To amend section 5747.01 and to enact sections 122.178, 122.179, 122.1710, and 122.1711 of the Revised Code to create the TechCred Program and the Individual Microcredential Assistance Program, to develop a grant program to support industry sector partnerships, and to make an appropriation.

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

Section 1. That section 5747.01 be amended and sections 122.178, 122.179, 122.1710, and 122.1711 of the Revised Code be enacted to read as follows:

Sec. 122.178. (A) As used in this section, "microcredential" means an industry-recognized credential or certificate that an applicant may complete in not more than one year and that is approved by the chancellor of higher education.

(B) There is hereby created the TechCred program to reimburse employers from appropriations made for that purpose for training costs for prospective and incumbent employees to earn a microcredential. The development services agency, in consultation with the governor's office of workforce
transformation and the department of higher education, shall develop the program.

(C)(1) An employer seeking to participate in the program shall submit an application to the director of development services during the annual open enrollment period the director establishes by rule adopted under division (I) of this section. The employer shall include in the application all of the following information:

(a) Proof that the employer is registered to do business in this state;

(b) Proof that the employer is current on all tax obligations to the state;

(c) Proof that the employer is in compliance with all environmental regulations applicable to the employer;

(d) The name of the training provider from which a prospective or incumbent employee will receive the training and earn the microcredential;

(e) The cost of the training;

(f) The positions for which earning the microcredential will make a prospective or incumbent employee qualified or the occupational skill set that the prospective or incumbent employee will acquire on completing the training;

(g) The address of the facility or location at which the prospective or incumbent employee is expected to be employed after completing the training;

(h) Any other information the director requires.

(2) In addition to the information required under division
(C)(1) of this section, an employer seeking to participate in
the program also may submit information regarding the estimated
wage after completing the training and earning the
microcredential or any other information the employer wishes to
provide to the director.

(D)(1) The director shall consider all applications
submitted during the open enrollment period after the open
enrollment period ends. The director shall consider the
following factors in determining whether to approve an
application:

(a) The duration of the training program;

(b) The cost of the training;

(c) A prospective or incumbent employee's estimated wage
after completing the training and earning the microcredential;

(d) Whether approving an application will promote regional
diversity in apportioning reimbursements uniformly across the
state;

(e) Any other factors the director considers relevant in
determining whether to approve an application.

(2) The chancellor of higher education shall adopt rules
in accordance with Chapter 119. of the Revised Code to establish
a list of approved training providers in this state and the
microcredentials offered by those providers. The director shall
not approve an application submitted under division (C) of this
section unless the training provider and microcredentials
identified in the application are included in the chancellor's
list.

(3) If the director approves an application for
participation in the program, the approval is valid for the fiscal year as designated by the director. An employer that participates in the program that wishes to participate in the program in any subsequent fiscal year shall apply to the director in accordance with division (C) of this section.

(E)(1) Each participating employer seeking reimbursement for training costs for a prospective or incumbent employee shall submit an application to the director that includes all of the following information for each prospective or incumbent employee:

(a) The prospective or incumbent employee's name and position, if applicable, at the time of submitting the application;

(b) The actual amount the employer paid to the training provider for the training;

(c) Evidence that the prospective or incumbent employee earned a microcredential;

(d) Evidence that the prospective or incumbent employee is a resident of this state.

(2) The amount of the reimbursement shall be at least five hundred dollars but not more than two thousand dollars for each microcredential a prospective or incumbent employee receives.

(F) No participating employer shall require a prospective or incumbent employee who receives a microcredential because the employer participated in and received a reimbursement through the employer's participation in the TechCred program to accept or continue employment with the employer.

(G) For the purposes of determining regional diversity
under this section, the following constitute the regions of the state:

(1) The counties of Allen, Crawford, Defiance, Fulton, Hancock, Hardin, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, Wood, and Wyandot are one region;

(2) The counties of Ashland, Ashtabula, Columbiana, Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, Portage, Richland, Stark, Summit, Trumbull, Tuscarawas, and Wayne are one region;

(3) The counties of Auglaize, Champaign, Clark, Clinton, Darke, Fayette, Greene, Mercer, Miami, Montgomery, Preble, and Shelby are one region;

(4) The counties of Delaware, Fairfield, Franklin, Knox, Licking, Logan, Madison, Marion, Morrow, Pickaway, and Union are one region;

(5) The counties of Adams, Athens, Belmont, Carroll, Coshocton, Gallia, Guernsey, Harrison, Highland, Hocking, Holmes, Jackson, Jefferson, Lawrence, Meigs, Monroe, Morgan, Muskingum, Noble, Perry, Pike, Ross, Scioto, Vinton, and Washington are one region;

(6) The counties of Brown, Butler, Clermont, Hamilton, and Warren are one region.

(H) (1) The director shall do both of the following regarding the operation of the program:

(a) Create an application to participate in the program and an application for reimbursement;

(b) Create an internet web site with the applications for
and information regarding the program created in this section.

(2) The governor's office of workforce transformation shall include on the office's internet web site either of the following:

(a) The applications for and information regarding the program created in this section;

(b) An internet link to the internet web site created under division (H)(1)(b) of this section.

(I) The director shall adopt rules in accordance with Chapter 119. of the Revised Code to establish an open enrollment period during which an employer may submit an application under division (C) of this section.

The director may adopt rules in accordance with Chapter 119. of the Revised Code regarding the operation of the program as the director considers necessary to administer the program, including establishing priority guidelines for approving applications under division (D) of this section.

(J)(1) The following information included in any applications the director receives in connection with the TechCred program created under this section are not public records for purposes of section 149.43 of the Revised Code:

(a) Any information regarding the wages or estimated wages of an incumbent or prospective employee;

(b) Any personal information of an incumbent or prospective employee;

(c) Any information regarding the microcredentials sought or earned by an incumbent or prospective employee.
(2) Nothing in division (J)(1) of this section shall be construed to prevent the director from including information in the report required under section 122.1711 of the Revised Code.

(K) The auditor of state and any employee or investigator designated by the auditor of state, at the written request of the director, shall conduct an investigation of any employer that received a reimbursement under this section and may exercise any authority granted under section 117.18 of the Revised Code in the performance of the investigation. The investigation shall be for the purposes of verifying the information an employer has included in any application submitted to the director in connection with the TechCred program and determining whether the employer violated division (F) of this section. On completing the investigation, the auditor of state shall submit to the director the results of the investigation. After receiving the results of the investigation, if the director determines that reasonable evidence exists that either the information the employer included in any application is inaccurate or that the employer violated division (F) of this section with respect to any prospective or incumbent employee, the director shall send a notice and conduct a hearing in accordance with Chapter 119. of the Revised Code. After the hearing, if the director determines the information is inaccurate or violated that division, the director shall order the employer to refund to the director the reimbursement the employer received for that prospective or incumbent employee.

Sec. 122.179. (A) As used in this section:

"Charitable organization" has the same meaning as in section 1716.01 of the Revised Code.

"Independent college or university" means a nonprofit
institution of higher education that has a certificate of authorization under Chapter 1713. of the Revised Code.

"Industry sector partnership" means a regional workforce collaborative that organizes key leaders and stakeholders of an industry cluster into a working group that focuses on achieving a shared goal of meeting the industry cluster's human resources needs.

"Ohio technical center" has the same meaning as in section 3333.94 of the Revised Code.

"State board" and "local board" have the same meanings as in section 6301.01 of the Revised Code.

"State institution of higher education" has the same meaning as in section 3345.011 of the Revised Code.

(B) One or more employers of an industry cluster may organize and lead an industry sector partnership by convening or acting in partnership with representatives of one or more businesses, employers, or other institutions of an industry cluster, including small- and medium-sized employers where practicable. An industry sector partnership may include representatives of one or more of the following:

(1) A school district;

(2) A state institution of higher education;

(3) An Ohio technical center;

(4) An independent college or university;

(5) The state or a local government;

(6) A state or local economic or workforce development agency;
(7) A state board or local board;

(8) The department of job and family services;

(9) A business, trade, or industry association;

(10) A charitable organization;

(11) An economic development organization;

(12) A nonprofit or community-based organization or intermediary;

(13) The Ohio state university extension division established under section 3335.16 of the Revised Code or the central state university extension program;

(14) Any other organization that the industry sector partnership considers necessary to further the shared goal of meeting the industry cluster's human resources needs.

(C) The director of development services, in consultation with the governor's office of workforce transformation, shall develop a grant program to support regional industry sector partnerships. An industry sector partnership may use a grant awarded under this section to do any of the following:

(1) Hire employees to coordinate industry sector partnership activities;

(2) Develop curricula or other educational resources to support the industry sector partnership;

(3) Market the industry sector partnership and opportunities the partnership creates for workforce development activities;

(4) Any other activity the director has approved in rules adopted under division (E) of this section.
(D) The director shall do both of the following:

(1) Establish a system for evaluating and scoring grant applications;

(2) Award a grant to an industry sector partnership that submits a complete application for funding describing the activities in division (C) of this section the partnership will use the funds to support and meets the scoring criteria established under division (D)(1) of this section.

(E) The director may adopt rules in accordance with Chapter 119. of the Revised Code as the director considers necessary to administer the grant program.

Sec. 122.1710. (A) As used in this section:

(1) "Microcredential" has the same meaning as in section 122.178 of the Revised Code.

(2) "OhioMeansJobs web site" has the same meaning as in section 6301.01 of the Revised Code.

(B) The individual microcredential assistance program is hereby created in the development services agency to provide grants to eligible individuals to pay for the costs of training to earn a microcredential.

(C) An individual seeking to participate in the program shall submit an application to the director of development services. The individual shall include in the application all of the following information:

(1) The individual's name and address at which the individual resides;

(2) The name of the individual's employer at the time of
applying, if applicable;

(3) Proof that the individual is a resident of this state;

(4) Proof of the individual's total income during the prior calendar year;

(5) The name of the microcredential that the individual is seeking to obtain;

(6) The name of the training provider from which the individual will receive the training to earn the microcredential and proof that the individual was accepted into the training provider's program to earn the microcredential;

(7) The cost of the training;

(8) Any other information the director requires.

(D)(1) The director shall consider the following factors in determining whether to approve an application submitted under division (C) of this section:

(a) The duration of the training program;

(b) The cost of the training;

(c) Whether approving an application will promote regional diversity in apportioning grants uniformly across the state;

(d) The individual's financial need for the grant based on the individual's total income from the prior calendar year.

(2) In determining regional diversity under division (D) (1)(c) of this section, the director shall use the regions established under division (G) of section 122.178 of the Revised Code.

(3) The director shall not approve an application
submitted under this section unless the training provider and microcredentials identified in the application are included in the list the chancellor of higher education adopts in rules under section 122.178 of the Revised Code.

(E) On receiving an individual's application for a grant, the director shall do either of the following:

(1) If the director approves the application, the director shall do both of the following:

(a) Notify in writing the individual and the training provider that the director has approved the individual's application for a grant;

(b) Disburse a grant directly to the training provider to cover the cost of the training program in an amount that is not less than five hundred dollars nor more than two thousand dollars.

(2) If the director denies the application, the director shall notify in writing the individual of the director's denial.

(F) If an individual fails to complete the training for which a grant was disbursed and does not earn a microcredential from the training provider, the training provider shall refund the entire grant amount to the director. If the training provider is a public institution, the training provider shall forward the name of the individual and the amount of the grant refunded under this division to the attorney general for collection under section 131.02 of the Revised Code. If the training provider is a private institution, after refunding the grant, the training provider may bring an action in any court of competent jurisdiction to recover damages equal to the grant amount disbursed to the training provider.
(G)(1) The director shall do all of the following regarding the operation of the program:

(a) Create an application to participate in and receive a grant for the program;

(b) Create an internet web site that allows an individual to apply to a training provider for acceptance into a microcredential training program;

(c) Create and distribute a survey to each individual who successfully earned a microcredential because of a grant disbursed under this section inquiring as to the individual's occupation and wages at the time of completing the survey.

(2) The director shall include all of the following in the internet web site created under division (G)(1)(b) of this section:

(a) The application for and information regarding the program created in this section;

(b) The list of the approved training providers and microcredentials the chancellor of higher education establishes in rules adopted under section 122.178 of the Revised Code;

(c) A database that does all of the following:

(i) Allows a user to search for a microcredential by name and produces results that display the training providers that offer training to earn that microcredential and the training provider's address;

(ii) Allows a user to search by zip code and produces results that display both the microcredentials offered and training providers located within and near that zip code and allows a user to filter training providers by distance in...
relation to that zip code;

(iii) Allows a user to access a listing of every microcredential offered by each approved training provider.

(H) The director shall include on the internet web site maintained by the development services agency, and the governor's office of workforce transformation shall include on the office's internet web site and the OhioMeansJobs web site, either of the following:

(1) All of the content available on the internet web site created under division (G)(1)(b) of this section;

(2) An internet link to the internet web site created under division (G)(1)(b) of this section.

(I) The director may adopt rules in accordance with Chapter 119. of the Revised Code as the director considers necessary to implement this section, including establishing priority guidelines for approving applications under division (D) of this section.

(J) Any personal information of an individual included in an application the director receives in connection with the individual microcredential assistance program created under this section is not a public record for purposes of section 149.43 of the Revised Code. However, the director may use the information as necessary to complete the reports required under section 122.1711 of the Revised Code.

Sec. 122.1711. (A) Beginning one year after the effective date of this section, and every year thereafter, the director of development services shall submit to the general assembly a written report that compiles and includes information required in this section regarding the programs created under sections

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122.178, 122.179, and 122.1710 of the Revised Code.

(1) For the TechCred program created under section 122.178
of the Revised Code, the director shall include in the report
required under division (A) of this section all of the following
information:

(a) The average per cent rate change of wages during the
previous year, if any, for prospective or incumbent employees
who earned a microcredential categorized by microcredentials
earned in each region and statewide;

(b) The average per cent rate change of wages during the
previous years, if any, for prospective or incumbent employees
who earned a microcredential categorized by the region in which
employees reside and statewide;

(c) The average annual wages paid to positions for which
holding a microcredential or having the occupational skills
acquired through obtaining a microcredential is required,
categorized by each region and statewide;

(d) The rate of change during the previous year of
unemployment categorized by each region and statewide;

(e) A list of the training providers and microcredentials
established in rules adopted by the chancellor of higher
education under section 122.178 of the Revised Code categorized
by each region and statewide;

(f) Any other information the director wishes to include.

(2) For the individual microcredential assistance program
created under section 122.1710 of the Revised Code, the director
shall include in the report required under division (A) of this
section all of the following information:
(a) The information required under divisions (A)(1)(a) to (c) of this section, except that the information shall represent the individuals who successfully earned a microcredential through a grant disbursed under the individual microcredential assistance program;

(b) A demographic analysis of individuals who earned a microcredential under the individual microcredential assistance program based on the race and gender of each individual;

(c) An analysis of the results of the surveys the director distributed under division (G)(1)(c) of section 122.1710 of the Revised Code categorized by each region and statewide;

(d) The rate of completion for each approved microcredential categorized by region and statewide;

(e) Any other information the director wishes to include.

(3) For the grant program to support regional industry sector partnerships created under section 122.179 of the Revised Code, the director shall include in the report required under division (A) of this section all of the following information:

(a) A list, categorized by region and statewide, of each industry sector partnership to which a grant was awarded under section 122.179 of the Revised Code;

(b) A list detailing the member composition of each industry sector partnership to which a grant was awarded under section 122.179 of the Revised Code, including each employer and representative of an industry cluster;

(c) Information regarding the activities described in division (C) of section 122.179 of the Revised Code for which industry sector partnerships used grants awarded under that.
(B) In reporting on regional information under this section, the director shall use the regions established under section 122.178 of the Revised Code.

(C) The director shall market the programs created under sections 122.178, 122.179, and 122.1710 of the Revised Code.

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

As used in this chapter:

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

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

(2) Add interest or dividends on obligations of any authority, commission, instrumentality, territory, or possession of the United States to the extent that the interest or dividends are exempt from federal income taxes but not from state income taxes.
(3) Deduct interest or dividends 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 included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.

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

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

(6) In the case of a taxpayer who is a beneficiary of a trust that makes an accumulation distribution as defined in section 665 of the Internal Revenue Code, add, for the beneficiary's taxable years beginning before 2002, the portion, if any, of such distribution that does not exceed the undistributed net income of the trust for the three taxable years preceding the taxable year in which the distribution is made to the extent that the portion was not included in the trust's taxable income for any of the trust's taxable years beginning in 2002 or thereafter. "Undistributed net income of a trust" means the taxable income of the trust increased by (a)(i) the additions to adjusted gross income required under division (A) of this section and (ii) the personal exemptions allowed to the trust pursuant to section 642(b) of the Internal Revenue Code, and decreased by (b)(i) the deductions to adjusted gross income required under division (A) of this section, (ii) the amount of federal income taxes attributable to such income, and (iii) the amount of taxable income that has been included in the
adjusted gross income of a beneficiary by reason of a prior accumulation distribution. Any undistributed net income included in the adjusted gross income of a beneficiary shall reduce the undistributed net income of the trust commencing with the earliest years of the accumulation period.

(7) 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 adjusted gross income for the taxable year, had the targeted jobs credit allowed and determined under sections 38, 51, and 52 of the Internal Revenue Code not been in effect.

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

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

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

(11)(a) Deduct, to the extent not otherwise allowable as a deduction or exclusion in computing federal or Ohio adjusted gross income for the taxable year, the amount the taxpayer paid during the taxable year for medical care insurance and qualified long-term care insurance for the taxpayer, the taxpayer's spouse, and dependents. No deduction for medical care insurance
under division (A)(11) of this section shall be allowed either to any taxpayer who is eligible to participate in any subsidized 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, limitations, and exclusions set forth therein, and "qualified long-term care" has the same meaning given in section 7702B(c) of the Internal Revenue Code. Solely for purposes of divisions (A)(11)(a) and (c) of this section, "dependent" includes 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.

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

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

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

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

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

(14) Deduct an amount equal to the deposits made to, and net investment earnings of, a medical savings account during the taxable year, in accordance with section 3924.66 of the Revised Code. The deduction allowed by division (A)(14) of this section does not apply to medical savings account deposits and earnings otherwise deducted or excluded for the current or any other taxable year from the taxpayer's federal adjusted gross income.

(15) (a) Add an amount equal to the funds withdrawn from a medical savings account during the taxable year, and the net investment earnings on those funds, when the funds withdrawn were used for any purpose other than to reimburse an account holder for, or to pay, eligible medical expenses, in accordance with section 3924.66 of the Revised Code;

(b) Add the amounts distributed from a medical savings account under division (A)(2) of section 3924.68 of the Revised Code during the taxable year.

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

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

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

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

(18) Beginning in taxable year 2001 but not for any taxable year beginning after December 31, 2005, if the taxpayer is married and files a joint return and the combined federal adjusted gross income of the taxpayer and the taxpayer's spouse for the taxable year does not exceed one hundred thousand dollars, or if the taxpayer is single and has a federal adjusted gross income for the taxable year not exceeding fifty thousand dollars, deduct amounts paid during the taxable year for qualified tuition and fees paid to an eligible institution for the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer, who is a resident of this state and is enrolled in or attending a program that culminates in a degree or diploma at an eligible institution. The deduction may be claimed only to the extent that qualified tuition and fees are not otherwise deducted or excluded for any taxable year from federal or Ohio adjusted gross income. The deduction may not be claimed for educational expenses for which the taxpayer claims a credit under section 5747.27 of the Revised Code.
(19) Add any reimbursement received during the taxable year of any amount the taxpayer deducted under division (A)(18) of this section in any previous taxable year to the extent the amount is not otherwise included in Ohio adjusted gross income.

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

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

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

(iv) Subject to division (A)(20)(a)(v) of this section, for taxable years beginning in 2012 or thereafter, a taxpayer is not required to add an amount under division (A)(20) of this section if the increase in income taxes withheld by the taxpayer
and by any pass-through entity in which the taxpayer has a
direct or indirect ownership interest is equal to or greater
than the sum of (I) the amount of qualifying section 179
depreciation expense and (II) the amount of depreciation expense
allowed to the taxpayer by subsection (k) of section 168 of the
Internal Revenue Code, and including the taxpayer's
proportionate or distributive shares of such amounts allowed to
any such pass-through entities.

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

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

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

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

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5747.21 of the Revised Code.

(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 expense allowed by subsection (k) of section 168 of the Internal Revenue Code;

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

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

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

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

(d) No refund shall be allowed as a result of adjustments made by division (A)(21) of this section.

(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.

(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.

(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.

(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.

For the purposes of division (A)(25) of this section:

(a) "Human organ" means all or any portion of a human liver, pancreas, kidney, intestine, or lung, and any portion of human bone marrow.

(b) "Qualified organ donation expenses" means travel expenses, lodging expenses, and wages and salary forgone by a taxpayer in connection with the taxpayer's donation, while living, of one or more of the taxpayer's human organs to another human being.

(26) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income for the taxable year, amounts received by the taxpayer as retired personnel pay for service in the uniformed services or reserve components thereof, or the national guard, or received by the surviving spouse or former spouse of such a taxpayer under the survivor benefit plan on account of such a taxpayer's death. If the taxpayer receives income on account of retirement paid under the federal civil service retirement system or federal employees retirement system, or under any successor retirement program enacted by the congress of the United States that is established and maintained for retired employees of the United States government, and such retirement income is based, in whole or in part, on credit for the taxpayer's uniformed service, the deduction allowed under this division shall include only that portion of such retirement income that is attributable to the taxpayer's uniformed service, to the extent that portion of such retirement income is otherwise included in federal adjusted gross income and is not otherwise deducted under this section.
Any amount deducted under division (A)(26) of this section is not included in a taxpayer's adjusted gross income for the purposes of section 5747.055 of the Revised Code. No amount may be deducted under division (A)(26) of this section on the basis of which a credit was claimed under section 5747.055 of the Revised Code.

(27) 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 from the military injury relief fund created in section 5902.05 of the Revised Code.

(28) 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 as a veterans bonus during the taxable year from the Ohio department of veterans services as authorized by Section 2r of Article VIII, Ohio Constitution.

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

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

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

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

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

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

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

(33)(a) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income during the taxable year, all of the following:
(i) Compensation paid to a qualifying employee described in division (A)(14)(a) of section 5703.94 of the Revised Code to the extent such compensation is for disaster work conducted in this state during a disaster response period pursuant to a qualifying solicitation received by the employee's employer;

(ii) Compensation paid to a qualifying employee described in division (A)(14)(b) of section 5703.94 of the Revised Code to the extent such compensation is for disaster work conducted in this state by the employee during the disaster response period on critical infrastructure owned or used by the employee's employer;

(iii) Income received by an out-of-state disaster business for disaster work conducted in this state during a disaster response period, or, if the out-of-state disaster business is a pass-through entity, a taxpayer's distributive share of the pass-through entity's income from the business conducting disaster work in this state during a disaster response period, if, in either case, the disaster work is conducted pursuant to a qualifying solicitation received by the business.

(b) All terms used in division (A)(33) of this section have the same meanings as in section 5703.94 of the Revised Code.

(34) Deduct, to the extent not already otherwise allowable as a deduction or exclusion in computing Ohio adjusted gross income for the taxable year, any amount included in the taxpayer's federal adjusted gross income attributable to payments made to cover the cost of a training program for the taxpayer under division (E) of section 122.1710 of the Revised Code.
(B) "Business income" means income, including gain or loss, arising from transactions, activities, and sources in the regular course of a trade or business and includes income, gain, or loss from real property, tangible property, and intangible property if the acquisition, rental, management, and disposition of the property constitute integral parts of the regular course of a trade or business operation. "Business income" includes income, including gain or loss, from a partial or complete liquidation of a business, including, but not limited to, gain or loss from the sale or other disposition of goodwill.

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

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

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

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

(G) "Individual" means any natural person.


(I) "Resident" means any of the following, provided that division (I)(3) of this section applies only to taxable years of a trust beginning in 2002 or thereafter:
(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code;

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

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

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

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

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

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

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

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

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

(d) For the purposes of division (I)(3)(a) of this section, the extent to which a trust consists directly or indirectly, in whole or in part, of assets, net of any related liabilities, that were transferred directly or indirectly, in whole or part, to the trust by any of the sources enumerated in that division shall be ascertained by multiplying the fair market value of the trust's assets, net of related liabilities, by the qualifying ratio, which shall be computed as follows:
(i) The first time the trust receives assets, the numerator of the qualifying ratio is the fair market value of those assets at that time, net of any related liabilities, from sources enumerated in division (I)(3)(a) of this section. The denominator of the qualifying ratio is the fair market value of all the trust's assets at that time, net of any related liabilities.

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

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

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

(i) A trust is described in division (I)(3)(e)(i) of this section if the trust is a testamentary trust and the testator of that testamentary trust was domiciled in this state at the time of the testator's death for purposes of the taxes levied under Chapter 5731. of the Revised Code.
(ii) A trust is described in division (I)(3)(e)(ii) of this section if the transfer is a qualifying transfer described in any of divisions (I)(3)(f)(i) to (vi) of this section, the trust is an irrevocable inter vivos trust, and at least one of the trust's qualifying beneficiaries is domiciled in this state for purposes of this chapter during all or some portion of the trust's current taxable year.

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

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

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

(iii) The transfer is made on account of a contractual relationship existing directly or indirectly between the transferor and either the decedent or the estate of the decedent at any time prior to the date of the decedent's death, and the decedent was domiciled in this state at the time of death for purposes of the taxes levied under Chapter 5731. of the Revised...
(iv) The transfer is made to a trust on account of a contractual relationship existing directly or indirectly between the transferor and another person who at the time of the decedent's death was domiciled in this state for purposes of this chapter.

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

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

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

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

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

(L) "Return" means the notifications and reports required to be filed pursuant to this chapter for the purpose of reporting the tax due and includes declarations of estimated tax when so required.
(M) "Taxable year" means the calendar year or the taxpayer's fiscal year ending during the calendar year, or fractional part thereof, upon which the adjusted gross income is calculated pursuant to this chapter.

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

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

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

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

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

(2) "Essential local government purposes" includes all functions that any subdivision is required by general law to exercise, including like functions that are exercised under a charter adopted pursuant to the Ohio Constitution.

(R) "Overpayment" means any amount already paid that exceeds the figure determined to be the correct amount of the tax.
(S) "Taxable income" or "Ohio taxable income" applies only to estates and trusts, and means federal taxable income, as defined and used in the Internal Revenue Code, adjusted as follows:

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

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

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

(2) Add interest or dividends, net of ordinary, necessary, and reasonable expenses not deducted in computing federal taxable income, on obligations of any authority, commission, instrumentality, territory, or possession of the United States to the extent that the interest or dividends are exempt from federal income taxes but not from state income taxes, but only to the extent that such net amount is not otherwise includible in Ohio taxable income and is described in either division (S)(1)(a) or (b) of this section;

(3) Add the amount of personal exemption allowed to the estate pursuant to section 642(b) of the Internal Revenue Code;

(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;

(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;

(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;

(7) Add any loss or deduct any gain resulting from sale, exchange, or other disposition of public obligations to the extent that such loss has been deducted or such gain has been included in computing either federal taxable income or income of the S portion of an electing small business trust for the taxable year;
(8) Except in the case of the final return of an estate, add any amount deducted by the taxpayer on both its Ohio estate tax return pursuant to section 5731.14 of the Revised Code, and on its federal income tax return in determining federal taxable income;

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

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

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

(a) It is allowable for repayment of an item that was included in the taxpayer's taxable income or the decedent's adjusted gross income for a prior taxable year and did not qualify for a credit under division (A) or (B) of section 5747.05 of the Revised Code for that year.
(b) It does not otherwise reduce the taxpayer's taxable income or the decedent's adjusted gross income for the current or any other taxable year.

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

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

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

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

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.

(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.

(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.

(T) "School district income" and "school district income tax" have the same meanings as in section 5748.01 of the Revised Code.

(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.

(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.

(W) "Pass-through entity investor" means any person who, during any portion of a taxable year of a pass-through entity, is a partner, member, shareholder, or equity investor in that pass-through entity.

(X) "Banking day" has the same meaning as in section 1304.01 of the Revised Code.
(Y) "Month" means a calendar month.

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

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

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

(a) Expenses for any course or activity involving sports, games, or hobbies unless the course or activity is part of the individual's degree or diploma program;

(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;
(c) Tuition, fees, or other expenses paid or reimbursed through an employer, scholarship, grant in aid, or other educational benefit program.

(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.

(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:

(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.

(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.

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.

(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 described in division (BB)(4)(b) of this section shall equal the sum of the products so computed for each such qualifying investee.

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

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

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

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

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

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

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

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

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

(a) The document or instrument creating the trust was executed by the grantor before January 1, 1972;

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

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

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

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

(II) "Employer" does not include a franchisor with respect to the franchisor's relationship with a franchisee or an employee of a franchisee, unless the franchisor agrees to assume that role in writing or a court of competent jurisdiction determines that the franchisor exercises a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademark, brand, or both. For purposes of this division, "franchisor" and "franchisee" have the same meanings as in 16 C.F.R. 436.1.

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

Section 3. All items in this section are hereby appropriated as designated out of any moneys in the state treasury to the credit of the designated fund. For all appropriations made in this act, those in the first column are for fiscal year 2020 and those in the second column are for fiscal year 2021. The appropriations made in this act are in addition to any other appropriations made for the FY 2020-FY 2021 biennium.
General Revenue Fund

GRF 195553 Industry Sector Partnerships
$2,500,000 $2,500,000

GRF 195556 Microcredential Assistance $15,000,000
$15,000,000

Program

TOTAL GRF General Revenue Fund $17,500,000

TOTAL ALL BUDGET FUND GROUPS $17,500,000

INDUSTRY SECTOR PARTNERSHIPS

The foregoing appropriation item 195553, Industry Sector Partnerships, shall be used for the grant program described in section 122.179 of the Revised Code.

On July 1, 2020, or as soon as possible thereafter, the Director of Development Services shall certify to the Director of Budget and Management the unexpended, unencumbered balance of the fiscal year 2020 appropriation to the foregoing appropriation item. The certified amount is hereby reappropriated to the foregoing appropriation item in fiscal year 2021.

MICROCREDENTIAL ASSISTANCE PROGRAM

(A) Of the foregoing appropriation item 195556, Microcredential Assistance Program, $12,300,000 in each fiscal year shall be used for the TechCred Program as described in section 122.178 of the Revised Code, provided that:

(1) Not more than $4,100,000 in each fiscal year may be awarded to businesses with 50 or fewer employees;

(2) Not more than $4,100,000 in each fiscal year may be
awarded to businesses with between 51 and 200 employees; and

(3) Not more than $4,100,000 in each fiscal year may be awarded to businesses with 201 or more employees.

(B) Of the foregoing appropriation item 195556, Microcredential Assistance Program, $2,500,000 in each fiscal year shall be used for the Individual Microcredential Assistance Program as described in section 122.1710 of the Revised Code.

(C) Of the foregoing appropriation item 195556, Microcredential Assistance Program, $200,000 in each fiscal year shall be used for marketing the workforce development programs offered by the Development Services Agency as described in section 122.1711 of the Revised Code.

(D) On July 1, 2020, or as soon as possible thereafter, the Director of Development Services shall certify to the Director of Budget and Management the unexpended, unencumbered balance of the fiscal year 2020 appropriation to the foregoing appropriation item. The certified amount is hereby reappropriated to the foregoing appropriation item in fiscal year 2021, provided that the reappropriated amount is allocated for the purposes set forth in divisions (A)(1), (2), (3), (B), and (C) of this section.

Section 4. Within the limits set forth in this act, the Director of Budget and Management shall establish accounts indicating the source and amount of funds for each appropriation made in this act, and shall determine the form and manner in which appropriation accounts shall be maintained. Expenditures from appropriations contained in this act shall be accounted for as though made in the main operating appropriations act of the 133rd General Assembly.
The appropriations made in this act are subject to all provisions of the main operating appropriations act of the 133rd General Assembly that are generally applicable to such appropriations.