A BILL

To amend sections 107.036, 149.311, 5725.34, 5725.98, 5726.52, 5729.17, 5729.98, and 5747.76 and to enact sections 122.09, 5725.35, and 5729.18 of the Revised Code to authorize an insurance premiums tax credit for capital contributions to transformational mixed use development projects and to increase the amount of the historic rehabilitation tax credit for rural areas.

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

Section 1. That sections 107.036, 149.311, 5725.34, 5725.98, 5726.52, 5729.17, 5729.98, and 5747.76 be amended and sections 122.09, 5725.35, and 5729.18 of the Revised Code be enacted to read as follows:

Sec. 107.036. (A) For each business incentive tax credit, the main operating appropriations act shall contain a detailed estimate of the total amount of credits that may be authorized in each year, an estimate of the amount of credits expected to be claimed in each year, and an estimate of the amount of
credits expected to remain outstanding at the end of the biennium. The governor shall include such estimates in the state budget submitted to the general assembly pursuant to section 107.03 of the Revised Code.

(B) As used in this section, "business incentive tax credit" means all of the following:

(1) The job creation tax credit under section 122.17 of the Revised Code;

(2) The job retention tax credit under section 122.171 of the Revised Code;

(3) The historic preservation tax credit under section 149.311 of the Revised Code;

(4) The motion picture and broadway theatrical production tax credit under section 122.85 of the Revised Code;

(5) The new markets tax credit under section 5725.33 of the Revised Code;

(6) The research and development credit under section 166.21 of the Revised Code;

(7) The small business investment credit under section 122.86 of the Revised Code;

(8) The rural growth investment credit under section 122.152 of the Revised Code;

(9) The opportunity zone investment credit under section 122.84 of the Revised Code;

(10) The transformational mixed use development credit under section 122.09 of the Revised Code.

Sec. 122.09. (A) As used in this section:
(1) "Development costs" means expenditures paid or incurred by the property owner in completing a certified transformational mixed use development project, including architectural or engineering fees paid or incurred in connection with the project and expenses incurred before the date the project is certified by the director of development services under division (C) of this section. In the case of a certified transformational mixed use development project that is part of a larger contiguous project that is planned to be completed in phases, "development costs" include only expenditures associated with the portion of the project that is certified by the director and do not include expenditures incurred for other phases of the project.

(2) "Owner" means a person or persons holding a fee simple or leasehold interest in real property, including interests in real property acquired through a capital lease arrangement. "Owner" does not include the state or a state agency, or any political subdivision as defined in section 9.23 of the Revised Code. For the purpose of this division, "fee simple interest," "leasehold interest," and "capital lease" shall be construed in accordance with generally accepted accounting principles.

(3) "Transformational mixed use development" means a project that consists of new construction or the redevelopment, rehabilitation, expansion, or other improvement of vacant buildings or structures, or a combination of the foregoing, and that:

(a) Will have a transformational economic impact on the development site and the surrounding area;

(b) Integrates some combination of retail, office, residential, recreation, structured parking, and other similar
uses into one mixed use development; and

(c) Includes at least one new or previously vacant building that is fifteen or more stories in height or has a floor area of at least three hundred fifty thousand square feet or two or more new buildings that are connected to each other, are located on the same parcel or on contiguous parcels, and that collectively have a floor area of at least three hundred fifty thousand square feet.

"Transformational mixed use development" may include a portion of a larger contiguous project that is planned to be completed in phases as long as the phases collectively meet the criteria described in division (A)(3) of this section.

(4) "Increase in tax collections" means the difference, if positive, of the amount of state and local taxes derived from economic activity occurring within the development site and the surrounding area during a period of time minus the amount of such taxes that are estimated to be derived from such economic activity in that site and surrounding area during the same period if the transformational mixed use project were not completed.

(5) "Completion period" means the time period beginning on the day after a transformational mixed use development is certified by the director of development services and ending on the fifth anniversary of the day the project is completed.

(6) "Insurance company" means a person subject to the tax imposed under section 5725.18 or 5729.03 of the Revised Code.

(7) "Contribute capital" means to invest, loan, or donate cash in exchange for an equity interest in an asset, a debt instrument, or no consideration.
(B) The owner of one or more parcels of land in this state within which a transformational mixed use development is planned or an insurance company that contributes capital to be used in the planning or construction of such a development may apply to the director of development services for a tax credit certificate if the estimated development costs to complete the project plus, if applicable, the estimated expenditures that have been or will be incurred to complete all other contiguous phases of the project, exceed fifty million dollars. Each application shall be filed in the form and manner prescribed by the director and shall, at minimum, include a development plan comprised of all of the following information:

1. A detailed description of the proposed transformational mixed use development including site plans, construction drawings, architectural renderings, or other means sufficient to convey the appearance, size, purposes, capacity, and scope of the project and, if applicable, previously completed and future phases of the project;

2. A viable financial plan that estimates the development costs that have been or will be incurred in the completion of the project and that designates a source of financing or a strategy for obtaining financing;

3. An estimated schedule for the progression and completion of the project including, if applicable, previously completed and future phases of the project;

4. An assessment of the projected economic impact of the project on the development site and the surrounding area;

5. Evidence that the increase in tax collections during the completion period will exceed ten per cent of the estimated
development costs reported under division (B)(2) of this section:

(6) If the applicant is an insurance company that is not the property owner, the amount of the insurance company's capital contribution to the development and the date on which it was or will be made;

(7) Evidence that the project will not be completed unless the applicant receives the credit.

(C)(1) In determining whether to certify a project that is the subject of an application submitted under division (B) of this section, the director shall consider the potential impact of the transformational mixed use development on the development site and the surrounding area in terms of architecture, accessibility to pedestrians, retail entertainment and dining sales, job creation, property values, connectivity, and revenue from sales, income, lodging, and property taxes. The director shall not certify a project unless it satisfies all of the following conditions:

(a) The project qualifies as a transformational mixed use development and satisfies all other criteria prescribed by this section or by rule of the director;

(b) The estimated increase in tax collections during the completion period exceeds ten per cent of the estimated development costs for the project reported under division (B)(2) of this section;

(c) The project will not be completed unless the applicant receives the credit.

(2) The director shall not certify more than four transformational mixed use development projects each fiscal
year, but the director may reallocate unused certifications from a prior fiscal year or certifications that are rescinded under division (D) of this section for new applicants and the reallocated certifications shall not apply toward the maximum number of projects that otherwise may be certified under this division. If the number of applications exceeds the number of certifications authorized by this division, the director shall first disqualify applications for projects that do not satisfy all of the conditions specified in divisions (C)(1)(a), (b), and (c) of this section. The director then shall rank the remaining applications and certify the associated projects in order, starting with the project that presents the best combination of economic value and transformational impact. The director shall consider the following factors in ranking the applications:

(a) The projected increase in tax collections during the completion period as a percentage of the estimated development costs;

(b) The economic impact of the project on the development site and the surrounding area and the impact of the project in terms of architecture, accessibility to pedestrians, retail entertainment and dining sales, job creation, property values, and connectivity;

(c) The expeditiousness of the schedule for completing the project, realizing the increase in tax collections, and attaining the economic and other impacts on the development site and the surrounding area.

(3) If the director approves an application, the director shall issue a statement certifying the associated transformational mixed use development project and preliminarily approving the requested tax credit. The statement shall specify
the estimated amount of the credit, which shall equal ten per
cent of the development costs if the applicant is the property
owner or, if the applicant is an insurance company that
contributed capital to the development, ten per cent of the
contribution. The statement shall stipulate that receipt of a
tax credit certificate is contingent upon completion of the
transformational mixed use development as described in the
development plan. The statement shall also specify that the
amount of the tax credit is dependent upon the actual
development costs attributed to the project and the increase in
tax collections during the completion period.

(4) If the director denies an application, the director
shall notify the applicant of the reason or reasons for such
determination. The director's determination is final, but an
applicant may revise and resubmit a previously denied
application.

(D) An applicant that is preliminarily approved for a tax
credit under this section shall, within twelve months of the
date the project is certified, provide the director with an
updated schedule for the progression and completion of the
project and documentation sufficient to demonstrate that
construction of the project has begun. If the applicant does not
provide the schedule and documentation or if construction of the
project has not begun within the time prescribed by this
division, the director shall rescind certification of the
project and send notice of the rescission to the applicant. An
applicant that receives notice of rescission may submit a new
application concerning the same project under division (B) of
this section.

(E) An applicant that is the property owner and is
preliminarily approved for a tax credit under this section may sell or transfer the rights to that credit to one or more persons for the purpose of raising capital for the certified project. The applicant shall notify the director upon selling or transferring the rights to the credit. The notice shall identify the person or persons to which the credit was sold or transferred and the credit amount sold or transferred to each such person. Only an applicant that owns the property may sell or transfer a credit under this division. A credit may be divided among multiple purchasers through more than one transaction but once a particular credit amount is acquired by a person other than the applicant it may not be sold or transferred again.

(F) The property owner shall notify the director upon completion of a certified transformational mixed use development project. The notification shall include a report prepared by a third-party certified public accountant that contains a detailed accounting of the actual development costs attributed to the project. Upon receiving such a notice, the director shall determine the increase in tax collections since the date the project was certified by consulting with the tax commissioner and with the tax administrator of any municipal corporation that levies an income tax within the project site and the surrounding area. The tax commissioner and the tax administrators that are consulted pursuant to this division shall provide the director with any information that is necessary to determine the increase in tax collections.

Upon determining the increase in tax collections and computing the value of the tax credit under division (G) of this section, the director shall issue a tax credit certificate to each applicant that is preliminarily approved for a credit.
associated with the project or to the person or persons to which such an applicant sold or transferred the rights to the credit under division (E) of this section.

(G)(1) If only the property owner is preliminarily approved for a tax credit associated with the completed transformational mixed use development project, the aggregate value of the certificates issued by the director shall equal the lesser of (a) ten per cent of the actual development costs attributed to the project or (b) five per cent of the actual development costs plus any amount by which the increase in tax collections since the date the project was certified exceeds five per cent of the actual development costs. If the amount of the credit is less than the credit amount estimated under division (C) of this section and the property owner sold or transferred the rights to the credit to more than one person, the director shall reduce the amount of each tax credit certificate on a pro rata basis unless the property owner requests an alternative allocation of the credit.

(2) If all applicants that are preliminarily approved for a tax credit are insurance companies that contributed capital to the completed project, the value of each certificate shall equal the lesser of (a) ten per cent of the insurance company's actual capital contribution or (b) five per cent of such capital contribution plus any amount by which the insurance company's share of the increase in tax collections since the date the project was certified exceeds five per cent of the insurance company's capital contribution. An "insurance company's share" of the increase in tax collections equals the product obtained by multiplying the total increase in tax collections since the date the project was certified by a fraction, the numerator of which is the insurance company's capital contribution to the
project and the denominator of which is the actual development costs of the project.

(3) If the property owner and one or more insurance companies are preliminarily approved for a tax credit for the same completed transformational mixed use development project, the full amount of the tax credit for which the applicants are eligible shall be divided proportionally. The value of the tax credit certificate issued to each applicant that is an insurance company shall be computed in the manner described in division (G)(2) of this section. The value of the tax credit certificate issued to the property owner or to the person or persons to whom the property owner sold or transferred the rights to the credit shall be computed in the manner described in division (G)(1) of this section, except that the sum of the actual capital contributions of the insurance companies to which tax credit certificates were issued under this section shall be subtracted from the actual development costs of the project before performing the computations prescribed by that division.

(H) The property owner, on or before the thirtieth day following the first, second, third, fourth, and fifth anniversaries of the date the certified transformational mixed use development project is completed, may request in writing that the director of development services update the increase in tax collections during the completion period. Upon receiving such a request, the director shall update the increase in tax collections in the same manner described by division (F) of this section. If the director determines that the value of the tax credit certificates issued under division (G) of this section would be greater if computed based on the updated increase in tax collections, the director shall issue an additional tax credit certificate to each person that previously received a
certificate for the project under that division. The value of each additional tax credit certificate shall equal the amount by which the tax credit certificate issued under division (G) of this section upon completion of the project would have been greater had the value of such certificate been computed based on the updated increase in tax collections, less the value of any additional tax credit certificates previously issued under this division to the same person respecting the same project. The aggregate value of all tax credit certificates issued under this division and division (G) of this section for the same transformational mixed use development project shall not exceed ten per cent of the actual development costs of that project.

(I) Issuance of a tax credit certificate under division (G) or (H) of this section does not represent a verification or certification by the director of the actual development costs of the project or the capital contributions to the project by an insurance company. Such amounts are subject to inspection and examination by the superintendent of insurance.

(J) Upon the issuance of a tax credit certificate under division (G) or (H) of this section, the director of development services shall certify to the superintendent of insurance (1) the name of each person that was issued a tax credit certificate, (2) whether the person is the property owner, an insurance company that contributed capital to the development, or a person that acquired the rights to the tax credit certificate from the property owner, (3) the credit amount shown on each tax credit certificate, and (4) any other information required by the rules adopted under this section. A person that holds the rights to a tax credit certificate issued under this section and that is an insurance company may claim a tax credit under section 5725.35 or 5729.18 of the Revised Code.
(K) The director shall publish information about each transformational mixed use development on the web site of the development services agency not later than the first day of August following certification of the project. The director shall update the published information annually until the project is complete and the credit or credits are fully claimed. The published information shall include all of the following:

(1) The location of the transformational mixed use development and the name by which it is known;

(2) The estimated schedule for progression and completion of the project included in the development plan pursuant to division (B)(3) of this section;

(3) The assessment of the projected economic impact of the project included in the development plan pursuant to division (B)(4) of this section;

(4) The evidence supporting the estimated increase in tax collections included in the development plan pursuant to division (B)(5) of this section, except that the director may omit any proprietary or sensitive information included in such evidence;

(5) The estimated development costs that have been or will be incurred in completion of the project and, if applicable, the amount of the insurance company's capital contribution to the development and the date on which it was made, as reported in the development plan pursuant to divisions (B)(2) and (6) of this section;

(6) A copy of each report submitted to the director by the applicant under division (D) of this section.

(L) The director, in accordance with Chapter 119, of the
Revised Code, shall adopt rules that establish all of the following:

1. Forms and procedures by which applicants may apply for a transformational investment tax credit, and any deadlines for applying;

2. Criteria and procedures for reviewing, evaluating, ranking, and approving applications within the limitations prescribed by this section, including rules prescribing the timing and frequency by which the director must rank applications and preliminarily approve tax credits under division (C) of this section;

3. Eligibility requirements for obtaining a tax credit certificate under this section;

4. The form of the tax credit certificate;

5. Reporting requirements and monitoring procedures;

6. Procedures for computing the increase in tax collections within the project site and the surrounding area;

7. Any other rules necessary to implement and administer this section.

Sec. 149.311. (A) As used in this section:

1. "Historic building" means a building, including its structural components, that is located in this state and that is either individually listed on the national register of historic places under 16 U.S.C. 470a, located in a registered historic district, and certified by the state historic preservation officer as being of historic significance to the district, or is individually listed as an historic landmark designated by a local government certified under 16 U.S.C. 470a(c).
(2) "Qualified rehabilitation expenditures" means expenditures paid or incurred during the rehabilitation period, and before and after that period as determined under 26 U.S.C. 47, by an owner or qualified lessee of an historic building to rehabilitate the building. "Qualified rehabilitation expenditures" includes architectural or engineering fees paid or incurred in connection with the rehabilitation, and expenses incurred in the preparation of nomination forms for listing on the national register of historic places. "Qualified rehabilitation expenditures" does not include any of the following:

(a) The cost of acquiring, expanding, or enlarging an historic building;

(b) Expenditures attributable to work done to facilities related to the building, such as parking lots, sidewalks, and landscaping;

(c) New building construction costs.

(3) "Owner" of an historic building means a person holding the fee simple interest in the building. "Owner" does not include the state or a state agency, or any political subdivision as defined in section 9.23 of the Revised Code.

(4) "Qualified lessee" means a person subject to a lease agreement for an historic building and eligible for the federal rehabilitation tax credit under 26 U.S.C. 47. "Qualified lessee" does not include the state or a state agency or political subdivision as defined in section 9.23 of the Revised Code.

(5) "Certificate owner" means the owner or qualified lessee of an historic building to which a rehabilitation tax credit certificate was issued under this section.
(6) "Registered historic district" means an historic district listed in the national register of historic places under 16 U.S.C. 470a, an historic district designated by a local government certified under 16 U.S.C. 470a(c), or a local historic district certified under 36 C.F.R. 67.8 and 67.9.

(7) "Rehabilitation" means the process of repairing or altering an historic building or buildings, making possible an efficient use while preserving those portions and features of the building and its site and environment that are significant to its historic, architectural, and cultural values.

(8) "Rehabilitation period" means one of the following:

(a) If the rehabilitation initially was not planned to be completed in stages, a period chosen by the owner or qualified lessee not to exceed twenty-four months during which rehabilitation occurs;

(b) If the rehabilitation initially was planned to be completed in stages, a period chosen by the owner or qualified lessee not to exceed sixty months during which rehabilitation occurs. Each stage shall be reviewed as a phase of a rehabilitation as determined under 26 C.F.R. 1.48-12 or a successor to that section.

(9) "State historic preservation officer" or "officer" means the state historic preservation officer appointed by the governor under 16 U.S.C. 470a.

(10) "Catalytic project" means the rehabilitation of an historic building, the rehabilitation of which will foster economic development within two thousand five hundred feet of the historic building.

(11) "Rural area" has the same meaning as in section
(B) The owner or qualified lessee of an historic building may apply to the director of development services for a rehabilitation tax credit certificate for qualified rehabilitation expenditures paid or incurred by such owner or qualified lessee after April 4, 2007, for rehabilitation of an historic building. If the owner of an historic building enters a pass-through agreement with a qualified lessee for the purposes of the federal rehabilitation tax credit under 26 U.S.C. 47, the qualified rehabilitation expenditures paid or incurred by the owner after April 4, 2007, may be attributed to the qualified lessee.

The form and manner of filing such applications shall be prescribed by rule of the director. Each application shall state the location of the historic building and the amount of qualified rehabilitation expenditures the applicant estimates will be paid or incurred. The director may require applicants to furnish documentation of such estimates.

The director, after consultation with the tax commissioner and in accordance with Chapter 119. of the Revised Code, shall adopt rules that establish all of the following:

(1) Forms and procedures by which applicants may apply for rehabilitation tax credit certificates;

(2) Criteria for reviewing, evaluating, and approving applications for certificates within the limitations under division (D) of this section, criteria for assuring that the certificates issued encompass a mixture of high and low qualified rehabilitation expenditures, and criteria for issuing certificates under division (C)(3)(b) of this section;
(3) Eligibility requirements for obtaining a certificate under this section;

(4) The form of rehabilitation tax credit certificates;

(5) Reporting requirements and monitoring procedures;

(6) Procedures and criteria for conducting cost-benefit analyses of historic buildings that are the subjects of applications filed under this section. The purpose of a cost-benefit analysis shall be to determine whether rehabilitation of the historic building will result in a net revenue gain in state and local taxes once the building is used.

(7) Any other rules necessary to implement and administer this section.

(C) The director of development services shall review the applications with the assistance of the state historic preservation officer and determine whether all of the following criteria are met:

(1) That the building that is the subject of the application is an historic building and the applicant is the owner or qualified lessee of the building;

(2) That the rehabilitation will satisfy standards prescribed by the United States secretary of the interior under 16 U.S.C. 470, et seq., as amended, and 36 C.F.R. 67.7 or a successor to that section;

(3) That receiving a rehabilitation tax credit certificate under this section is a major factor in:

(a) The applicant's decision to rehabilitate the historic building; or
(b) To increase the level of investment in such rehabilitation.

An applicant shall demonstrate to the satisfaction of the state historic preservation officer and director of development services that the rehabilitation will satisfy the standards described in division (C)(2) of this section before the applicant begins the physical rehabilitation of the historic building.

(D)(1) If the director of development services determines that an application meets the criteria in divisions (C)(1), (2), and (3) of this section, the director shall conduct a cost-benefit analysis for the historic building that is the subject of the application to determine whether rehabilitation of the historic building will result in a net revenue gain in state and local taxes once the building is used. The director shall consider the results of the cost-benefit analysis in determining whether to approve the application. The director shall also consider the potential economic impact and the regional distributive balance of the credits throughout the state. The director may approve an application only after completion of the cost-benefit analysis.

(2) A rehabilitation tax credit certificate shall not be issued for an amount greater than the estimated amount furnished by the applicant on the application for such certificate and approved by the director. The director shall not approve more than a total of sixty million dollars of rehabilitation tax credits per fiscal year but the director may reallocate unused tax credits from a prior fiscal year for new applicants and such reallocated credits shall not apply toward the dollar limit of this division.
(3) For rehabilitations with a rehabilitation period not exceeding twenty-four months as provided in division (A)(8)(a) of this section, a rehabilitation tax credit certificate shall not be issued before the rehabilitation of the historic building is completed.

(4) For rehabilitations with a rehabilitation period not exceeding sixty months as provided in division (A)(8)(b) of this section, a rehabilitation tax credit certificate shall not be issued before a stage of rehabilitation is completed. After all stages of rehabilitation are completed, if the director cannot determine that the criteria in division (C) of this section are satisfied for all stages of rehabilitations, the director shall certify this finding to the tax commissioner, and any rehabilitation tax credits received by the applicant shall be repaid by the applicant and may be collected by assessment as unpaid tax by the commissioner.

(5) The director of development services shall require the applicant to provide a third-party cost certification by a certified public accountant of the actual costs attributed to the rehabilitation of the historic building when qualified rehabilitation expenditures exceed two hundred thousand dollars.

If an applicant whose application is approved for receipt of a rehabilitation tax credit certificate fails to provide to the director sufficient evidence of reviewable progress, including a viable financial plan, copies of final construction drawings, and evidence that the applicant has obtained all historic approvals within twelve months after the date the applicant received notification of approval, and if the applicant fails to provide evidence to the director that the applicant has secured and closed on financing for the
rehabilitation within eighteen months after receiving notification of approval, the director may rescind the approval of the application. The director shall notify the applicant if the approval has been rescinded. Credits that would have been available to an applicant whose approval was rescinded shall be available for other qualified applicants. Nothing in this division prohibits an applicant whose approval has been rescinded from submitting a new application for a rehabilitation tax credit certificate.

(6) The director of development services may approve the application of, and issue a rehabilitation tax credit certificate to, the owner of a catalytic project, provided the application otherwise meets the criteria described in divisions (C) and (D) of this section. The director may not approve more than one application for a rehabilitation tax credit certificate under division (D)(6) of this section during each state fiscal biennium. The director shall not approve an application for a rehabilitation tax credit certificate under division (D)(6) of this section during the state fiscal biennium beginning July 1, 2017, or during any state fiscal biennium thereafter. The director shall consider the following criteria in determining whether to approve an application for a certificate under division (D)(6) of this section:

(a) Whether the historic building is a catalytic project;

(b) The effect issuance of the certificate would have on the availability of credits for other applicants that qualify for a credit certificate within the credit dollar limit described in division (D)(2) of this section;

(c) The number of jobs, if any, the catalytic project will create.
(7)(a) The owner or qualified lessee of a historic building may apply for a rehabilitation tax credit certificate under both divisions (B) and (D)(6) of this section. In such a case, the director of development services shall consider each application at the time the application is submitted.

(b) The director of development services shall not issue more than one certificate under this section with respect to the same qualified rehabilitation expenditures.

(E) Issuance of a certificate represents a finding by the director of development services of the matters described in divisions (C)(1), (2), and (3) of this section only; issuance of a certificate does not represent a verification or certification by the director of the amount of qualified rehabilitation expenditures for which a tax credit may be claimed under section 5725.151, 5725.34, 5726.52, 5729.17, 5733.47, or 5747.76 of the Revised Code. The amount of qualified rehabilitation expenditures for which a tax credit may be claimed is subject to inspection and examination by the tax commissioner or employees of the commissioner under section 5703.19 of the Revised Code and any other applicable law. Upon the issuance of a certificate, the director shall certify to the tax commissioner, in the form and manner requested by the tax commissioner, the name of the applicant, the amount of qualified rehabilitation expenditures shown on the certificate, and any other information required by the rules adopted under this section.

(F)(1) On or before the first day of August each year, the director of development services and tax commissioner jointly shall submit to the president of the senate and the speaker of the house of representatives a report on the tax credit program established under this section and sections 5725.151, 5725.34,
of the Revised Code. The report shall present an overview of the program and shall include information on the number of rehabilitation tax credit certificates issued under this section during the preceding fiscal year, an update on the status of each historic building for which an application was approved under this section, the dollar amount of the tax credits granted under sections 5725.151, 5725.34, 5726.52, 5729.17, 5733.47, and 5747.76 of the Revised Code, and any other information the director and commissioner consider relevant to the topics addressed in the report.

(2) On or before December 1, 2015, the director of development services and tax commissioner jointly shall submit to the president of the senate and the speaker of the house of representatives a comprehensive report that includes the information required by division (F)(1) of this section and a detailed analysis of the effectiveness of issuing tax credits for rehabilitating historic buildings. The report shall be prepared with the assistance of an economic research organization jointly chosen by the director and commissioner.

(G) There is hereby created in the state treasury the historic rehabilitation tax credit operating fund. The director of development services is authorized to charge reasonable application and other fees in connection with the administration of tax credits authorized by this section and sections 5725.151, 5725.34, 5726.52, 5729.17, 5733.47, and 5747.76 of the Revised Code. Any such fees collected shall be credited to the fund and used to pay reasonable costs incurred by the department of development services in administering this section and sections 5725.151, 5725.34, 5726.52, 5729.17, 5733.47, and 5747.76 of the Revised Code.
The Ohio historic preservation office is authorized to charge reasonable fees in connection with its review and approval of applications under this section. Any such fees collected shall be credited to the fund and used to pay administrative costs incurred by the Ohio historic preservation office pursuant to this section.

(H) Notwithstanding sections 5725.151, 5725.34, 5726.52, 5729.17, 5733.47, and 5747.76 of the Revised Code, the certificate owner of a tax credit certificate issued under division (D)(6) of this section may claim a tax credit equal to twenty-five per cent of the dollar amount indicated on the certificate, or thirty-five per cent of that dollar amount if the historic building for which the certificate was issued is located in a rural area, for a total credit of not more than twenty-five million dollars. The credit claimed by such a certificate owner for any calendar year, tax year, or taxable year under section 5725.151, 5725.34, 5726.52, 5729.17, 5733.47, or 5747.76 of the Revised Code shall not exceed five million dollars. If the certificate owner is eligible for more than five million dollars in total credits, the certificate owner may carry forward the balance of the credit in excess of the amount claimed for that year for not more than five ensuing calendar years, tax years, or taxable years. If the credit claimed in any calendar year, tax year, or taxable year exceeds the tax otherwise due, the excess shall be refunded to the taxpayer.

(I) The director of development services, in consultation with the director of budget and management, shall develop and adopt a system of tracking any information necessary to anticipate the impact of credits issued under this section on tax revenues for current and future fiscal years. Such information may include the number of applications approved, the
Sec. 5725.34. (A) As used in this section, "certificate owner," "historic building," and "rural area" have the same meaning as in section 149.311 of the Revised Code.

(B) There is allowed a credit against the tax imposed by section 5725.18 of the Revised Code for an insurance company subject to that tax that is a certificate owner of a rehabilitation tax credit certificate issued under section 149.311 of the Revised Code. The credit shall equal twenty-five per cent of the dollar amount indicated on the certificate, or thirty-five per cent of that dollar amount if the historic building for which the certificate was issued is located in a rural area, but the amount of the credit allowed for any company for any year shall not exceed five million dollars. The credit shall be claimed in the calendar year specified in the certificate and in the order required under section 5725.98 of the Revised Code. If the credit exceeds the amount of tax otherwise due in that year, the excess shall be refunded to the company but, if any amount of the credit is refunded, the sum of the amount refunded and the amount applied to reduce the tax otherwise due in that year shall not exceed three million dollars. The company may carry forward any balance of the credit in excess of the amount claimed in that year for not more than five ensuing years, and shall deduct any amount claimed in any such year from the amount claimed in an ensuing year.

(C) An insurance company claiming a credit under this
section shall retain the rehabilitation tax credit certificate for four years following the end of the year in which the credit was claimed, and shall make the certificate available for inspection by the tax commissioner upon the request of the tax commissioner during that period.

Sec. 5725.35. There is allowed a credit against the tax imposed by section 5725.18 of the Revised Code for an insurance company subject to that tax that holds the rights to a tax credit certificate issued under section 122.09 of the Revised Code. The credit shall equal the dollar amount indicated on the certificate. The credit shall be claimed in the calendar year specified in the certificate and in the order required under section 5725.98 of the Revised Code. If the credit exceeds the amount of tax otherwise due in that year, the company may carry forward the excess for not more than five ensuing years, but the amount of the excess credit claimed against the tax for any year shall be deducted from the balance carried forward to the next year.

Sec. 5725.98. (A) To provide a uniform procedure for calculating the amount of tax imposed by section 5725.18 of the Revised Code that is due under this chapter, a taxpayer shall claim any credits and offsets against tax liability to which it is entitled in the following order:

(1) The credit for an insurance company or insurance company group under section 5729.031 of the Revised Code;

(2) The credit for eligible employee training costs under section 5725.31 of the Revised Code;

(3) The credit for purchasers of qualified low-income community investments under section 5725.33 of the Revised Code;
(4) The nonrefundable job retention credit under division (B) of section 122.171 of the Revised Code;

(5) The nonrefundable credit for investments in rural business growth funds under section 122.152 of the Revised Code;

(6) The nonrefundable credit for contributing capital to a transformational mixed use development project under section 5725.35 of the Revised Code;

(7) The offset of assessments by the Ohio life and health insurance guaranty association permitted by section 3956.20 of the Revised Code;

(8) The refundable credit for rehabilitating a historic building under section 5725.34 of the Revised Code;

(9) The refundable credit for Ohio job retention under former division (B)(2) or (3) of section 122.171 of the Revised Code as those divisions existed before September 29, 2015, the effective date of the amendment of this section by H.B. 64 of the 131st general assembly;

(10) The refundable credit for Ohio job creation under section 5725.32 of the Revised Code;

(11) The refundable credit under section 5725.19 of the Revised Code for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code.

(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a taxable year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried
forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.

Sec. 5726.52. (A) As used in this section, "certificate owner," "historic building," and "rural area" have the same meaning as in section 149.311 of the Revised Code.

(B) A taxpayer may claim a refundable credit against the tax imposed by this chapter for each person included in the annual report of a taxpayer that is a certificate owner of a rehabilitation tax credit certificate issued under section 149.311 of the Revised Code. The credit shall equal twenty-five per cent of the dollar amount indicated on each certificate, or thirty-five per cent of that dollar amount if the historic building for which the certificate was issued is located in a rural area, but the credit shall not exceed five million dollars for each certificate.

The credit shall be claimed for the calendar year specified in the certificate and in the order required under section 5726.98 of the Revised Code. If the credit exceeds the amount of tax otherwise due in that year, the excess shall be refunded to the taxpayer, provided that, if any amount of the credit is refunded, the sum of the amount refunded and the amount applied to reduce the tax otherwise due in that year shall not exceed three million dollars. The taxpayer may carry forward any balance of the credit in excess of the amount claimed in that year for not more than five ensuing years, and shall deduct any amount claimed in any such year from the amount claimed in an ensuing year. A taxpayer may claim against the tax imposed by this chapter any unused portion of the credit...
authorized under section 5725.151 of the Revised Code, but only
to the extent of the five-year carry forward period authorized
by that section.

(C) A taxpayer claiming a credit under this section shall
retain the rehabilitation tax credit certificate for four years
following the end of the year to which the credit was applied,
and shall make the certificate available for inspection by the
tax commissioner upon the request of the commissioner during
that period.

Sec. 5729.17. (A) As used in this section, "certificate
owner," "historic building," and "rural area" has have the same
meaning-meanings as in section 149.311 of the Revised Code.

(B) There is allowed a credit against the tax imposed by
section 5729.03 of the Revised Code for an insurance company
subject to that tax that is a certificate owner of a
rehabilitation tax credit certificate issued under section
149.311 of the Revised Code. The credit shall equal twenty-five
per cent of the dollar amount indicated on the certificate, or
thirty-five per cent of that dollar amount if the historic
building for which the certificate was issued is located in a
rural area, but the amount of the credit allowed for any company
for any year shall not exceed five million dollars. The credit
shall be claimed in the calendar year specified in the
certificate and in the order required under section 5729.98 of
the Revised Code. If the credit exceeds the amount of tax
otherwise due in that year, the excess shall be refunded to the
company but, if any amount of the credit is refunded, the sum of
the amount refunded and the amount applied to reduce the tax
otherwise due in that year shall not exceed three million
dollars. The company may carry forward any balance of the credit
in excess of the amount claimed in that year for not more than
five ensuing years, and shall deduct any amount claimed in any
such year from the amount claimed in an ensuing year.

(C) An insurance company claiming a credit under this
section shall retain the rehabilitation tax credit certificate
for four years following the end of the year in which the credit
was claimed, and shall make the certificate available for
inspection by the tax commissioner upon the request of the tax
commissioner during that period.

Sec. 5729.18. There is allowed a credit against the tax
imposed by section 5729.03 of the Revised Code for an insurance
company subject to that tax that holds the rights to a tax
credit certificate issued under section 122.09 of the Revised
Code. The credit shall equal the dollar amount indicated on the
certificate. The credit shall be claimed in the calendar year
specified in the certificate and in the order required under
section 5729.98 of the Revised Code. If the credit exceeds the
amount of tax otherwise due in that year, the company may carry
forward the excess for not more than five ensuing years, but the
amount of the excess credit claimed against the tax for any year
shall be deducted from the balance carried forward to the next
year.

Sec. 5729.98. (A) To provide a uniform procedure for
calculating the amount of tax due under this chapter, a taxpayer
shall claim any credits and offsets against tax liability to
which it is entitled in the following order:

(1) The credit for an insurance company or insurance
company group under section 5729.031 of the Revised Code;

(2) The credit for eligible employee training costs under
(3) The credit for purchases of qualified low-income community investments under section 5729.16 of the Revised Code;

(4) The nonrefundable job retention credit under division (B) of section 122.171 of the Revised Code;

(5) The nonrefundable credit for investments in rural business growth funds under section 122.152 of the Revised Code;

(6) The nonrefundable credit for contributing capital to a transformational mixed use development project under section 5729.18 of the Revised Code;

(7) The offset of assessments by the Ohio life and health insurance guaranty association against tax liability permitted by section 3956.20 of the Revised Code;

(8) The refundable credit for rehabilitating a historic building under section 5729.17 of the Revised Code;

(9) The refundable credit for Ohio job retention under former division (B)(2) or (3) of section 122.171 of the Revised Code as those divisions existed before September 29, 2015, the effective date of the amendment of this section by H.B. 64 of the 131st general assembly;

(10) The refundable credit for Ohio job creation under section 5729.032 of the Revised Code;

(11) The refundable credit under section 5729.08 of the Revised Code for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code.

(B) For any credit except the refundable credits
enumerated in this section, the amount of the credit for a
taxable year shall not exceed the tax due after allowing for any
other credit that precedes it in the order required under this
section. Any excess amount of a particular credit may be carried
forward if authorized under the section creating that credit.
Nothing in this chapter shall be construed to allow a taxpayer
to claim, directly or indirectly, a credit more than once for a
taxable year.

Sec. 5747.76. (A) As used in this section, "certificate
owner," "historic building," and "rural area" have the same
meaning as in section 149.311 of the Revised Code.

(B) There is allowed a credit against a taxpayer's
aggregate tax liability under section 5747.02 of the Revised
Code for a taxpayer that is the certificate owner of a
rehabilitation tax credit certificate issued under section
149.311 of the Revised Code. The credit shall equal twenty-five
per cent of the dollar amount indicated on the certificate, or
thirty-five per cent of that dollar amount if the historic
building for which the certificate was issued is located in a
rural area, but the amount of credit allowed for any taxpayer
shall not exceed five million dollars. The credit shall be
claimed for the taxable year specified in the certificate and in
the order required under section 5747.98 of the Revised Code.

(C) Nothing in this section limits or disallows pass-
through treatment of the credit if the certificate owner is a
pass-through entity. If the certificate owner is a pass-through
entity, the amount of the credit allowed for the pass-through
entity shall not exceed five million dollars. If the certificate
owner is a pass-through entity, the credit may be allocated
among the entity's equity owners in proportion to their
ownership interests or in such proportions or amounts as the
equity owners mutually agree.

(D) If the credit allowed for any taxable year exceeds the
aggregate amount of tax otherwise due under section 5747.02 of
the Revised Code, after allowing for any other credits preceding
the credit in the order prescribed by section 5747.98 of the
Revised Code, the excess shall be refunded to the taxpayer but,
if any amount of the credit is refunded, the sum of the amount
refunded and the amount applied to reduce the aggregate amount
of tax otherwise due for that year shall not exceed three
million dollars or, if the certificate owner is a pass-through
entity, shall not exceed the taxpayer's distributive or
proportionate share, as allocated under division (C) of this
section, of three million dollars. The taxpayer may carry
forward any balance of the credit in excess of the amount
claimed for that year for not more than five ensuing taxable
years, and shall deduct any amount claimed for any such year
from the amount claimed in an ensuing year.

(E) A taxpayer claiming a credit under this section shall
retain the rehabilitation tax credit certificate for four years
following the end of the taxable year to which the credit was
applied, and shall make the certificate available for inspection
by the tax commissioner upon the request of the tax commissioner
during that period.

Section 2. That existing sections 107.036, 149.311,
5725.34, 5725.98, 5726.52, 5729.17, 5729.98, and 5747.76 of the
Revised Code are hereby repealed.

Section 3. The amendment by this act of sections 149.311,
5725.34, 5726.52, 5729.17, and 5747.76 of the Revised Code
applies to rehabilitation tax credit certificates issued
pursuant to applications approved by the Director of Development Services on or after July 1, 2020.

Section 4. Pursuant to division (G) of section 5703.95 of the Revised Code, which states that any bill introduced in the House of Representatives or the Senate that proposes to enact or modify one or more tax expenditures should include a statement explaining the objectives of the tax expenditure or its modification and the sponsor's intent in proposing the tax expenditure or its modification:

The purpose of this bill is to foster economic development and increase tax collections for state and local governments.