

Topic: Mortgage companies; \$1 million de novo credit

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_____ moved to amend as follows:

In line 1, of the title, strike through "and" and insert ","; after
"5726.01" insert ", 5726.02, 5726.04, and 5726.06"

In line 3, of the title, strike through "exempt newly formed banks
from the"

Strike through lines 4 through 6

In line 7, of the title, strike through "for approval to incorporate
a state bank" and insert "subject mortgage companies to the financial
institutions tax rather than the commercial activity tax and to reduce the
tax liability of newly formed banks by up to one million dollars per year
for their first three years"

In line 8, delete "and" and insert ","; after "5726.01" insert ",
5726.02, 5726.04, and 5726.06"

In line 255, after "that" insert "either is a mortgage company or"

After line 331, insert:



"(X) "Mortgage company" means a person with ninety per cent or more of its gross receipts in the ordinary course of business, for the taxable year, attributable to the origination, sale, or servicing of residential mortgage loans, including interest earned on residential mortgage loans held for sale. 16
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Sec. 5726.02. (A) For the purpose of funding the needs of this state and its local governments ~~beginning with the tax year that commences on January 1, 2014, and continuing for every tax year thereafter,~~ there is hereby levied a tax on each financial institution for the privilege of doing business in this state. A financial institution is subject to the tax imposed under this chapter for each calendar year that the financial institution conducts business as a financial institution in this state or otherwise has nexus in or with this state under the Constitution of the United States on the first day of January of that calendar year. 21
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(B) The amount of tax a financial institution other than a de novo bank organization is required to pay under this chapter shall equal the greater of the minimum tax required under division (A) (1) (a) of section 5726.04 of the Revised Code or the amount by which the tax calculated under division ~~(A) (2)~~ (A) (1) (b) of that section exceeds any credits allowed against the tax. The amount of tax a de novo bank organization is required to pay under this chapter shall equal the amount by which the tax calculated under division (A) (2) of section 5726.04 of the Revised Code exceeds any credits allowed against the tax. 32
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Sec. 5726.04. (A) (1) The tax levied on a financial institution other than a de novo bank organization under this chapter shall be the greater of the following: 42
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~~(1)~~ (a) A minimum tax equal to one thousand dollars; 45

~~(2)~~-(b) The product of the total Ohio equity capital of the financial institution, as determined under this section, multiplied by eight mills for each dollar of the first two hundred million dollars of total Ohio equity capital, by four mills for each dollar of total Ohio equity capital greater than two hundred million and less than one billion three hundred million dollars, and by two and one-half mills for each dollar of total Ohio equity capital equal to or greater than one billion three hundred million dollars.

(2) The tax levied on a de novo bank organization under this chapter shall equal the difference obtained by subtracting one million dollars from the amount of tax that would be calculated for the de novo bank under division (A) (1) (b) of this section, provided that if that difference is equal to or less than zero, no tax shall be due for the taxable year.

A de novo bank with no tax due for a taxable year pursuant to this division shall be considered a financial institution that "paid the tax imposed by section 5726.02 of the Revised Code based on" that taxable year for the purposes of division (E) (3) of section 5751.01 of the Revised Code.

(B) If the reporting person for a financial institution files an FR Y-9 or call report, the total equity capital of the financial institution shall equal the total equity capital shown on the reporting person's FR Y-9 or call report as of the end of the taxable year. The total equity capital of all other financial institutions shall be reported as of the end of the taxable year in accordance with generally accepted accounting principles.

(C) For the purposes of this section:

(1) "Total Ohio equity capital" means the product of (a) 75
the total equity capital of a financial institution as of the 76
end of a taxable year to the extent that the total equity 77
capital does not exceed fourteen per cent of the financial 78
institution's total assets multiplied by (b) the Ohio 79
apportionment ratio calculated for the financial institution 80
under section 5726.05 of the Revised Code, except as provided in 81
section 5726.041 of the Revised Code. 82

(2) "Total assets" means: 83

(a) In the case of a financial institution described in 84
division (H) (1) of section 5726.01 of the Revised Code, the 85
total consolidated assets as shown on the reporting person's FR 86
Y-9 as of the end of the taxable year; 87

(b) In the case of a financial institution described in 88
division (H) (2) or (3) of section 5726.01 of the Revised Code, 89
the total consolidated assets as shown on the reporting person's 90
call report as of the end of the taxable year; 91

(c) In the case of all other financial institutions, the 92
total consolidated assets of the financial institution as of the 93
end of the taxable year in accordance with generally accepted 94
accounting principles. 95

The tax commissioner may audit a reporting person's total 96
assets to confirm the financial institution's actual total 97
consolidated assets and may make any adjustments necessary. 98

(D) All payments received from the tax levied under this 99
chapter shall be credited to the general revenue fund. 100

(E) The commissioner may adopt rules to provide additional 101
guidance for the application of this section. 102

Sec. 5726.06. (A) The reporting person for a taxpayer 103
shall file estimated tax reports and remit the amount of tax 104
estimated to be due for a tax year to the tax commissioner as 105
follows: 106

(1) ~~The minimum tax required under division (A) (1) of~~ 107
~~section 5726.04 of the Revised Code or one third~~ One-third of 108
the estimated tax, ~~whichever is greater~~ or the minimum tax 109
required under division (A) (1) (a) of section 5726.04 of the 110
Revised Code, if applicable and greater than one-third of the 111
estimated tax, on or before the thirty-first day of January of 112
the tax year; 113

(2) One-half of the amount by which the estimated tax 114
exceeds the amount paid under division (A) (1) of this section on 115
or before the thirty-first day of March of the tax year; 116

(3) One-half of the amount by which the estimated tax 117
exceeds the amount paid under division (A) (1) of this section on 118
or before the thirty-first day of May of the tax year. 119

(B) (1) The reporting person for a taxpayer shall remit the 120
estimated tax electronically as provided in division (C) of 121
section 5726.03 of the Revised Code. Remittance shall be made 122
payable to the treasurer of state. 123

(2) The tax commissioner shall immediately forward to the 124
treasurer of state all amounts received under this section, and 125
the treasurer of state shall credit all payments of such 126
estimated tax as provided in division (D) of section 5726.04 of 127
the Revised Code. 128

(C) (1) If a taxpayer was not subject to the tax imposed by 129
section 5726.02 of the Revised Code for the preceding tax year, 130
"estimated tax" for purposes of division (A) (1) of this section 131

means ninety per cent of the qualifying net tax for the tax 132
year. If a taxpayer was subject to the tax for the preceding tax 133
year, "estimated tax" for purposes of division (A)(1) of this 134
section means the lesser of one hundred per cent of the 135
taxpayer's qualifying net tax for the preceding tax year or 136
ninety per cent of the qualifying net tax for the tax year. 137

(2) If the taxpayer did not file a report under section 138
5726.02 of the Revised Code for the tax year or failed to 139
prepare and file the report in good faith for the tax year, 140
"qualifying net tax" as used in division (C)(1) of this section 141
for that tax year means the amount described in division (C)(2) 142
(a) of this section. Otherwise, "qualifying net tax" as used in 143
division (C)(1) of this section for that tax year means the 144
lesser of the amount described in division (C)(2)(a) or (b) of 145
this section. 146

(a) The tax imposed by section 5726.02 of the Revised Code 147
for that tax year reduced by the credits listed in section 148
5726.98 of the Revised Code. If the credits exceed the total tax 149
and the financial institution is not a de novo bank 150
organization, the qualifying net tax is the minimum tax. 151

(b) The lesser of the tax shown on the report, prepared 152
and filed in good faith, reduced by the credits shown on that 153
report, or the tax shown on an amended report, prepared and 154
filed in good faith, reduced by the credits shown on that 155
amended report. If the credits shown exceed the total tax shown_ 156
and the financial institution is not a de novo bank 157
organization, the qualifying net tax is the minimum tax." 158

In line 332, delete "and" and insert ","; after "5726.01" insert ", 159
5726.02, 5726.04, and 5726.06" 160

In line 334, delete "section" and insert "sections"; after "5726.01" 161

insert ", 5726.02, 5726.04, and 5726.06" 162

In line 335, delete "only to bank organizations that first" 163

Delete line 336 164

In line 337, delete "effect or in any ensuing taxable year" and 165
insert "to the taxable year in which this act takes effect and to each 166
succeeding taxable year. The amendments concerning de novo bank 167
organizations apply only to bank organizations that first begin operations 168
in the taxable year in which this act takes effect or in any ensuing 169
taxable year" 170

The motion was _____ agreed to.