbursements for the tax imposed under this chapter made by entities that are part of the same combined taxpayer or consolidated elected taxpayer group, and reimbursements made by entities that are not members of a combined taxpayer or consolidated elected taxpayer group that are required to be made for economic parity among multiple owners of an entity whose tax obligation under this chapter is required to be reported and paid entirely by one owner, pursuant to the requirements of sections 5751.011 and 5751.012 of the Revised Code;	207 208 209 210 211 212 213 214 215 216
(n) Pension reversions;	217

(o) Contributions to capital;	218
(p) Sales or use taxes collected as a vendor or an out-of-state seller on behalf of the taxing jurisdiction from a consumer or other taxes the taxpayer is required by law to collect directly from a purchaser and remit to a local, state, or federal tax authority;	219 220 221 222 223
(q) In the case of receipts from the sale of cigarettes, tobacco products, or vapor products by a wholesale dealer, retail dealer, distributor, manufacturer, vapor distributor, or seller, all as defined in section 5743.01 of the Revised Code, an amount equal to the federal and state excise taxes paid by any person on or for such cigarettes, tobacco products, or vapor products under subtitle E of the Internal Revenue Code or Chapter 5743. of the Revised Code;	224 225 226 227 228 229 230 231
(r) In the case of receipts from the sale, transfer, exchange, or other disposition of motor fuel as "motor fuel" is defined in section 5736.01 of the Revised Code, an amount equal to the value of the motor fuel, including federal and state motor fuel excise taxes and receipts from billing or invoicing the tax imposed under section 5736.02 of the Revised Code to another person;	232 233 234 235 236 237 238
(s) In the case of receipts from the sale of beer or intoxicating liquor, as defined in section 4301.01 of the Revised Code, by a person holding a permit issued under Chapter 4301. or 4303. of the Revised Code, an amount equal to federal and state excise taxes paid by any person on or for such beer or intoxicating liquor under subtitle E of the Internal Revenue Code or Chapter 4301. or 4305. of the Revised Code;	239 240 241 242 243 244 245
(t) Receipts realized by a new motor vehicle dealer or	246

used motor vehicle dealer, as defined in section 4517.01 of the Revised Code, from the sale or other transfer of a motor vehicle, as defined in that section, to another motor vehicle dealer for the purpose of resale by the transferee motor vehicle dealer, but only if the sale or other transfer was based upon the transferee's need to meet a specific customer's preference for a motor vehicle;

(u) Receipts from a financial institution or de novo bank organization described in division (E) (3) of this section for services provided to the financial institution or de novo bank organization in connection with the issuance, processing, servicing, and management of loans or credit accounts, if such financial institution or de novo bank organization and the recipient of such receipts have at least fifty per cent of their ownership interests owned or controlled, directly or constructively through related interests, by common owners;

(v) Receipts realized from administering anti-neoplastic drugs and other cancer chemotherapy, biologicals, therapeutic agents, and supportive drugs in a physician's office to patients with cancer;

(w) Funds received or used by a mortgage broker that is not a dealer in intangibles, other than fees or other consideration, pursuant to a table-funding mortgage loan or warehouse-lending mortgage loan. Terms used in division (F) (2) (w) of this section have the same meanings as in section 1322.01 of the Revised Code, except "mortgage broker" means a person assisting a buyer in obtaining a mortgage loan for a fee or other consideration paid by the buyer or a lender, or a person engaged in table-funding or warehouse-lending mortgage loans that are first lien mortgage loans.

(x) Property, money, and other amounts received by a professional employer organization, as defined in section 4125.01 of the Revised Code, from a client employer, as defined in that section, in excess of the administrative fee charged by the professional employer organization to the client employer;	277 278 279 280 281
(y) In the case of amounts retained as commissions by a permit holder under Chapter 3769. of the Revised Code, an amount equal to the amounts specified under that chapter that must be paid to or collected by the tax commissioner as a tax and the amounts specified under that chapter to be used as purse money;	282 283 284 285 286
(z) Qualifying distribution center receipts.	287
(i) For purposes of division (F)(2)(z) of this section:	288
(I) "Qualifying distribution center receipts" means receipts of a supplier from qualified property that is delivered to a qualified distribution center, multiplied by a quantity that equals one minus the Ohio delivery percentage. If the qualified distribution center is a refining facility, "supplier" includes all dealers, brokers, processors, sellers, vendors, cosigners, and distributors of qualified property.	289 290 291 292 293 294 295
(II) "Qualified property" means tangible personal property delivered to a qualified distribution center that is shipped to that qualified distribution center solely for further shipping by the qualified distribution center to another location in this state or elsewhere or, in the case of gold, silver, platinum, or palladium delivered to a refining facility solely for refining to a grade and fineness acceptable for delivery to a registered commodities exchange. "Further shipping" includes storing and repackaging property into smaller or larger bundles, so long as the property is not subject to further manufacturing or	296 297 298 299 300 301 302 303 304 305

processing. "Refining" is limited to extracting impurities from 306
gold, silver, platinum, or palladium through smelting or some 307
other process at a refining facility. 308

(III) "Qualified distribution center" means a warehouse, a 309
facility similar to a warehouse, or a refining facility in this 310
state that, for the qualifying year, is operated by a person 311
that is not part of a combined taxpayer group and that has a 312
qualifying certificate. All warehouses or facilities similar to 313
warehouses that are operated by persons in the same taxpayer 314
group and that are located within one mile of each other shall 315
be treated as one qualified distribution center. All refining 316
facilities that are operated by persons in the same taxpayer 317
group and that are located in the same or adjacent counties may 318
be treated as one qualified distribution center. 319

(IV) "Qualifying year" means the calendar year to which 320
the qualifying certificate applies. 321

(V) "Qualifying period" means the period of the first day 322
of July of the second year preceding the qualifying year through 323
the thirtieth day of June of the year preceding the qualifying 324
year. 325

(VI) "Qualifying certificate" means the certificate issued 326
by the tax commissioner after the operator of a distribution 327
center files an annual application with the commissioner. The 328
application and annual fee shall be filed and paid for each 329
qualified distribution center on or before the first day of 330
September before the qualifying year or within forty-five days 331
after the distribution center opens, whichever is later. 332

The applicant must substantiate to the commissioner's 333
satisfaction that, for the qualifying period, all persons 334

operating the distribution center have more than fifty per cent 335
of the cost of the qualified property shipped to a location such 336
that it would be situated outside this state under the provisions 337
of division (E) of section 5751.033 of the Revised Code. The 338
applicant must also substantiate that the distribution center 339
cumulatively had costs from its suppliers equal to or exceeding 340
five hundred million dollars during the qualifying period. (For 341
purposes of division (F) (2) (z) (i) (VI) of this section, 342
"supplier" excludes any person that is part of the consolidated 343
elected taxpayer group, if applicable, of the operator of the 344
qualified distribution center.) The commissioner may require the 345
applicant to have an independent certified public accountant 346
certify that the calculation of the minimum thresholds required 347
for a qualified distribution center by the operator of a 348
distribution center has been made in accordance with generally 349
accepted accounting principles. The commissioner shall issue or 350
deny the issuance of a certificate within sixty days after the 351
receipt of the application. A denial is subject to appeal under 352
section 5717.02 of the Revised Code. If the operator files a 353
timely appeal under section 5717.02 of the Revised Code, the 354
operator shall be granted a qualifying certificate effective for 355
the remainder of the qualifying year or until the appeal is 356
finalized, whichever is earlier. If the operator does not 357
prevail in the appeal, the operator shall pay the ineligible 358
operator's supplier tax liability. 359

(VII) "Ohio delivery percentage" means the proportion of 360
the total property delivered to a destination inside Ohio from 361
the qualified distribution center during the qualifying period 362
compared with total deliveries from such distribution center 363
everywhere during the qualifying period. 364

(VIII) "Refining facility" means one or more buildings 365

located in a county in the Appalachian region of this state as 366
defined by section 107.21 of the Revised Code and utilized for 367
refining or smelting gold, silver, platinum, or palladium to a 368
grade and fineness acceptable for delivery to a registered 369
commodities exchange. 370

(IX) "Registered commodities exchange" means a board of 371
trade, such as New York mercantile exchange, inc. or commodity 372
exchange, inc., designated as a contract market by the commodity 373
futures trading commission under the "Commodity Exchange Act," 7 374
U.S.C. 1 et seq., as amended. 375

(X) "Ineligible operator's supplier tax liability" means 376
an amount equal to the tax liability of all suppliers of a 377
distribution center had the distribution center not been issued 378
a qualifying certificate for the qualifying year. Ineligible 379
operator's supplier tax liability shall not include interest or 380
penalties. The tax commissioner shall determine an ineligible 381
operator's supplier tax liability based on information that the 382
commissioner may request from the operator of the distribution 383
center. An operator shall provide a list of all suppliers of the 384
distribution center and the corresponding costs of qualified 385
property for the qualifying year at issue within sixty days of a 386
request by the commissioner under this division. 387

(ii) (I) If the distribution center is new and was not open 388
for the entire qualifying period, the operator of the 389
distribution center may request that the commissioner grant a 390
qualifying certificate. If the certificate is granted and it is 391
later determined that more than fifty per cent of the qualified 392
property during that year was not shipped to a location such 393
that it would be situated outside of this state under the 394
provisions of division (E) of section 5751.033 of the Revised 395

Code or if it is later determined that the person that operates 396
the distribution center had average monthly costs from its 397
suppliers of less than forty million dollars during that year, 398
then the operator of the distribution center shall pay the 399
ineligible operator's supplier tax liability. (For purposes of 400
division (F) (2) (z) (ii) of this section, "supplier" excludes any 401
person that is part of the consolidated elected taxpayer group, 402
if applicable, of the operator of the qualified distribution 403
center.) 404

(II) The commissioner may grant a qualifying certificate 405
to a distribution center that does not qualify as a qualified 406
distribution center for an entire qualifying period if the 407
operator of the distribution center demonstrates that the 408
business operations of the distribution center have changed or 409
will change such that the distribution center will qualify as a 410
qualified distribution center within thirty-six months after the 411
date the operator first applies for a certificate. If, at the 412
end of that thirty-six-month period, the business operations of 413
the distribution center have not changed such that the 414
distribution center qualifies as a qualified distribution 415
center, the operator of the distribution center shall pay the 416
ineligible operator's supplier tax liability for each year that 417
the distribution center received a certificate but did not 418
qualify as a qualified distribution center. For each year the 419
distribution center receives a certificate under division (F) (2) 420
(z) (ii) (II) of this section, the distribution center shall pay 421
all applicable fees required under division (F) (2) (z) of this 422
section and shall submit an updated business plan showing the 423
progress the distribution center made toward qualifying as a 424
qualified distribution center during the preceding year. 425

(III) An operator may appeal a determination under 426

division (F) (2) (z) (ii) (I) or (II) of this section that the 427
ineligible operator is liable for the operator's supplier tax 428
liability as a result of not qualifying as a qualified 429
distribution center, as provided in section 5717.02 of the 430
Revised Code. 431

(iii) When filing an application for a qualifying 432
certificate under division (F) (2) (z) (i) (VI) of this section, the 433
operator of a qualified distribution center also shall provide 434
documentation, as the commissioner requires, for the 435
commissioner to ascertain the Ohio delivery percentage. The 436
commissioner, upon issuing the qualifying certificate, also 437
shall certify the Ohio delivery percentage. The operator of the 438
qualified distribution center may appeal the commissioner's 439
certification of the Ohio delivery percentage in the same manner 440
as an appeal is taken from the denial of a qualifying 441
certificate under division (F) (2) (z) (i) (VI) of this section. 442

(iv) (I) In the case where the distribution center is new 443
and not open for the entire qualifying period, the operator 444
shall make a good faith estimate of an Ohio delivery percentage 445
for use by suppliers in their reports of taxable gross receipts 446
for the remainder of the qualifying period. The operator of the 447
facility shall disclose to the suppliers that such Ohio delivery 448
percentage is an estimate and is subject to recalculation. By 449
the due date of the next application for a qualifying 450
certificate, the operator shall determine the actual Ohio 451
delivery percentage for the estimated qualifying period and 452
proceed as provided in division (F) (2) (z) (iii) of this section 453
with respect to the calculation and recalculation of the Ohio 454
delivery percentage. The supplier is required to file, within 455
sixty days after receiving notice from the operator of the 456
qualified distribution center, amended reports for the impacted 457

calendar quarter or quarters or calendar year, whichever the case may be. Any additional tax liability or tax overpayment shall be subject to interest but shall not be subject to the imposition of any penalty so long as the amended returns are timely filed.

(II) The operator of a distribution center that receives a qualifying certificate under division (F) (2) (z) (ii) (II) of this section shall make a good faith estimate of the Ohio delivery percentage that the operator estimates will apply to the distribution center at the end of the thirty-six-month period after the operator first applied for a qualifying certificate under that division. The result of the estimate shall be multiplied by a factor of one and seventy-five one-hundredths. The product of that calculation shall be the Ohio delivery percentage used by suppliers in their reports of taxable gross receipts for each qualifying year that the distribution center receives a qualifying certificate under division (F) (2) (z) (ii) (II) of this section, except that, if the product is less than five per cent, the Ohio delivery percentage used shall be five per cent and that, if the product exceeds forty-nine per cent, the Ohio delivery percentage used shall be forty-nine per cent.

(v) Qualifying certificates and Ohio delivery percentages issued by the commissioner shall be open to public inspection and shall be timely published by the commissioner. A supplier relying in good faith on a certificate issued under this division shall not be subject to tax on the qualifying distribution center receipts under division (F) (2) (z) of this section. An operator receiving a qualifying certificate is liable for the ineligible operator's supplier tax liability for each year the operator received a certificate but did not qualify as a qualified distribution center.

(vi) The annual fee for a qualifying certificate shall be 489
one hundred thousand dollars for each qualified distribution 490
center. If a qualifying certificate is not issued, the annual 491
fee is subject to refund after the exhaustion of all appeals 492
provided for in division (F) (2) (z) (i) (VI) of this section. The 493
first one hundred thousand dollars of the annual application 494
fees collected each calendar year shall be credited to the 495
revenue enhancement fund. The remainder of the annual 496
application fees collected shall be distributed in the same 497
manner required under section 5751.20 of the Revised Code. 498

(vii) The tax commissioner may require that adequate 499
security be posted by the operator of the distribution center on 500
appeal when the commissioner disagrees that the applicant has 501
met the minimum thresholds for a qualified distribution center 502
as set forth in division (F) (2) (z) of this section. 503

(aa) Receipts of an employer from payroll deductions 504
relating to the reimbursement of the employer for advancing 505
moneys to an unrelated third party on an employee's behalf; 506

(bb) Cash discounts allowed and taken; 507

(cc) Returns and allowances; 508

(dd) Bad debts from receipts on the basis of which the tax 509
imposed by this chapter was paid in a prior quarterly tax 510
payment period. For the purpose of this division, "bad debts" 511
means any debts that have become worthless or uncollectible 512
between the preceding and current quarterly tax payment periods, 513
have been uncollected for at least six months, and that may be 514
claimed as a deduction under section 166 of the Internal Revenue 515
Code and the regulations adopted under that section, or that 516
could be claimed as such if the taxpayer kept its accounts on 517

the accrual basis. "Bad debts" does not include repossessed 518
property, uncollectible amounts on property that remains in the 519
possession of the taxpayer until the full purchase price is 520
paid, or expenses in attempting to collect any account 521
receivable or for any portion of the debt recovered; 522

(ee) Any amount realized from the sale of an account 523
receivable to the extent the receipts from the underlying 524
transaction giving rise to the account receivable were included 525
in the gross receipts of the taxpayer; 526

(ff) Any receipts directly attributed to a transfer 527
agreement or to the enterprise transferred under that agreement 528
under section 4313.02 of the Revised Code. 529

(gg) (i) As used in this division: 530

(I) "Qualified uranium receipts" means receipts from the 531
sale, exchange, lease, loan, production, processing, or other 532
disposition of uranium within a uranium enrichment zone 533
certified by the tax commissioner under division (F) (2) (gg) (ii) 534
of this section. "Qualified uranium receipts" does not include 535
any receipts with a situs in this state outside a uranium 536
enrichment zone certified by the tax commissioner under division 537
(F) (2) (gg) (ii) of this section. 538

(II) "Uranium enrichment zone" means all real property 539
that is part of a uranium enrichment facility licensed by the 540
United States nuclear regulatory commission and that was or is 541
owned or controlled by the United States department of energy or 542
its successor. 543

(ii) Any person that owns, leases, or operates real or 544
tangible personal property constituting or located within a 545
uranium enrichment zone may apply to the tax commissioner to 546

have the uranium enrichment zone certified for the purpose of 547
excluding qualified uranium receipts under division (F) (2) (gg) 548
of this section. The application shall include such information 549
that the tax commissioner prescribes. Within sixty days after 550
receiving the application, the tax commissioner shall certify 551
the zone for that purpose if the commissioner determines that 552
the property qualifies as a uranium enrichment zone as defined 553
in division (F) (2) (gg) of this section, or, if the tax 554
commissioner determines that the property does not qualify, the 555
commissioner shall deny the application or request additional 556
information from the applicant. If the tax commissioner denies 557
an application, the commissioner shall state the reasons for the 558
denial. The applicant may appeal the denial of an application to 559
the board of tax appeals pursuant to section 5717.02 of the 560
Revised Code. If the applicant files a timely appeal, the tax 561
commissioner shall conditionally certify the applicant's 562
property. The conditional certification shall expire when all of 563
the applicant's appeals are exhausted. Until final resolution of 564
the appeal, the applicant shall retain the applicant's records 565
in accordance with section 5751.12 of the Revised Code, 566
notwithstanding any time limit on the preservation of records 567
under that section. 568

(hh) In the case of amounts collected by a licensed casino 569
operator from casino gaming, amounts in excess of the casino 570
operator's gross casino revenue. In this division, "casino 571
operator" and "casino gaming" have the meanings defined in 572
section 3772.01 of the Revised Code, and "gross casino revenue" 573
has the meaning defined in section 5753.01 of the Revised Code. 574

(ii) Receipts realized from the sale of agricultural 575
commodities by an agricultural commodity handler, both as 576
defined in section 926.01 of the Revised Code, that is licensed 577

by the director of agriculture to handle agricultural 578
commodities in this state. 579

(jj) Qualifying integrated supply chain receipts. 580

As used in division (F)(2)(jj) of this section: 581

(i) "Qualifying integrated supply chain receipts" means 582
receipts of a qualified integrated supply chain vendor from the 583
sale of qualified property delivered to, or integrated supply 584
chain services provided to, another qualified integrated supply 585
chain vendor or to a retailer that is a member of the integrated 586
supply chain. "Qualifying integrated supply chain receipts" does 587
not include receipts of a person that is not a qualified 588
integrated supply chain vendor from the sale of raw materials to 589
a member of an integrated supply chain, or receipts of a member 590
of an integrated supply chain from the sale of qualified 591
property or integrated supply chain services to a person that is 592
not a member of the integrated supply chain. 593

(ii) "Qualified property" means any of the following: 594

(I) Component parts used to hold, contain, package, or 595
dispense qualified products, excluding equipment; 596

(II) Work-in-process inventory that will become, comprise, 597
or form a component part of a qualified product capable of being 598
sold at retail, excluding equipment, machinery, furniture, and 599
fixtures; 600

(III) Finished goods inventory that is a qualified product 601
capable of being sold at retail in the inventory's present form. 602

(iii) "Qualified integrated supply chain vendor" means a 603
person that is a member of an integrated supply chain and that 604
provides integrated supply chain services within a qualified 605

integrated supply chain district to a retailer that is a member 606
of the integrated supply chain or to another qualified 607
integrated supply chain vendor that is located within the same 608
such district as the person but does not share a common owner 609
with that person. 610

(iv) "Qualified product" means a personal care, health, or 611
beauty product or an aromatic product, including a candle. 612
"Qualified product" does not include a drug that may be 613
dispensed only pursuant to a prescription, durable medical 614
equipment, mobility enhancing equipment, or a prosthetic device, 615
as those terms are defined in section 5739.01 of the Revised 616
Code. 617

(v) "Integrated supply chain" means two or more qualified 618
integrated supply chain vendors certified on the most recent 619
list certified to the tax commissioner under this division that 620
systematically collaborate and coordinate business operations 621
with a retailer on the flow of tangible personal property from 622
material sourcing through manufacturing, assembly, packaging, 623
and delivery to the retailer to improve long-term financial 624
performance of each vendor and the supply chain that includes 625
the retailer. 626

For the purpose of the certification required under this 627
division, the reporting person for each retailer, on or before 628
the first day of October of each year, shall certify to the tax 629
commissioner a list of the qualified integrated supply chain 630
vendors providing or receiving integrated supply chain services 631
within a qualified integrated supply chain district for the 632
ensuing calendar year. On or before the following first day of 633
November, the commissioner shall issue a certificate to the 634
retailer and to each vendor certified to the commissioner on 635

that list. The certificate shall include the names of the 636
retailer and of the qualified integrated supply chain vendors. 637

The retailer shall notify the commissioner of any changes 638
to the list, including additions to or subtractions from the 639
list or changes in the name or legal entity of vendors certified 640
on the list, within sixty days after the date the retailer 641
becomes aware of the change. Within thirty days after receiving 642
that notification, the commissioner shall issue a revised 643
certificate to the retailer and to each vendor certified on the 644
list. The revised certificate shall include the effective date 645
of the change. 646

Each recipient of a certificate issued pursuant to this 647
division shall maintain a copy of the certificate for four years 648
from the date the certificate was received. 649

(vi) "Integrated supply chain services" means procuring 650
raw materials or manufacturing, processing, refining, 651
assembling, packaging, or repackaging tangible personal property 652
that will become finished goods inventory capable of being sold 653
at retail by a retailer that is a member of an integrated supply 654
chain. 655

(vii) "Retailer" means a person primarily engaged in 656
making retail sales and any member of that person's consolidated 657
elected taxpayer group or combined taxpayer group, whether or 658
not that member is primarily engaged in making retail sales. 659

(viii) "Qualified integrated supply chain district" means 660
the parcel or parcels of land from which a retailer's integrated 661
supply chain that existed on September 29, 2015, provides or 662
receives integrated supply chain services, and to which all of 663
the following apply: 664

(I) The parcel or parcels are located wholly in a county 665
having a population of greater than one hundred sixty-five 666
thousand but less than one hundred seventy thousand based on the 667
2010 federal decennial census. 668

(II) The parcel or parcels are located wholly in the 669
corporate limits of a municipal corporation with a population 670
greater than seven thousand five hundred and less than eight 671
thousand based on the 2010 federal decennial census that is 672
partly located in the county described in division (F) (2) (jj) 673
(viii) (I) of this section, as those corporate limits existed on 674
September 29, 2015. 675

(III) The aggregate acreage of the parcel or parcels 676
equals or exceeds one hundred acres. 677

(kk) In the case of a railroad company described in 678
division (D) (9) of section 5727.01 of the Revised Code that 679
purchases dyed diesel fuel directly from a supplier as defined 680
by section 5736.01 of the Revised Code, an amount equal to the 681
product of the number of gallons of dyed diesel fuel purchased 682
directly from such a supplier multiplied by the average 683
wholesale price for a gallon of diesel fuel as determined under 684
section 5736.02 of the Revised Code for the period during which 685
the fuel was purchased multiplied by a fraction, the numerator 686
of which equals the rate of tax levied by section 5736.02 of the 687
Revised Code less the rate of tax computed in section 5751.03 of 688
the Revised Code, and the denominator of which equals the rate 689
of tax computed in section 5751.03 of the Revised Code. 690

(ll) Receipts realized by an out-of-state disaster 691
business from disaster work conducted in this state during a 692
disaster response period pursuant to a qualifying solicitation 693
received by the business. Terms used in division (F) (2) (ll) of 694

this section have the same meanings as in section 5703.94 of the Revised Code.

(mm) Any receipts for which the tax imposed by this chapter is prohibited by the constitution or laws of the United States or the constitution of this state.

(3) In the case of a taxpayer when acting as a real estate broker, "gross receipts" includes only the portion of any fee for the service of a real estate broker, or service of a real estate salesperson associated with that broker, that is retained by the broker and not paid to an associated real estate salesperson or another real estate broker. For the purposes of this division, "real estate broker" and "real estate salesperson" have the same meanings as in section 4735.01 of the Revised Code.

(4) A taxpayer's method of accounting for gross receipts for a tax period shall be the same as the taxpayer's method of accounting for federal income tax purposes for the taxpayer's federal taxable year that includes the tax period. If a taxpayer's method of accounting for federal income tax purposes changes, its method of accounting for gross receipts under this chapter shall be changed accordingly.

(G) "Taxable gross receipts" means gross receipts situated to this state under section 5751.033 of the Revised Code.

(H) A person has "substantial nexus with this state" if any of the following applies. The person:

(1) Owns or uses a part or all of its capital in this state;

(2) Holds a certificate of compliance with the laws of

this state authorizing the person to do business in this state;	723
(3) Has bright-line presence in this state;	724
(4) Otherwise has nexus with this state to an extent that	725
the person can be required to remit the tax imposed under this	726
chapter under the Constitution of the United States.	727
(I) A person has "bright-line presence" in this state for	728
a reporting period and for the remaining portion of the calendar	729
year if any of the following applies. The person:	730
(1) Has at any time during the calendar year property in	731
this state with an aggregate value of at least fifty thousand	732
dollars. For the purpose of division (I)(1) of this section,	733
owned property is valued at original cost and rented property is	734
valued at eight times the net annual rental charge.	735
(2) Has during the calendar year payroll in this state of	736
at least fifty thousand dollars. Payroll in this state includes	737
all of the following:	738
(a) Any amount subject to withholding by the person under	739
section 5747.06 of the Revised Code;	740
(b) Any other amount the person pays as compensation to an	741
individual under the supervision or control of the person for	742
work done in this state; and	743
(c) Any amount the person pays for services performed in	744
this state on its behalf by another.	745
(3) Has during the calendar year taxable gross receipts of	746
at least five hundred thousand dollars.	747
(4) Has at any time during the calendar year within this	748
state at least twenty-five per cent of the person's total	749

property, total payroll, or total gross receipts.	750
(5) Is domiciled in this state as an individual or for corporate, commercial, or other business purposes.	751 752
(J) "Tangible personal property" has the same meaning as in section 5739.01 of the Revised Code.	753 754
(K) "Internal Revenue Code" means the Internal Revenue Code of 1986, 100 Stat. 2085, 26 U.S.C. 1, as amended. Any term used in this chapter that is not otherwise defined has the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes unless a different meaning is clearly required. Any reference in this chapter to the Internal Revenue Code includes other laws of the United States relating to federal income taxes.	755 756 757 758 759 760 761 762
(L) "Calendar quarter" means a three-month period ending on the thirty-first day of March, the thirtieth day of June, the thirtieth day of September, or the thirty-first day of December.	763 764 765
(M) "Tax period" means the calendar quarter or calendar year on the basis of which a taxpayer is required to pay the tax imposed under this chapter.	766 767 768
(N) "Calendar year taxpayer" means a taxpayer for which the tax period is a calendar year.	769 770
(O) "Calendar quarter taxpayer" means a taxpayer for which the tax period is a calendar quarter.	771 772
(P) "Agent" means a person authorized by another person to act on its behalf to undertake a transaction for the other, including any of the following:	773 774 775
(1) A person receiving a fee to sell financial instruments;	776 777

(2) A person retaining only a commission from a transaction with the other proceeds from the transaction being remitted to another person;	778 779 780
(3) A person issuing licenses and permits under section 1533.13 of the Revised Code;	781 782
(4) A lottery sales agent holding a valid license issued under section 3770.05 of the Revised Code;	783 784
(5) A person acting as an agent of the division of liquor control under section 4301.17 of the Revised Code.	785 786
(Q) "Received" includes amounts accrued under the accrual method of accounting.	787 788
(R) "Reporting person" means a person in a consolidated elected taxpayer or combined taxpayer group that is designated by that group to legally bind the group for all filings and tax liabilities and to receive all legal notices with respect to matters under this chapter, or, for the purposes of section 5751.04 of the Revised Code, a separate taxpayer that is not a member of such a group."	789 790 791 792 793 794 795
In line 332, delete "1121.29 and"; after "5726.01" insert "and 5751.01"	796 797
After line 337, insert:	798
"The amendment by this act of section 5751.01 of the Revised Code applies to tax periods ending on or after the effective date of this section."	799 800 801

The motion was _____ agreed to.