

Am. Sub. H.B. 166
As Passed by the Senate
TAXCD39

_____ moved to amend as follows:

In line 125 of the title, after "5715.27," insert "5726.04," 1

In line 313, after "5715.27," insert "5726.04," 2

After line 71527, insert: 3

"**Sec. 5726.04.** (A) The tax levied on a financial institution 4
under this chapter shall be the greater of the following: 5

(1) A minimum tax equal to one thousand dollars; 6

(2) The product of the total Ohio equity capital of the 7
financial institution, as determined under this section, 8
multiplied by eight mills for each dollar of the first two hundred 9
million dollars of total Ohio equity capital, by four mills for 10
each dollar of total Ohio equity capital greater than two hundred 11
million and less than one billion three hundred million dollars, 12
and by two and one-half mills for each dollar of total Ohio equity 13
capital equal to or greater than one billion three hundred million 14
dollars. 15

(B) If the reporting person for a financial institution files 16
an FR Y-9 or call report, the total equity capital of the 17
financial institution shall equal the total equity capital shown 18
on the reporting person's FR Y-9 or call report as of the end of 19

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, ~~"total:~~

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

(2) "Total assets" means:

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

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

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

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

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

(E)(1) As used in this division:	49
(a) "First target tax amount" means two hundred million dollars.	50 51
(b) "Second target tax amount" means one hundred six per cent of the first target tax amount or, if applicable, the first target tax amount as adjusted under division (E)(2) or (3) of this section.	52 53 54 55
(c) "Amount of taxes collected" means the amount of taxes received by the tax commissioner from the tax levied under this chapter for a tax year, plus the total amount of the tax credit authorized by section 5726.57 of the Revised Code claimed on tax year 2014 reports, less any amounts refunded to taxpayers for the same tax year.	56 57 58 59 60 61
(2) If, for the tax year beginning on January 1, 2014, the total amount of taxes collected from all taxpayers under this chapter is greater than one hundred ten per cent of the first target tax amount, the tax commissioner shall decrease each tax rate provided in division (A)(2) of this section by a percentage equal to the percentage by which the amount of taxes collected exceeded the first target tax amount.	62 63 64 65 66 67 68
(3) If, for the tax year beginning on January 1, 2014, the total amount of taxes collected from all taxpayers under this chapter is less than ninety per cent of the first target tax amount, the tax commissioner shall increase the tax rate for each dollar of total Ohio equity capital equal to or greater than one billion three hundred million dollars as provided in division (A)(2) of this section by a percentage equal to a fraction, the denominator of which is the aggregate sum of each dollar of each taxpayer's Ohio equity capital greater than or equal to one billion three hundred million dollars, as reported by each	69 70 71 72 73 74 75 76 77 78

~~taxpayer for tax year 2014, multiplied by the tax rate for each
dollar of total Ohio equity capital greater than or equal to one
billion three hundred million dollars provided under division
(A)(2) of this section, and the numerator of which is the sum of
the denominator and the difference obtained by subtracting the
amount of taxes collected under this chapter in tax year 2014 from
ninety per cent of the first target tax amount.~~

~~(4) If, for the tax year beginning on January 1, 2016, the
total amount of taxes collected from all taxpayers under this
chapter is greater than one hundred ten per cent of the second
target tax amount, the tax commissioner shall decrease each tax
rate in effect on January 1, 2016, by a percentage equal to the
percentage by which the amount of taxes collected exceeded the
second target tax amount.~~

~~(5) If, for the tax year beginning on January 1, 2016, the
total amount of taxes collected from all taxpayers under this
chapter is less than ninety per cent of the second target tax
amount, the tax commissioner shall increase the tax rate for each
dollar of total Ohio equity capital equal to or greater than one
billion three hundred million dollars as provided in division
(A)(2) of this section by a percentage equal to a fraction, the
denominator of which is the aggregate sum of each dollar of each
taxpayer's Ohio equity capital greater than or equal to one
billion three hundred million dollars, as reported by each
taxpayer for tax year 2016, multiplied by the tax rate for each
dollar of total Ohio equity capital greater than or equal to one
billion three hundred million dollars provided under division
(A)(2) of this section, and the numerator of which is the sum of
the denominator and the difference obtained by subtracting the
amount of taxes collected under this chapter in tax year 2016 from
ninety per cent of the second target tax amount.~~

~~(6) Tax rates adjusted pursuant to division (E)(2), (3), (4), or (5) of this section shall be rounded to the nearest one tenth of one mill per dollar. The tax commissioner shall publish the new tax rates by journal entry and provide notice of the new tax rates to taxpayers. The new tax rates adjusted pursuant to division (E)(2) or (3) of this section shall apply to tax years beginning on or after January 1, 2015. The new tax rates adjusted pursuant to division (E)(4) or (5) of this section shall apply to tax years beginning on or after January 1, 2017. The commissioner may adopt rules to provide additional guidance for the application of this section.~~"

In line 82904, after "5715.27," insert "5726.04,"

After line 97573, insert:

"**Section 757.**___. The amendment by this act of section 5726.04 of the Revised Code applies to tax years beginning on or after January 1, 2020."

The motion was _____ agreed to.

SYNOPSIS

Financial institutions tax: limit on tax base 126

R.C. 5726.04; Section 757.__ 127

Restores a provision, added by the House and removed by the Senate, that limits the tax base upon which the financial institutions tax (FIT) is computed, such that equity capital in excess of 14% of an institution's total assets would not be included in the FIT base. Specifies, for this purpose, how an institution's total assets is to be measured and expressly

authorizes the Tax Commissioner to adopt applicable administrative 134
rules. Would begin to apply for tax reporting in 2020 (i.e., FIT 135
tax year 2020). 136