

As Passed by the Senate

131st General Assembly

Regular Session

2015-2016

Sub. H. B. No. 182

Representative Schuring

Cosponsors: Representatives Baker, Anielski, Antonio, Arndt, Brown, Buchy, Burkley, Celebrezze, Dovilla, Driehaus, Duffey, Fedor, Ginter, Green, Hackett, Hambley, Hayes, Landis, Lepore-Hagan, Manning, McColley, O'Brien, M., O'Brien, S., Patterson, Perales, Reineke, Rezabek, Rogers, Romanchuk, Schaffer, Sears, Sheehy, Slaby, Slesnick, Smith, K., Smith, R., Sprague, Strahorn, Sweeney, Thompson, Young

Senators Beagle, Burke, Eklund, Hottinger, Peterson, Seitz, Thomas, Williams

A BILL

To amend sections 715.72, 715.79, 715.80, 715.81, 1
715.82, 715.83, 718.01, 4301.80, 5595.06, 2
5709.12, 5709.61, 5709.82, 5725.33, 5733.06, 3
5733.41, 5747.02, 5747.113, and 5747.41, to 4
enact section 5709.634, and to repeal sections 5
715.73, 715.74, 715.75, 715.76, 715.761, 715.77, 6
715.771, and 715.78 of the Revised Code and to 7
amend Section 4 of Sub. H.B. 5 of the 130th 8
General Assembly to revise the law governing the 9
creation and operation of joint economic 10
development districts (JEDDs) and enterprise 11
zones, to exempt from property taxation real 12
property owned by a nonprofit organization 13
selected by the Federal Small Business 14
Administration as an intermediary lender in the 15
Federal Microloan Program, to lower the 16
contribution threshold necessary to maintain an 17
income tax refund contribution "check-off" 18

option, to extend the deadline for municipal 19
corporations to report information to enable a 20
computation of fiscal effects of recent changes 21
to net operating loss deductions for municipal 22
income tax purposes, and to modify eligible 23
investment criteria for the state New Markets 24
Tax Credit. 25

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

Section 1. That sections 715.72, 715.79, 715.80, 715.81, 26
715.82, 715.83, 718.01, 4301.80, 5595.06, 5709.12, 5709.61, 27
5709.82, 5725.33, 5733.06, 5733.41, 5747.02, 5747.113, and 28
5747.41 be amended and section 5709.634 of the Revised Code be 29
enacted to read as follows: 30

Sec. 715.72. (A) As used in ~~sections 715.72 to 715.81 of~~ 31
~~the Revised Code~~ this section: 32

(1) "Contracting parties" means one or more municipal 33
corporations, one or more townships, and, under division (D) of 34
this section, one or more counties that have entered into a 35
contract under this section to create a joint economic 36
development district. 37

(2) "District" means a joint economic development district 38
created under ~~sections 715.72 to 715.81 of the Revised Code~~ this 39
section. 40

(3) "Contract for utility services" means a contract under 41
which a municipal corporation agrees to provide to a township or 42
another municipal corporation water, sewer, electric, or other 43

utility services necessary to the public health, safety, and 44
welfare. 45

(4) "Business" means a sole proprietorship, a corporation 46
for profit, a pass-through entity as defined in section 5733.04 47
of the Revised Code, the federal government, the state, the 48
state's political subdivisions, a nonprofit organization, or a 49
school district. 50

(5) "Owner" means a partner of a partnership, a member of 51
a limited liability company, a majority shareholder of an S 52
corporation, a person with a majority ownership interest in a 53
pass-through entity, or any officer, employee, or agent with 54
authority to make decisions legally binding upon a business. 55

(6) "Record owner" means the person or persons in whose 56
name a parcel is listed on the tax list or exempt list compiled 57
by the county auditor under section 319.28 or 5713.08 of the 58
Revised Code. 59

(7) A business "operates within" a district if the net 60
profits of the business or the income of employees of the 61
business would be subject to an income tax levied within the 62
district. 63

(8) An employee is "employed within" a district if any 64
portion of the employee's income would be subject to an income 65
tax levied within the district. 66

(9) "Mixed-use development" means a real estate project 67
that tends to mitigate traffic and sprawl by integrating some 68
combination of retail, office, residential, hotel, recreation, 69
and other functions in a pedestrian-oriented environment that 70
maximizes the use of available space by allowing members of the 71
community to live, work, and play in one architecturally 72

expressive area with multiple amenities. 73

(B) ~~Sections 715.72 to 715.81 of the Revised Code provide~~ 74
This section provides alternative procedures and requirements to 75
those set forth in sections 715.70 and 715.71 of the Revised 76
Code for creating and operating a joint economic development 77
district. ~~Sections 715.72 to 715.81 of the Revised Code apply~~ 78
This section applies to municipal corporations and townships 79
that are located in the same county or in adjacent counties. 80

(C) One or more municipal corporations, one or more 81
townships, and, under division (D) of this section, one or more 82
counties may enter into a contract pursuant to which they ~~create~~ 83
designate one or more areas as a joint economic development 84
district ~~one or more areas~~ for the purpose of facilitating 85
economic development and redevelopment, to create or preserve 86
jobs and employment opportunities, and to improve the economic 87
welfare of the people in this state and in the area of the 88
contracting parties. 89

(1) Except as otherwise provided in division (C) (2) of 90
this section, the territory of each of the contracting parties 91
shall be contiguous to the territory of at least one other 92
contracting party, or contiguous to the territory of a township, 93
municipal corporation, or county that is contiguous to another 94
contracting party, even if the intervening township or municipal 95
corporation is not a contracting party. 96

(2) Contracting parties that have entered into a contract 97
under section 715.70 or 715.71 of the Revised Code creating a 98
joint economic development district prior to November 15, 1995, 99
may enter into a contract under this section even if the 100
territory of each of the contracting parties is not contiguous 101
to the territory of at least one other contracting party, or 102

contiguous to the territory of a township or municipal 103
corporation that is contiguous to another contracting party as 104
otherwise required under division (C) (1) of this section. The 105
contract and district shall meet the requirements of ~~sections~~ 106
~~715.72 to 715.81 of the Revised Code~~ this section. 107

(D) If, on or after ~~the effective date of this amendment~~ 108
December 30, 2008, but on or before June 30, 2009, one or more 109
municipal corporations and one or more townships enter into a 110
contract or amend an existing contract under this section, one 111
or more counties in which all of those municipal corporations or 112
townships are located also may enter into the contract as a 113
contracting party or parties. 114

(E) (1) The area or areas to be included in a joint 115
economic development district shall meet all of the following 116
criteria: 117

(a) The area or areas shall be located within the 118
territory of one or more of the contracting parties and may 119
consist of all of the territory of any or all of the contracting 120
parties. 121

(b) No electors, except those residing in a mixed-use 122
development, shall reside within the area or areas on the 123
effective date of the contract creating the district. 124

(c) The area or areas shall not include any parcel of land 125
owned in fee by or leased to a municipal corporation or 126
township, unless the municipal corporation or township is a 127
contracting party or has given its consent to have the parcel of 128
land included in the district by the adoption of an ordinance or 129
resolution. 130

(2) The contracting parties may designate excluded parcels 131

within the boundaries of the joint economic development 132
district. Excluded parcels are not part of the district and 133
persons employed or residing on such parcels shall not be 134
subject to any income tax imposed within the district under 135
division (F) (5) of this section. 136

(F) (1) The contract creating a joint economic development 137
district shall provide for the amount or nature of the 138
contribution of each contracting party to the development and 139
operation of the district and may provide for the sharing of the 140
costs of the operation of and improvements for the district. The 141
contributions may be in any form to which the contracting 142
parties agree and may include, but are not limited to, the 143
provision of services, money, real or personal property, 144
facilities, or equipment. 145

(2) The contract may provide for the contracting parties 146
to share revenue from taxes levied by one or more of the 147
contracting parties if those revenues may lawfully be applied to 148
that purpose under the legislation by which those taxes are 149
levied. 150

(3) The contract shall include an economic development 151
plan for the district that consists of a schedule for the 152
provision of new, expanded, or additional services, facilities, 153
or improvements. The contract may provide for expanded or 154
additional capacity for or other enhancement of existing 155
services, facilities, or improvements. 156

(4) The contract shall enumerate the specific powers, 157
duties, and functions of the board of directors of the district 158
described under division (P) of this section and shall designate 159
procedures consistent with that division for appointing members 160
to the board. The contract shall enumerate rules to govern the 161

board in carrying out its business under this section. 162

(5) (a) The contract may grant to the board the power to 163
adopt a resolution to levy an income tax within the entire 164
district or within portions of the district designated by the 165
contract. The income tax shall be used to carry out the economic 166
development plan for the district or the portion of the district 167
in which the tax is levied and for any other lawful purpose of 168
the contracting parties pursuant to the contract, including the 169
provision of utility services by one or more of the contracting 170
parties. 171

(b) An income tax levied under this section shall be based 172
on both the income earned by persons employed or residing within 173
the district and the net profit of businesses operating within 174
the district. 175

Except as provided in this section, the income tax levied 176
within the district is subject to Chapter 718. of the Revised 177
Code, except that no vote shall be required. The rate of the 178
income tax shall be no higher than the highest rate being levied 179
by a municipal corporation that is a contracting party. 180

(c) If the board adopts a resolution to levy an income 181
tax, it shall enter into an agreement with a municipal 182
corporation that is a contracting party to administer, collect, 183
and enforce the income tax on behalf of the district. 184

(d) A resolution levying an income tax under this section 185
shall require the contracting parties to annually set aside a 186
percentage, to be stated in the resolution, of the amount of the 187
income tax collected for the long-term maintenance of the 188
district. 189

(e) An income tax levied under this section shall apply in 190

the district or the portion of the district in which the 191
contract authorizes an income tax throughout the term of the 192
contract creating the district. The tax shall not apply to any 193
persons employed or residing on a parcel excluded from the 194
district under division (E)(2) of this section. 195

(6) If there is unincorporated territory in the district, 196
the contract shall specify that restrictions on annexation 197
proceedings under division (R) of this section apply to such 198
unincorporated territory. The contract may prohibit proceedings 199
under Chapter 709. of the Revised Code proposing the annexation 200
to, merger of, or consolidation with a municipal corporation 201
that is a contracting party of any unincorporated territory 202
within a township that is a contracting party during the term of 203
the contract regardless of whether that territory is located 204
within the district. 205

(7) The contract may designate property as a community 206
entertainment district, or may be amended to designate property 207
as a community entertainment district, as prescribed in division 208
(D) of section 4301.80 of the Revised Code. A contract or 209
amendment designating a community entertainment district shall 210
include all information and documentation described in divisions 211
(B)(1) to (6) of section 4301.80 of the Revised Code. The public 212
notice required under division (I) of this section shall specify 213
that the contract designates a community entertainment district 214
and describe the location of that district. Except as provided 215
in division (F) of section 4301.80 of the Revised Code, an area 216
designated as a community entertainment district under a joint 217
economic development district contract shall not lose its 218
designation even if the contract is canceled or terminated. 219

(G) The contract creating a joint economic development 220

district shall continue in existence throughout its term and 221
shall be binding on the contracting parties and on any parties 222
succeeding to the contracting parties, whether by annexation, 223
merger, or consolidation. Except as provided in division (H) of 224
this section, the contract may be amended, renewed, or 225
terminated with the approval of the contracting parties or any 226
parties succeeding to the contracting parties. If the contract 227
is amended to add or remove an area to or from an existing 228
district, the amendment shall be adopted in the manner 229
prescribed under division (L) of this section. 230

(H) If two or more contracting parties previously have 231
entered into a separate contract for utility services, then 232
amendment, renewal, or termination of the separate contract for 233
utility services shall not constitute any part of the 234
consideration for the contract creating a joint economic 235
development district. A contract creating a joint economic 236
development district shall be rebuttably presumed to violate 237
this division if it is entered into within two years prior or 238
five years subsequent to the amendment, renewal, or termination 239
of a separate contract for utility services that two or more 240
contracting parties previously have entered into. The 241
presumption stated in this division may be rebutted by clear and 242
convincing evidence of both of the following: 243

(1) That other substantial consideration existed to 244
support the contract creating a joint economic development 245
district; 246

(2) That the contracting parties entered into the contract 247
creating a joint economic development district freely and 248
without duress or coercion related to the amendment, renewal, or 249
termination of the separate contract for utility services. 250

A contract creating a joint economic development district 251
that violates this division is void and unenforceable. 252

(I) (1) Before the legislative authority of any of the 253
contracting parties adopts an ordinance or resolution approving 254
a contract to create a district, the legislative authority of 255
each of the contracting parties shall hold a public hearing 256
concerning the contract and district. Each legislative authority 257
shall provide at least thirty days' public notice of the time 258
and place of the public hearing in a newspaper of general 259
circulation in the municipal corporation, township, or county, 260
as applicable. During the thirty-day period prior to the public 261
hearing and until the date that an ordinance or resolution is 262
adopted under division (K) of this section to approve the joint 263
economic development district contract, all of the following 264
documents shall be available for public inspection in the office 265
of the clerk of the legislative authority of a municipal 266
corporation and county that is a contracting party and in the 267
office of the fiscal officer of a township that is a contracting 268
party: 269

(a) A copy of the contract creating the district, 270
including the economic development plan for the district and the 271
schedule for the provision of new, expanded, or additional 272
services, facilities, or improvements described in division (F) 273
(3) of this section; 274

(b) A description of the area or areas to be included in 275
the district, including a map in sufficient detail to denote the 276
specific boundaries of the area or areas and to indicate any 277
zoning restrictions applicable to the area or areas, and the 278
parcel number, provided for under section 319.28 of the Revised 279
Code, of any parcel located within the boundaries of the joint 280

economic development district and excluded from the district 281
under division (E) (2) of this section; 282

(c) If the contract authorizes the board of directors of 283
the district to adopt a resolution to levy an income tax within 284
the district or within portions of the district, a schedule for 285
the collection of the tax. 286

(2) A public hearing held under this division shall allow 287
for public comment and recommendations on the contract and 288
district. The contracting parties may include in the contract 289
any of those recommendations prior to approval of the contract. 290

(J) Before any of the contracting parties approves a 291
contract under division (K) of this section, the contracting 292
parties shall circulate one or more petitions to record owners 293
of real property located within the proposed joint economic 294
development district and owners of businesses operating within 295
the proposed district. The petitions shall state that all of the 296
documents described in divisions (I) (1) (a) to (c) of this 297
section are available for public inspection in the office of the 298
clerk of the legislative authority of each municipal corporation 299
and county that is a contracting party or the office of the 300
fiscal officer of each township that is a contracting party. The 301
petitions shall clearly indicate that, by signing the petition, 302
the record owner or owner consents to the proposed joint 303
economic development district. 304

A contracting party may send written notice of the 305
petitions by certified mail with return receipt requested to the 306
last known mailing addresses of any or all of the record owners 307
of real property located within the proposed district or the 308
owners of businesses operating within the proposed district. The 309
contracting parties shall equally share the costs of complying 310

with this division. 311

(K) (1) After the public hearings required under division 312
(I) of this section have been held and the petitions described 313
in division (J) of this section have been signed by the majority 314
of the record owners of real property located within the 315
proposed joint economic development district and by a majority 316
of the owners of businesses, if any, operating within the 317
proposed district, each contracting party may adopt an ordinance 318
or resolution approving the contract to create a joint economic 319
development district. Not later than ten days after all of the 320
contracting parties have adopted ordinances or resolutions 321
approving the district contract, each contracting party shall 322
give notice of the proposed district to all of the following: 323

(a) Each record owner of real property to be included in 324
the district and in the territory of that contracting party who 325
did not sign the petitions described in division (J) of this 326
section; 327

(b) An owner of each business operating within the 328
district and in the territory of that contracting party no owner 329
of which signed the petitions described in division (J) of this 330
section. 331

(2) Such notices shall be given by certified mail and 332
shall specify that the property or business is located within an 333
area to be included in the district and that all of the 334
documents described in divisions (I) (1) (a) to (c) of this 335
section are available for public inspection in the office of the 336
clerk of the legislative authority of each municipal corporation 337
and county that is a contracting party or the office of the 338
fiscal officer of each township that is a contracting party. The 339
contracting parties shall equally share the costs of complying 340

with division (K) of this section. 341

(L) (1) The contracting parties may amend the joint 342
economic development district contract to add any area that was 343
not originally included in the district if the area satisfies 344
the criteria prescribed under division (E) of this section. The 345
contracting parties may also amend the district contract to 346
remove any area originally included in the district or exclude 347
one or more parcels located within the district pursuant to 348
division (E) (2) of this section. 349

(2) An amendment adding an area to a district, removing an 350
area from the district, or excluding one or more parcels from 351
the district may be approved only by a resolution or ordinance 352
adopted by each of the contracting parties. The contracting 353
parties shall conduct public hearings on the amendment and 354
provide notice in the manner required under division (I) of this 355
section for original contracts. The contracting parties shall 356
make available for public inspection a copy of the amendment, a 357
description of the area to be added, removed, or excluded to or 358
from the district, and a map of that area in sufficient detail 359
to denote the specific boundaries of the area and to indicate 360
any zoning restrictions applicable to the area. 361

(3) Before adopting a resolution or ordinance approving 362
the addition of an area to the district, the contracting parties 363
shall circulate petitions to the record owners of real property 364
located within the proposed addition to the district and owners 365
of businesses operating within the proposed addition to the 366
district in the same manner required under division (J) of this 367
section for original contracts. The contracting parties may 368
notify such record owners of real property and owners of 369
businesses that the petitions are available for signing in the 370

same manner provided by that division. The contracting parties 371
shall equally share the costs of complying with this division. 372

(4) The contracting parties to a joint economic 373
development district may vote to approve an amendment to the 374
district contract under this division after the public hearings 375
required under division (L) (2) of this section are completed 376
and, if the amendment adds an area or areas to the district, the 377
petitions required under division (L) (3) of this section have 378
been signed by the majority of record owners of real property 379
located within the area or areas added to the district and by a 380
majority of the owners of businesses, if any, operating within 381
the proposed addition to the district. 382

(5) Not later than ten days after all of the contracting 383
parties have adopted ordinances or resolutions approving an 384
amendment adding one or more areas to the district, each 385
contracting party shall give notice of the addition to all of 386
the following: 387

(a) Each record owner of real property to be included in 388
the addition to the district and in the territory of that 389
contracting party who did not sign the petitions described in 390
division (L) (3) of this section; 391

(b) An owner of each business operating within the 392
addition to the district and in the territory of that 393
contracting party no owner of which signed the petitions 394
described in division (L) (3) of this section. 395

The contracting parties shall equally share the costs of 396
complying with division (L) (5) of this section. 397

(M) (1) A board of township trustees that is a party to a 398
contract creating a joint economic development district may 399

choose not to submit its resolution approving the contract to 400
the electors of the township if all of the following conditions 401
are satisfied: 402

(a) The resolution has been approved by a unanimous vote 403
of the members of the board of township trustees or, if a county 404
is one of the contracting parties under division (D) of this 405
section, the resolution has been approved by a majority vote of 406
the members of the board of township trustees; 407

(b) The contracting parties have circulated petitions as 408
required under division (J) of this section and obtained the 409
signatures required under division (L) of this section; 410

(c) The territory to be included in the proposed district 411
is zoned in a manner appropriate to the function of the 412
district. 413

(2) If the board of township trustees has not invoked its 414
authority under division (M) (1) of this section, the board, at 415
least ninety days before the date of the election, shall file 416
its resolution approving the district contract with the board of 417
elections for submission to the electors of the township for 418
approval at the next succeeding general, primary, or special 419
election. 420

(3) Any contract creating a district in which a board of 421
township trustees is a party shall provide that the contract is 422
not effective before the thirty-first day after its approval, 423
including approval by the electors of the township if required 424
by this section. 425

(4) If the board of township trustees invokes its 426
authority under division (M) (1) of this section and does not 427
submit the district contract to the electors for approval, the 428

resolution of the board of township trustees approving the 429
contract is subject to a referendum of the electors of the 430
township when requested through a petition. When signed by ten 431
per cent of the number of electors in the township who voted for 432
the office of governor at the most recent general election, a 433
referendum petition asking that the resolution be submitted to 434
the electors of the township may be presented to the board of 435
township trustees. Such a petition shall be presented within 436
thirty days after the board of township trustees adopts the 437
resolution approving the district contract. The board of 438
township trustees shall, not later than four p.m. of the tenth 439
day after receipt of the petition, certify the text of the 440
resolution to the board of elections. The board of elections 441
shall submit the resolution to the electors of the township for 442
their approval or rejection at the next general, primary, or 443
special election occurring at least ninety days after 444
certification of the resolution. 445

(N) The ballot respecting a resolution to create a 446
district or a referendum of such a resolution shall be in the 447
following form: 448

"Shall the resolution of the board of township trustees 449
approving the contract with (here insert name of 450
every other contracting party) for the creation of a joint 451
economic development district be approved? 452

FOR THE RESOLUTION AND CONTRACT 453

AGAINST THE RESOLUTION AND CONTRACT 454

If a majority of the electors of the township voting on 455
the issue vote for the resolution and contract, the resolution 456
shall become effective immediately and the contract shall go 457

into effect on the thirty-first day after the election or 458
thereafter in accordance with terms of the contract. 459

(O) Upon the creation of a district under this section, 460
one of the contracting parties shall file a copy of each of the 461
following documents with the director of development services: 462

(1) All of the documents described in divisions (I) (1) (a) 463
to (c) of this section; 464

(2) Certified copies of the ordinances and resolutions of 465
the contracting parties relating to the contract and district; 466

(3) Documentation from each contracting party that the 467
public hearings required by division (I) of this section have 468
been held, the date of the hearings, and evidence that notice of 469
the hearings was published as required by that division; 470

(4) A copy of the signed petitions required under 471
divisions (J) and (K) of this section. 472

(P) A board of directors shall govern each district 473
created under this section. 474

(1) If there are businesses operating and persons employed 475
within the district, the board shall be composed of the 476
following members: 477

(a) One member representing the municipal corporations 478
that are contracting parties; 479

(b) One member representing the townships that are 480
contracting parties; 481

(c) One member representing the owners of businesses 482
operating within the district; 483

(d) One member representing the persons employed within 484

the district; 485

(e) One member representing the counties that are 486
contracting parties, or, if no contracting party is a county, 487
one member selected by the members described in divisions (P)(1) 488
(a) to (d) of this section. 489

The members of the board shall be appointed as provided in 490
the district contract. Of the members initially appointed to the 491
board, the member described in division (P)(1)(a) of this 492
section shall serve a term of one year; the member described in 493
division (P)(1)(b) of this section shall serve a term of two 494
years; the member described in division (P)(1)(c) of this 495
section shall serve a term of three years; and the members 496
described in divisions (P)(1)(d) and (e) of this section shall 497
serve terms of four years. Thereafter, terms for each member 498
shall be for four years, each term ending on the same day of the 499
same month of the year as did the term that it succeeds. A 500
member may be reappointed to the board, but no member shall 501
serve more than two consecutive terms on the board. 502

The member described in division (P)(1)(e) of this section 503
shall serve as chairperson of the board described under division 504
(P)(1) of this section. 505

(2) If there are no businesses operating or persons 506
employed within the district, the board shall be composed of the 507
following members: 508

(a) One member representing the municipal corporations 509
that are contracting parties; 510

(b) One member representing the townships that are 511
contracting parties; 512

(c) One member representing the counties that are 513

contracting parties, or if no contracting party is a county, one 514
member selected by the members described in divisions (P) (2) (a) 515
and (b) of this section. 516

The members of the board shall be appointed as provided in 517
the district contract. Of the members initially appointed to the 518
board, the member described in division (P) (2) (a) of this 519
section shall serve a term of one year; the member described in 520
division (P) (2) (b) of this section shall serve a term of two 521
years; and the member described in division (P) (2) (c) of this 522
section shall serve a term of three years. Thereafter, terms for 523
each member shall be for four years, each term ending on the 524
same day of the same month of the year as did the term that it 525
succeeds. A member may be reappointed to the board, but no 526
member shall serve more than two consecutive terms on the board. 527

The member described in division (P) (2) (c) of this section 528
shall serve as chairperson of a board described under division 529
(P) (2) of this section. 530

(3) A board described under division (P) (1) or (2) of this 531
section has no powers except as described in this section and in 532
the contract creating the district. 533

(4) Membership on the board of directors of a joint 534
economic development district created under this section is not 535
the holding of a public office or employment within the meaning 536
of any section of the Revised Code prohibiting the holding of 537
other public office or employment. Membership on such a board is 538
not a direct or indirect interest in a contract or expenditure 539
of money by a municipal corporation, township, county, or other 540
political subdivision with which a member may be affiliated. 541
Notwithstanding any provision of law to the contrary, no member 542
of a board of directors of a joint economic development district 543

shall forfeit or be disqualified from holding any public office 544
or employment by reason of membership on the board. 545

(5) The board of directors of a joint economic development 546
district is a public body for the purposes of section 121.22 of 547
the Revised Code. Chapter 2744. of the Revised Code applies to 548
such a board and the district. 549

(Q) (1) On or before the date occurring six months after 550
the effective date of the district contract, an owner of a 551
business operating within the district may, on behalf of the 552
business and its employees, file a complaint with the court of 553
common pleas of the county in which the majority of the 554
territory of the district is located requesting exemption from 555
any income tax imposed by the board of directors of the district 556
under division (F) (5) of this section if all of the following 557
apply: 558

(a) The business operated within an unincorporated area of 559
the district before the effective date of the district contract; 560

(b) No owner of the business signed a petition described 561
in division (J) of this section; 562

(c) Neither the business nor its employees has derived or 563
will derive any material benefit from the new, expanded, or 564
additional services, facilities, or improvements described in 565
the economic development plan for the district, or the material 566
benefit that has, or will be, derived is negligible in 567
comparison to the income tax revenue generated from the net 568
profits of the business and the income of employees of the 569
business. 570

The legislative authority of each contracting party shall 571
be made a party to the proceedings and the business owner filing 572

the complaint shall serve notice of the complaint by certified 573
mail to each such contracting party. The court shall not accept 574
any complaint filed more than six months after the effective 575
date of the district contract. 576

(2) Any or all of the contracting parties may submit a 577
written answer to the complaint submitted under division (Q) (1) 578
of this section to the court within thirty days after notice of 579
the complaint was served upon them. Such a contracting party 580
shall submit to the court, along with the answer, documentation 581
sufficient to prove that the contracting party sent copies of 582
the answer to the owner of the business who filed the complaint. 583

(3) The court shall review each complaint submitted by a 584
business owner under division (Q) (1) of this section and each 585
answer submitted by a contracting party under division (Q) (2) of 586
this section. The court may make a determination on the record 587
and the evidence thus submitted, or it may conduct a hearing and 588
request the presence of the business owner and the contracting 589
parties to present evidence relevant to the complaint. The court 590
shall make a determination on the complaint not sooner than 591
thirty days but not later than sixty days after the complaint is 592
filed by the business owner. The court may make a determination 593
more than sixty days after the complaint is filed if the 594
business owner and all contracting parties to the district 595
consent. 596

(4) The court shall grant the exemption requested in the 597
complaint if all of the criteria described in divisions (Q) (1) 598
(a) to (c) of this section are met. 599

(5) If all the criteria described in divisions (Q) (1) (a) 600
to (c) of this section are not met, the court shall deny the 601
complaint and the exemption. 602

(6) The court shall send notice of the determination with 603
respect to the complaint to the owner of the business and each 604
contracting party. If the court grants the exemption, the net 605
profits of the business from operations within the district and 606
the income of its employees from employment within the district 607
are exempt from any income tax imposed by the board of directors 608
of the district. If the court denies the exemption, the net 609
profits of the business and the income of its employees shall be 610
taxed according to the terms of the district contract and any 611
taxes, penalties, and interest accrued before the date of the 612
court's determination shall be paid in full. In addition, no 613
owner of the business may submit another complaint under 614
division (Q) (1) of this section for the same district contract. 615
The court's determination on a complaint filed under division 616
(Q) of this section is final. 617

(7) Chapter 2506. of the Revised Code does not apply to 618
the proceedings described in division (Q) of this section. 619

(R) (1) No proceeding pursuant to Chapter 709. of the 620
Revised Code that proposes the annexation to, merger of, or 621
consolidation with a municipal corporation of any unincorporated 622
territory within a joint economic development district may be 623
commenced at any time between the effective date of the contract 624
creating the district and the date the contract expires, 625
terminates, or is otherwise rendered unenforceable. This 626
division does not apply if each board of township trustees whose 627
territory is included within the district and whose territory is 628
proposed to be annexed, merged, or consolidated adopts a 629
resolution consenting to the commencement of the proceeding. 630
Each such board of township trustees shall file a copy of the 631
resolution with the clerk of the legislative authority of each 632
county within which a contracting party is located. 633

(2) The contract creating a joint economic development district may prohibit any annexation proceeding by a contracting municipal corporation of any unincorporated territory within the district or zone beyond the period described in division (R) (1) of this section. 634
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(3) No contracting party is divested or relieved of its rights or obligations under the contract creating a joint economic development district because of annexation, merger, or consolidation. 639
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(S) Contracting parties may enter into agreements pursuant to the contract creating a joint economic development district with respect to the substance and administration of zoning and other land use regulations, building codes, permanent public improvements, and other regulatory and proprietary matters determined to be for a public purpose. No contract, however, shall exempt the territory within the district from the procedures of land use regulation applicable pursuant to municipal corporation, township, and county regulations, including, but not limited to, zoning procedures. 643
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(T) The powers granted under this section are in addition to and not in the derogation of all other powers possessed by or granted to municipal corporations, townships, and counties pursuant to law. 653
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(1) When exercising a power or performing a function or duty under a contract entered into under this section, a municipal corporation may exercise all the powers of a municipal corporation, and may perform all the functions and duties of a municipal corporation, within the district, pursuant to and to the extent consistent with the contract. 657
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(2) When exercising a power or performing a function or 663
duty under a contract entered into under division (D) of this 664
section, a county may exercise all of the powers of a county, 665
and may perform all the functions and duties of a county, within 666
the district pursuant to and to the extent consistent with the 667
contract. 668

(3) When exercising a power or performing a function or 669
duty under a contract entered into under this section, a 670
township may exercise all the powers of a township, and may 671
perform all the functions and duties of a township, within the 672
district, pursuant to and to the extent consistent with the 673
contract. 674

(U) No political subdivision shall grant any tax exemption 675
under Chapter 1728. or section 3735.67, 5709.62, 5709.63, or 676
5709.632 of the Revised Code on any property located within the 677
district without the consent of all the contracting parties. The 678
prohibition against granting a tax exemption under this section 679
does not apply to any exemption filed, pending, or approved 680
before the effective date of the contract entered into under 681
this section. 682

Sec. 715.79. (A) No annexation proceeding pursuant to 683
Chapter 709. of the Revised Code that proposes the annexation 684
to, merger of, or consolidation with a municipal corporation of 685
any unincorporated territory within a ~~joint economic development~~ 686
~~district, or~~ joint economic development zone that is subject to 687
division (I)(2) of section 715.691 of the Revised Code, shall be 688
commenced for a period of three years after the contract 689
creating the ~~district or~~ zone is approved by the majority of the 690
electors under section ~~715.77 or~~ 715.691 of the Revised Code. 691
This division does not apply if the contract is terminated 692

during this period or if each board of township trustees whose territory is included within the ~~district or~~ zone and whose territory is proposed to be annexed, merged, or consolidated adopts a resolution consenting to the commencement of the proceeding. Each such board of township trustees shall file a copy of the resolution with the clerk of the legislative authority of each county within which a contracting party is located.

(B) The contract creating a ~~joint economic development district, or~~ joint economic development zone that is subject to division (I) (2) of section 715.691 of the Revised Code~~7~~ may prohibit any annexation proceeding by a contracting municipal corporation of any unincorporated territory within ~~the district or~~ zone beyond the three-year period described in division (A) of this section.

(C) No contracting party is divested or relieved of its rights or obligations under the contract creating a ~~joint economic development district, or~~ joint economic development zone that is subject to division (I) (2) of section 715.691 of the Revised Code~~7~~ because of annexation, merger, or consolidation.

Sec. 715.80. Contracting parties may enter into binding agreements pursuant to the contract creating a ~~joint economic development district, or~~ joint economic development zone that is subject to division (I) (2) of section 715.691 of the Revised Code~~7~~ with respect to the substance and administration of zoning and other land-use regulations, building codes, permanent public improvements, and other regulatory and proprietary matters determined to be for a public purpose. No contract, however, shall exempt the territory within the ~~district or~~ zone from the

procedures of land use regulation applicable pursuant to 723
municipal corporation, township, and county regulations, 724
including, but not limited to, zoning procedures. 725

~~Sec. 715.81. The powers granted under sections 715.72 to 726
715.81 of the Revised Code are in addition to and not in the 727
derogation of all other powers granted to municipal 728
corporations, townships, and counties pursuant to law. When 729
exercising a power or performing a function or duty under a 730
contract entered into under section 715.72 of the Revised Code, 731
a municipal corporation may exercise all of the powers of a 732
municipal corporation, and may perform all the functions and 733
duties of a municipal corporation, within the joint economic 734
development district, pursuant to and to the extent consistent 735
with the contract. When exercising a power or performing a 736
function or duty under a contract entered into under either 737
section 715.691 or 715.72 of the Revised Code, a township may 738
exercise all of the powers of a township, and may perform all 739
the functions and duties of a township, within the joint 740
economic development district, or joint economic development 741
zone that is subject to division (I) (2) of section 715.691 of 742
the Revised Code, pursuant to and to the extent consistent with 743
the contract. 744~~

~~When exercising a power or performing a function or duty 745
under a contract entered into under division (D) of section 746
715.72 of the Revised Code, a county may exercise all of the 747
powers of a county, and may perform all the functions and duties 748
of a county, within the joint economic development district, 749
pursuant to and to the extent consistent with the contract. 750~~

No political subdivision shall grant any tax exemption 751
under Chapter 1728. or section 3735.67, 5709.62, 5709.63, or 752

5709.632 of the Revised Code on any property located within the 753
~~district, or zone~~ that is subject to division (I) (2) of section 754
715.691 of the Revised Code, without the consent of the 755
contracting parties. The prohibition against granting a tax 756
exemption under this section does not apply to any exemption 757
filed, pending, or approved before the effective date of the 758
contract entered into under ~~either~~ section 715.691 ~~or 715.72~~ of 759
the Revised Code. 760

Sec. 715.82. A municipal corporation may issue bonds and 761
exercise all other powers under Chapter 165. of the Revised Code 762
for one or more projects or parts thereof located in a joint 763
economic development district created pursuant to a contract 764
entered into under section 715.70, 715.71, or 715.72 ~~to 715.82~~ 765
of the Revised Code to which the municipal corporation is a 766
party, or in a township adjacent to that municipal corporation, 767
if the legislative authority of the municipal corporation 768
determines that the project is in furtherance of the public 769
purposes of the state to create or preserve jobs and employment 770
opportunities and to improve the economic welfare of the people 771
of the municipal corporation and the township. As used in this 772
section, "project" has the same meaning as in division (H) of 773
section 165.01 of the Revised Code, except that a project 774
described in this section is not required to be located within 775
the territorial boundaries of the municipal corporation. 776

Sec. 715.83. If any unincorporated area or township is a 777
party to a joint economic development district created pursuant 778
to a contract entered into under section 715.70, 715.71, or 779
715.72 ~~to 715.82~~ of the Revised Code that also includes as a 780
party a municipal corporation that is an eligible area as 781
defined in division (A) (2) of section 122.16 or division (A) (9) 782
of section 5733.33 of the Revised Code, then any project located 783

anywhere within the unincorporated area or township contained 784
within the joint economic development district is eligible for 785
any state assistance under Chapter 122. or section 5733.33 of 786
the Revised Code for which designation as an eligible area is a 787
criterion. 788

Sec. 718.01. Any term used in this chapter that is not 789
otherwise defined in this chapter has the same meaning as when 790
used in a comparable context in laws of the United States 791
relating to federal income taxation or in Title LVII of the 792
Revised Code, unless a different meaning is clearly required. If 793
a term used in this chapter that is not otherwise defined in 794
this chapter is used in a comparable context in both the laws of 795
the United States relating to federal income tax and in Title 796
LVII of the Revised Code and the use is not consistent, then the 797
use of the term in the laws of the United States relating to 798
federal income tax shall control over the use of the term in 799
Title LVII of the Revised Code. 800

As used in this chapter: 801

(A) (1) "Municipal taxable income" means the following: 802

(a) For a person other than an individual, income reduced 803
by exempt income to the extent otherwise included in income and 804
then, as applicable, apportioned or sitused to the municipal 805
corporation under section 718.02 of the Revised Code, and 806
further reduced by any pre-2017 net operating loss carryforward 807
available to the person for the municipal corporation. 808

(b) (i) For an individual who is a resident of a municipal 809
corporation other than a qualified municipal corporation, income 810
reduced by exempt income to the extent otherwise included in 811
income, then reduced as provided in division (A) (2) of this 812

section, and further reduced by any pre-2017 net operating loss 813
carryforward available to the individual for the municipal 814
corporation. 815

(ii) For an individual who is a resident of a qualified 816
municipal corporation, Ohio adjusted gross income reduced by 817
income exempted, and increased by deductions excluded, by the 818
qualified municipal corporation from the qualified municipal 819
corporation's tax. If a qualified municipal corporation, on or 820
before December 31, 2013, exempts income earned by individuals 821
who are not residents of the qualified municipal corporation and 822
net profit of persons that are not wholly located within the 823
qualified municipal corporation, such individual or person shall 824
have no municipal taxable income for the purposes of the tax 825
levied by the qualified municipal corporation and may be 826
exempted by the qualified municipal corporation from the 827
requirements of section 718.03 of the Revised Code. 828

(c) For an individual who is a nonresident of a municipal 829
corporation, income reduced by exempt income to the extent 830
otherwise included in income and then, as applicable, 831
apportioned or situated to the municipal corporation under 832
section 718.02 of the Revised Code, then reduced as provided in 833
division (A)(2) of this section, and further reduced by any pre- 834
2017 net operating loss carryforward available to the individual 835
for the municipal corporation. 836

(2) In computing the municipal taxable income of a 837
taxpayer who is an individual, the taxpayer may subtract, as 838
provided in division (A)(1)(b)(i) or (c) of this section, the 839
amount of the individual's employee business expenses reported 840
on the individual's form 2106 that the individual deducted for 841
federal income tax purposes for the taxable year, subject to the 842

limitation imposed by section 67 of the Internal Revenue Code. 843
For the municipal corporation in which the taxpayer is a 844
resident, the taxpayer may deduct all such expenses allowed for 845
federal income tax purposes. For a municipal corporation in 846
which the taxpayer is not a resident, the taxpayer may deduct 847
such expenses only to the extent the expenses are related to the 848
taxpayer's performance of personal services in that nonresident 849
municipal corporation. 850

(B) "Income" means the following: 851

(1) (a) For residents, all income, salaries, qualifying 852
wages, commissions, and other compensation from whatever source 853
earned or received by the resident, including the resident's 854
distributive share of the net profit of pass-through entities 855
owned directly or indirectly by the resident and any net profit 856
of the resident, except as provided in division (D) (4) of this 857
section. 858

(b) For the purposes of division (B) (1) (a) of this 859
section: 860

(i) Any net operating loss of the resident incurred in the 861
taxable year and the resident's distributive share of any net 862
operating loss generated in the same taxable year and 863
attributable to the resident's ownership interest in a pass- 864
through entity shall be allowed as a deduction, for that taxable 865
year and the following five taxable years, against any other net 866
profit of the resident or the resident's distributive share of 867
any net profit attributable to the resident's ownership interest 868
in a pass-through entity until fully utilized, subject to 869
division (B) (1) (d) of this section; 870

(ii) The resident's distributive share of the net profit 871

of each pass-through entity owned directly or indirectly by the 872
resident shall be calculated without regard to any net operating 873
loss that is carried forward by that entity from a prior taxable 874
year and applied to reduce the entity's net profit for the 875
current taxable year. 876

(c) Division (B) (1) (b) of this section does not apply with 877
respect to any net profit or net operating loss attributable to 878
an ownership interest in an S corporation unless shareholders' 879
distributive shares of net profits from S corporations are 880
subject to tax in the municipal corporation as provided in 881
division (C) (14) (b) or (c) of this section. 882

(d) Any amount of a net operating loss used to reduce a 883
taxpayer's net profit for a taxable year shall reduce the amount 884
of net operating loss that may be carried forward to any 885
subsequent year for use by that taxpayer. In no event shall the 886
cumulative deductions for all taxable years with respect to a 887
taxpayer's net operating loss exceed the original amount of that 888
net operating loss available to that taxpayer. 889

(2) In the case of nonresidents, all income, salaries, 890
qualifying wages, commissions, and other compensation from 891
whatever source earned or received by the nonresident for work 892
done, services performed or rendered, or activities conducted in 893
the municipal corporation, including any net profit of the 894
nonresident, but excluding the nonresident's distributive share 895
of the net profit or loss of only pass-through entities owned 896
directly or indirectly by the nonresident. 897

(3) For taxpayers that are not individuals, net profit of 898
the taxpayer; 899

(4) Lottery, sweepstakes, gambling and sports winnings, 900

winnings from games of chance, and prizes and awards. If the 901
taxpayer is a professional gambler for federal income tax 902
purposes, the taxpayer may deduct related wagering losses and 903
expenses to the extent authorized under the Internal Revenue 904
Code and claimed against such winnings. 905

(C) "Exempt income" means all of the following: 906

(1) The military pay or allowances of members of the armed 907
forces of the United States or members of their reserve 908
components, including the national guard of any state; 909

(2) (a) Except as provided in division (C) (2) (b) of this 910
section, intangible income; 911

(b) A municipal corporation that taxed any type of 912
intangible income on March 29, 1988, pursuant to Section 3 of 913
S.B. 238 of the 116th general assembly, may continue to tax that 914
type of income if a majority of the electors of the municipal 915
corporation voting on the question of whether to permit the 916
taxation of that type of intangible income after 1988 voted in 917
favor thereof at an election held on November 8, 1988. 918

(3) Social security benefits, railroad retirement 919
benefits, unemployment compensation, pensions, retirement 920
benefit payments, payments from annuities, and similar payments 921
made to an employee or to the beneficiary of an employee under a 922
retirement program or plan, disability payments received from 923
private industry or local, state, or federal governments or from 924
charitable, religious or educational organizations, and the 925
proceeds of sickness, accident, or liability insurance policies. 926
As used in division (C) (3) of this section, "unemployment 927
compensation" does not include supplemental unemployment 928
compensation described in section 3402(o) (2) of the Internal 929

Revenue Code.	930
(4) The income of religious, fraternal, charitable, scientific, literary, or educational institutions to the extent such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property, or tax-exempt activities.	931 932 933 934
(5) Compensation paid under section 3501.28 or 3501.36 of the Revised Code to a person serving as a precinct election official to the extent that such compensation does not exceed one thousand dollars for the taxable year. Such compensation in excess of one thousand dollars for the taxable year may be subject to taxation by a municipal corporation. A municipal corporation shall not require the payer of such compensation to withhold any tax from that compensation.	935 936 937 938 939 940 941 942
(6) Dues, contributions, and similar payments received by charitable, religious, educational, or literary organizations or labor unions, lodges, and similar organizations;	943 944 945
(7) Alimony and child support received;	946
(8) Compensation for personal injuries or for damages to property from insurance proceeds or otherwise, excluding compensation paid for lost salaries or wages or compensation from punitive damages;	947 948 949 950
(9) Income of a public utility when that public utility is subject to the tax levied under section 5727.24 or 5727.30 of the Revised Code. Division (C) (9) of this section does not apply for purposes of Chapter 5745. of the Revised Code.	951 952 953 954
(10) Gains from involuntary conversions, interest on federal obligations, items of income subject to a tax levied by the state and that a municipal corporation is specifically prohibited by law from taxing, and income of a decedent's estate	955 956 957 958

during the period of administration except such income from the 959
operation of a trade or business; 960

(11) Compensation or allowances excluded from federal 961
gross income under section 107 of the Internal Revenue Code; 962

(12) Employee compensation that is not qualifying wages as 963
defined in division (R) of this section; 964

(13) Compensation paid to a person employed within the 965
boundaries of a United States air force base under the 966
jurisdiction of the United States air force that is used for the 967
housing of members of the United States air force and is a 968
center for air force operations, unless the person is subject to 969
taxation because of residence or domicile. If the compensation 970
is subject to taxation because of residence or domicile, tax on 971
such income shall be payable only to the municipal corporation 972
of residence or domicile. 973

(14) (a) Except as provided in division (C) (14) (b) or (c) 974
of this section, an S corporation shareholder's distributive 975
share of net profits of the S corporation, other than any part 976
of the distributive share of net profits that represents wages 977
as defined in section 3121(a) of the Internal Revenue Code or 978
net earnings from self-employment as defined in section 1402(a) 979
of the Internal Revenue Code. 980

(b) If, pursuant to division (H) of former section 718.01 981
of the Revised Code as it existed before March 11, 2004, a 982
majority of the electors of a municipal corporation voted in 983
favor of the question at an election held on November 4, 2003, 984
the municipal corporation may continue after 2002 to tax an S 985
corporation shareholder's distributive share of net profits of 986
an S corporation. 987

(c) If, on December 6, 2002, a municipal corporation was 988
imposing, assessing, and collecting a tax on an S corporation 989
shareholder's distributive share of net profits of the S 990
corporation to the extent the distributive share would be 991
allocated or apportioned to this state under divisions (B) (1) 992
and (2) of section 5733.05 of the Revised Code if the S 993
corporation were a corporation subject to taxes imposed under 994
Chapter 5733. of the Revised Code, the municipal corporation may 995
continue to impose the tax on such distributive shares to the 996
extent such shares would be so allocated or apportioned to this 997
state only until December 31, 2004, unless a majority of the 998
electors of the municipal corporation voting on the question of 999
continuing to tax such shares after that date voted in favor of 1000
that question at an election held November 2, 2004. If a 1001
majority of those electors voted in favor of the question, the 1002
municipal corporation may continue after December 31, 2004, to 1003
impose the tax on such distributive shares only to the extent 1004
such shares would be so allocated or apportioned to this state. 1005

(d) A municipal corporation shall be deemed to have 1006
elected to tax S corporation shareholders' distributive shares 1007
of net profits of the S corporation in the hands of the 1008
shareholders if a majority of the electors of a municipal 1009
corporation voted in favor of a question at an election held 1010
under division (C) (14) (b) or (c) of this section. The municipal 1011
corporation shall specify by resolution or ordinance that the 1012
tax applies to the distributive share of a shareholder of an S 1013
corporation in the hands of the shareholder of the S 1014
corporation. 1015

(15) To the extent authorized under a resolution or 1016
ordinance adopted by a municipal corporation before January 1, 1017
2016, all or a portion of the income of individuals or a class 1018

of individuals under eighteen years of age. 1019

(16) (a) Except as provided in divisions (C) (16) (b), (c), 1020
and (d) of this section, qualifying wages described in division 1021
(B) (1) or (E) of section 718.011 of the Revised Code to the 1022
extent the qualifying wages are not subject to withholding for 1023
the municipal corporation under either of those divisions. 1024

(b) The exemption provided in division (C) (16) (a) of this 1025
section does not apply with respect to the municipal corporation 1026
in which the employee resided at the time the employee earned 1027
the qualifying wages. 1028

(c) The exemption provided in division (C) (16) (a) of this 1029
section does not apply to qualifying wages that an employer 1030
elects to withhold under division (D) (2) of section 718.011 of 1031
the Revised Code. 1032

(d) The exemption provided in division (C) (16) (a) of this 1033
section does not apply to qualifying wages if both of the 1034
following conditions apply: 1035

(i) For qualifying wages described in division (B) (1) of 1036
section 718.011 of the Revised Code, the employee's employer 1037
withholds and remits tax on the qualifying wages to the 1038
municipal corporation in which the employee's principal place of 1039
work is situated, or, for qualifying wages described in division 1040
(E) of section 718.011 of the Revised Code, the employee's 1041
employer withholds and remits tax on the qualifying wages to the 1042
municipal corporation in which the employer's fixed location is 1043
located; 1044

(ii) The employee receives a refund of the tax described 1045
in division (C) (16) (d) (i) of this section on the basis of the 1046
employee not performing services in that municipal corporation. 1047

(17) (a) Except as provided in division (C) (17) (b) or (c) 1048
of this section, compensation that is not qualifying wages paid 1049
to a nonresident individual for personal services performed in 1050
the municipal corporation on not more than twenty days in a 1051
taxable year. 1052

(b) The exemption provided in division (C) (17) (a) of this 1053
section does not apply under either of the following 1054
circumstances: 1055

(i) The individual's base of operation is located in the 1056
municipal corporation. 1057

(ii) The individual is a professional athlete, 1058
professional entertainer, or public figure, and the compensation 1059
is paid for the performance of services in the individual's 1060
capacity as a professional athlete, professional entertainer, or 1061
public figure. For purposes of division (C) (17) (b) (ii) of this 1062
section, "professional athlete," "professional entertainer," and 1063
"public figure" have the same meanings as in section 718.011 of 1064
the Revised Code. 1065

(c) Compensation to which division (C) (17) of this section 1066
applies shall be treated as earned or received at the 1067
individual's base of operation. If the individual does not have 1068
a base of operation, the compensation shall be treated as earned 1069
or received where the individual is domiciled. 1070

(d) For purposes of division (C) (17) of this section, 1071
"base of operation" means the location where an individual owns 1072
or rents an office, storefront, or similar facility to which the 1073
individual regularly reports and at which the individual 1074
regularly performs personal services for compensation. 1075

(18) Compensation paid to a person for personal services 1076

performed for a political subdivision on property owned by the 1077
political subdivision, regardless of whether the compensation is 1078
received by an employee of the subdivision or another person 1079
performing services for the subdivision under a contract with 1080
the subdivision, if the property on which services are performed 1081
is annexed to a municipal corporation pursuant to section 1082
709.023 of the Revised Code on or after March 27, 2013, unless 1083
the person is subject to such taxation because of residence. If 1084
the compensation is subject to taxation because of residence, 1085
municipal income tax shall be payable only to the municipal 1086
corporation of residence. 1087

(19) In the case of a tax administered, collected, and 1088
enforced by a municipal corporation pursuant to an agreement 1089
with the board of directors of a joint economic development 1090
district under section 715.72 of the Revised Code, the net 1091
profits of a business, and the income of the employees of that 1092
business, exempted from the tax under division (Q) of that 1093
section. 1094

(20) Income the taxation of which is prohibited by the 1095
constitution or laws of the United States. 1096

Any item of income that is exempt income of a pass-through 1097
entity under division (C) of this section is exempt income of 1098
each owner of the pass-through entity to the extent of that 1099
owner's distributive or proportionate share of that item of the 1100
entity's income. 1101

(D) (1) "Net profit" for a person other than an individual 1102
means adjusted federal taxable income. 1103

(2) "Net profit" for a person who is an individual means 1104
the individual's net profit required to be reported on schedule 1105

C, schedule E, or schedule F reduced by any net operating loss 1106
carried forward. For the purposes of division (D)(2) of this 1107
section, the net operating loss carried forward shall be 1108
calculated and deducted in the same manner as provided in 1109
division (E)(8) of this section. 1110

(3) For the purposes of this chapter, and notwithstanding 1111
division (D)(1) of this section, net profit of a disregarded 1112
entity shall not be taxable as against that disregarded entity, 1113
but shall instead be included in the net profit of the owner of 1114
the disregarded entity. 1115

(4) For the purposes of this chapter, and notwithstanding 1116
any other provision of this chapter, the net profit of a 1117
publicly traded partnership that makes the election described in 1118
division (D)(4) of this section shall be taxed as if the 1119
partnership were a C corporation, and shall not be treated as 1120
the net profit or income of any owner of the partnership. 1121

A publicly traded partnership that is treated as a 1122
partnership for federal income tax purposes and that is subject 1123
to tax on its net profits in one or more municipal corporations 1124
in this state may elect to be treated as a C corporation for 1125
municipal income tax purposes. The publicly traded partnership 1126
shall make the election in every municipal corporation in which 1127
the partnership is subject to taxation on its net profits. The 1128
election shall be made on the annual tax return filed in each 1129
such municipal corporation. The publicly traded partnership 1130
shall not be required to file the election with any municipal 1131
corporation in which the partnership is not subject to taxation 1132
on its net profits, but division (D)(4) of this section applies 1133
to all municipal corporations in which an individual owner of 1134
the partnership resides. 1135

(E) "Adjusted federal taxable income," for a person 1136
required to file as a C corporation, or for a person that has 1137
elected to be taxed as a C corporation under division (D) (4) of 1138
this section, means a C corporation's federal taxable income 1139
before net operating losses and special deductions as determined 1140
under the Internal Revenue Code, adjusted as follows: 1141

(1) Deduct intangible income to the extent included in 1142
federal taxable income. The deduction shall be allowed 1143
regardless of whether the intangible income relates to assets 1144
used in a trade or business or assets held for the production of 1145
income. 1146

(2) Add an amount equal to five per cent of intangible 1147
income deducted under division (E) (1) of this section, but 1148
excluding that portion of intangible income directly related to 1149
the sale, exchange, or other disposition of property described 1150
in section 1221 of the Internal Revenue Code; 1151

(3) Add any losses allowed as a deduction in the 1152
computation of federal taxable income if the losses directly 1153
relate to the sale, exchange, or other disposition of an asset 1154
described in section 1221 or 1231 of the Internal Revenue Code; 1155

(4) (a) Except as provided in division (E) (4) (b) of this 1156
section, deduct income and gain included in federal taxable 1157
income to the extent the income and gain directly relate to the 1158
sale, exchange, or other disposition of an asset described in 1159
section 1221 or 1231 of the Internal Revenue Code; 1160

(b) Division (E) (4) (a) of this section does not apply to 1161
the extent the income or gain is income or gain described in 1162
section 1245 or 1250 of the Internal Revenue Code. 1163

(5) Add taxes on or measured by net income allowed as a 1164

deduction in the computation of federal taxable income; 1165

(6) In the case of a real estate investment trust or 1166
regulated investment company, add all amounts with respect to 1167
dividends to, distributions to, or amounts set aside for or 1168
credited to the benefit of investors and allowed as a deduction 1169
in the computation of federal taxable income; 1170

(7) Deduct, to the extent not otherwise deducted or 1171
excluded in computing federal taxable income, any income derived 1172
from a transfer agreement or from the enterprise transferred 1173
under that agreement under section 4313.02 of the Revised Code; 1174

(8) (a) Except as limited by divisions (E) (8) (b), (c), and 1175
(d) of this section, deduct any net operating loss incurred by 1176
the person in a taxable year beginning on or after January 1, 1177
2017. 1178

The amount of such net operating loss shall be deducted 1179
from net profit that is reduced by exempt income to the extent 1180
necessary to reduce municipal taxable income to zero, with any 1181
remaining unused portion of the net operating loss carried 1182
forward to not more than five consecutive taxable years 1183
following the taxable year in which the loss was incurred, but 1184
in no case for more years than necessary for the deduction to be 1185
fully utilized. 1186

(b) No person shall use the deduction allowed by division 1187
(E) (8) of this section to offset qualifying wages. 1188

(c) (i) For taxable years beginning in 2018, 2019, 2020, 1189
2021, or 2022, a person may not deduct, for purposes of an 1190
income tax levied by a municipal corporation that levies an 1191
income tax before January 1, 2016, more than fifty per cent of 1192
the amount of the deduction otherwise allowed by division (E) (8) 1193

(a) of this section. 1194

(ii) For taxable years beginning in 2023 or thereafter, a 1195
person may deduct, for purposes of an income tax levied by a 1196
municipal corporation that levies an income tax before January 1, 2016, the full amount allowed by division (E) (8) (a) of this 1197
section. 1198
1199

(d) Any pre-2017 net operating loss carryforward deduction 1200
that is available must be utilized before a taxpayer may deduct 1201
any amount pursuant to division (E) (8) of this section. 1202

(e) Nothing in division (E) (8) (c) (i) of this section 1203
precludes a person from carrying forward, for use with respect 1204
to any return filed for a taxable year beginning after 2018, any 1205
amount of net operating loss that was not fully utilized by 1206
operation of division (E) (8) (c) (i) of this section. To the 1207
extent that an amount of net operating loss that was not fully 1208
utilized in one or more taxable years by operation of division 1209
(E) (8) (c) (i) of this section is carried forward for use with 1210
respect to a return filed for a taxable year beginning in 2019, 1211
2020, 2021, or 2022, the limitation described in division (E) (8) 1212
(c) (i) of this section shall apply to the amount carried 1213
forward. 1214

(9) Deduct any net profit of a pass-through entity owned 1215
directly or indirectly by the taxpayer and included in the 1216
taxpayer's federal taxable income unless an affiliated group of 1217
corporations includes that net profit in the group's federal 1218
taxable income in accordance with division (E) (3) (b) of section 1219
718.06 of the Revised Code. 1220

(10) Add any loss incurred by a pass-through entity owned 1221
directly or indirectly by the taxpayer and included in the 1222

taxpayer's federal taxable income unless an affiliated group of 1223
corporations includes that loss in the group's federal taxable 1224
income in accordance with division (E) (3) (b) of section 718.06 1225
of the Revised Code. 1226

If the taxpayer is not a C corporation, is not a 1227
disregarded entity that has made the election described in 1228
division (L) (2) of this section, is not a publicly traded 1229
partnership that has made the election described in division (D) 1230
(4) of this section, and is not an individual, the taxpayer 1231
shall compute adjusted federal taxable income under this section 1232
as if the taxpayer were a C corporation, except guaranteed 1233
payments and other similar amounts paid or accrued to a partner, 1234
former partner, shareholder, former shareholder, member, or 1235
former member shall not be allowed as a deductible expense 1236
unless such payments are in consideration for the use of capital 1237
and treated as payment of interest under section 469 of the 1238
Internal Revenue Code or United States treasury regulations. 1239
Amounts paid or accrued to a qualified self-employed retirement 1240
plan with respect to a partner, former partner, shareholder, 1241
former shareholder, member, or former member of the taxpayer, 1242
amounts paid or accrued to or for health insurance for a 1243
partner, former partner, shareholder, former shareholder, 1244
member, or former member, and amounts paid or accrued to or for 1245
life insurance for a partner, former partner, shareholder, 1246
former shareholder, member, or former member shall not be 1247
allowed as a deduction. 1248

Nothing in division (E) of this section shall be construed 1249
as allowing the taxpayer to add or deduct any amount more than 1250
once or shall be construed as allowing any taxpayer to deduct 1251
any amount paid to or accrued for purposes of federal self- 1252
employment tax. 1253

(F) "Schedule C" means internal revenue service schedule C	1254
(form 1040) filed by a taxpayer pursuant to the Internal Revenue	1255
Code.	1256
(G) "Schedule E" means internal revenue service schedule E	1257
(form 1040) filed by a taxpayer pursuant to the Internal Revenue	1258
Code.	1259
(H) "Schedule F" means internal revenue service schedule F	1260
(form 1040) filed by a taxpayer pursuant to the Internal Revenue	1261
Code.	1262
(I) "Internal Revenue Code" has the same meaning as in	1263
section 5747.01 of the Revised Code.	1264
(J) "Resident" means an individual who is domiciled in the	1265
municipal corporation as determined under section 718.012 of the	1266
Revised Code.	1267
(K) "Nonresident" means an individual that is not a	1268
resident.	1269
(L) (1) "Taxpayer" means a person subject to a tax levied	1270
on income by a municipal corporation in accordance with this	1271
chapter. "Taxpayer" does not include a grantor trust or, except	1272
as provided in division (L) (2) (a) of this section, a disregarded	1273
entity.	1274
(2) (a) A single member limited liability company that is a	1275
disregarded entity for federal tax purposes may be a separate	1276
taxpayer from its single member in all Ohio municipal	1277
corporations in which it either filed as a separate taxpayer or	1278
did not file for its taxable year ending in 2003, if all of the	1279
following conditions are met:	1280
(i) The limited liability company's single member is also	1281

a limited liability company. 1282

(ii) The limited liability company and its single member 1283
were formed and doing business in one or more Ohio municipal 1284
corporations for at least five years before January 1, 2004. 1285

(iii) Not later than December 31, 2004, the limited 1286
liability company and its single member each made an election to 1287
be treated as a separate taxpayer under division (L) of this 1288
section as this section existed on December 31, 2004. 1289

(iv) The limited liability company was not formed for the 1290
purpose of evading or reducing Ohio municipal corporation income 1291
tax liability of the limited liability company or its single 1292
member. 1293

(v) The Ohio municipal corporation that was the primary 1294
place of business of the sole member of the limited liability 1295
company consented to the election. 1296

(b) For purposes of division (L) (2) (a) (v) of this section, 1297
a municipal corporation was the primary place of business of a 1298
limited liability company if, for the limited liability 1299
company's taxable year ending in 2003, its income tax liability 1300
was greater in that municipal corporation than in any other 1301
municipal corporation in Ohio, and that tax liability to that 1302
municipal corporation for its taxable year ending in 2003 was at 1303
least four hundred thousand dollars. 1304

(M) "Person" includes individuals, firms, companies, joint 1305
stock companies, business trusts, estates, trusts, partnerships, 1306
limited liability partnerships, limited liability companies, 1307
associations, C corporations, S corporations, governmental 1308
entities, and any other entity. 1309

(N) "Pass-through entity" means a partnership not treated 1310

as an association taxable as a C corporation for federal income 1311
tax purposes, a limited liability company not treated as an 1312
association taxable as a C corporation for federal income tax 1313
purposes, an S corporation, or any other class of entity from 1314
which the income or profits of the entity are given pass-through 1315
treatment for federal income tax purposes. "Pass-through entity" 1316
does not include a trust, estate, grantor of a grantor trust, or 1317
disregarded entity. 1318

(O) "S corporation" means a person that has made an 1319
election under subchapter S of Chapter 1 of Subtitle A of the 1320
Internal Revenue Code for its taxable year. 1321

(P) "Single member limited liability company" means a 1322
limited liability company that has one direct member. 1323

(Q) "Limited liability company" means a limited liability 1324
company formed under Chapter 1705. of the Revised Code or under 1325
the laws of another state. 1326

(R) "Qualifying wages" means wages, as defined in section 1327
3121(a) of the Internal Revenue Code, without regard to any wage 1328
limitations, adjusted as follows: 1329

(1) Deduct the following amounts: 1330

(a) Any amount included in wages if the amount constitutes 1331
compensation attributable to a plan or program described in 1332
section 125 of the Internal Revenue Code. 1333

(b) Any amount included in wages if the amount constitutes 1334
payment on account of a disability related to sickness or an 1335
accident paid by a party unrelated to the employer, agent of an 1336
employer, or other payer. 1337

(c) Any amount attributable to a nonqualified deferred 1338

compensation plan or program described in section 3121(v) (2) (C) 1339
of the Internal Revenue Code if the compensation is included in 1340
wages and the municipal corporation has, by resolution or 1341
ordinance adopted before January 1, 2016, exempted the amount 1342
from withholding and tax. 1343

(d) Any amount included in wages if the amount arises from 1344
the sale, exchange, or other disposition of a stock option, the 1345
exercise of a stock option, or the sale, exchange, or other 1346
disposition of stock purchased under a stock option and the 1347
municipal corporation has, by resolution or ordinance adopted 1348
before January 1, 2016, exempted the amount from withholding and 1349
tax. 1350

(e) Any amount included in wages that is exempt income. 1351

(2) Add the following amounts: 1352

(a) Any amount not included in wages solely because the 1353
employee was employed by the employer before April 1, 1986. 1354

(b) Any amount not included in wages because the amount 1355
arises from the sale, exchange, or other disposition of a stock 1356
option, the exercise of a stock option, or the sale, exchange, 1357
or other disposition of stock purchased under a stock option and 1358
the municipal corporation has not, by resolution or ordinance, 1359
exempted the amount from withholding and tax adopted before 1360
January 1, 2016. Division (R) (2) (b) of this section applies only 1361
to those amounts constituting ordinary income. 1362

(c) Any amount not included in wages if the amount is an 1363
amount described in section 401(k), 403(b), or 457 of the 1364
Internal Revenue Code. Division (R) (2) (c) of this section 1365
applies only to employee contributions and employee deferrals. 1366

(d) Any amount that is supplemental unemployment 1367

compensation benefits described in section 3402(o) (2) of the 1368
Internal Revenue Code and not included in wages. 1369

(e) Any amount received that is treated as self-employment 1370
income for federal tax purposes in accordance with section 1371
1402(a) (8) of the Internal Revenue Code. 1372

(f) Any amount not included in wages if all of the 1373
following apply: 1374

(i) For the taxable year the amount is employee 1375
compensation that is earned outside of the United States and 1376
that either is included in the taxpayer's gross income for 1377
federal income tax purposes or would have been included in the 1378
taxpayer's gross income for such purposes if the taxpayer did 1379
not elect to exclude the income under section 911 of the 1380
Internal Revenue Code; 1381

(ii) For no preceding taxable year did the amount 1382
constitute wages as defined in section 3121(a) of the Internal 1383
Revenue Code; 1384

(iii) For no succeeding taxable year will the amount 1385
constitute wages; and 1386

(iv) For any taxable year the amount has not otherwise 1387
been added to wages pursuant to either division (R) (2) of this 1388
section or section 718.03 of the Revised Code, as that section 1389
existed before the effective date of H.B. 5 of the 130th general 1390
assembly, March 23, 2015. 1391

(S) "Intangible income" means income of any of the 1392
following types: income yield, interest, capital gains, 1393
dividends, or other income arising from the ownership, sale, 1394
exchange, or other disposition of intangible property including, 1395
but not limited to, investments, deposits, money, or credits as 1396

those terms are defined in Chapter 5701. of the Revised Code, 1397
and patents, copyrights, trademarks, tradenames, investments in 1398
real estate investment trusts, investments in regulated 1399
investment companies, and appreciation on deferred compensation. 1400
"Intangible income" does not include prizes, awards, or other 1401
income associated with any lottery winnings, gambling winnings, 1402
or other similar games of chance. 1403

(T) "Taxable year" means the corresponding tax reporting 1404
period as prescribed for the taxpayer under the Internal Revenue 1405
Code. 1406

(U) "Tax administrator" means the individual charged with 1407
direct responsibility for administration of an income tax levied 1408
by a municipal corporation in accordance with this chapter, and 1409
also includes the following: 1410

(1) A municipal corporation acting as the agent of another 1411
municipal corporation; 1412

(2) A person retained by a municipal corporation to 1413
administer a tax levied by the municipal corporation, but only 1414
if the municipal corporation does not compensate the person in 1415
whole or in part on a contingency basis; 1416

(3) The central collection agency or the regional income 1417
tax agency or their successors in interest, or another entity 1418
organized to perform functions similar to those performed by the 1419
central collection agency and the regional income tax agency. 1420

(V) "Employer" means a person that is an employer for 1421
federal income tax purposes. 1422

(W) "Employee" means an individual who is an employee for 1423
federal income tax purposes. 1424

(X) "Other payer" means any person, other than an individual's employer or the employer's agent, that pays an individual any amount included in the federal gross income of the individual. "Other payer" includes casino operators and video lottery terminal sales agents.

(Y) "Calendar quarter" means the three-month period ending on the last day of March, June, September, or December.

(Z) "Form 2106" means internal revenue service form 2106 filed by a taxpayer pursuant to the Internal Revenue Code.

(AA) "Municipal corporation" includes a joint economic development district or joint economic development zone that levies an income tax under section 715.691, 715.70, 715.71, or ~~715.74~~ 715.72 of the Revised Code.

(BB) "Disregarded entity" means a single member limited liability company, a qualifying subchapter S subsidiary, or another entity if the company, subsidiary, or entity is a disregarded entity for federal income tax purposes.

(CC) "Generic form" means an electronic or paper form that is not prescribed by a particular municipal corporation and that is designed for reporting taxes withheld by an employer, agent of an employer, or other payer, estimated municipal income taxes, or annual municipal income tax liability or for filing a refund claim.

(DD) "Tax return preparer" means any individual described in section 7701(a)(36) of the Internal Revenue Code and 26 C.F.R. 301.7701-15.

(EE) "Ohio business gateway" means the online computer network system, created under section 125.30 of the Revised Code, that allows persons to electronically file business reply

forms with state agencies and includes any successor electronic 1454
filing and payment system. 1455

(FF) "Local board of tax review" and "board of tax review" 1456
mean the entity created under section 718.11 of the Revised 1457
Code. 1458

(GG) "Net operating loss" means a loss incurred by a 1459
person in the operation of a trade or business. "Net operating 1460
loss" does not include unutilized losses resulting from basis 1461
limitations, at-risk limitations, or passive activity loss 1462
limitations. 1463

(HH) "Casino operator" and "casino facility" have the same 1464
meanings as in section 3772.01 of the Revised Code. 1465

(II) "Video lottery terminal" has the same meaning as in 1466
section 3770.21 of the Revised Code. 1467

(JJ) "Video lottery terminal sales agent" means a lottery 1468
sales agent licensed under Chapter 3770. of the Revised Code to 1469
conduct video lottery terminals on behalf of the state pursuant 1470
to section 3770.21 of the Revised Code. 1471

(KK) "Postal service" means the United States postal 1472
service. 1473

(LL) "Certified mail," "express mail," "United States 1474
mail," "postal service," and similar terms include any delivery 1475
service authorized pursuant to section 5703.056 of the Revised 1476
Code. 1477

(MM) "Postmark date," "date of postmark," and similar 1478
terms include the date recorded and marked in the manner 1479
described in division (B) (3) of section 5703.056 of the Revised 1480
Code. 1481

(NN) "Related member" means a person that, with respect to 1482
the taxpayer during all or any portion of the taxable year, is 1483
either a related entity, a component member as defined in 1484
section 1563(b) of the Internal Revenue Code, or a person to or 1485
from whom there is attribution of stock ownership in accordance 1486
with section 1563(e) of the Internal Revenue Code except, for 1487
purposes of determining whether a person is a related member 1488
under this division, "twenty per cent" shall be substituted for 1489
"5 percent" wherever "5 percent" appears in section 1563(e) of 1490
the Internal Revenue Code. 1491

(OO) "Related entity" means any of the following: 1492

(1) An individual stockholder, or a member of the 1493
stockholder's family enumerated in section 318 of the Internal 1494
Revenue Code, if the stockholder and the members of the 1495
stockholder's family own directly, indirectly, beneficially, or 1496
constructively, in the aggregate, at least fifty per cent of the 1497
value of the taxpayer's outstanding stock; 1498

(2) A stockholder, or a stockholder's partnership, estate, 1499
trust, or corporation, if the stockholder and the stockholder's 1500
partnerships, estates, trusts, or corporations own directly, 1501
indirectly, beneficially, or constructively, in the aggregate, 1502
at least fifty per cent of the value of the taxpayer's 1503
outstanding stock; 1504

(3) A corporation, or a party related to the corporation 1505
in a manner that would require an attribution of stock from the 1506
corporation to the party or from the party to the corporation 1507
under division (OO) (4) of this section, provided the taxpayer 1508
owns directly, indirectly, beneficially, or constructively, at 1509
least fifty per cent of the value of the corporation's 1510
outstanding stock; 1511

(4) The attribution rules described in section 318 of the Internal Revenue Code apply for the purpose of determining whether the ownership requirements in divisions (OO) (1) to (3) of this section have been met.

(PP) (1) "Assessment" means a written finding by the tax administrator that a person has underpaid municipal income tax, or owes penalty and interest, or any combination of tax, penalty, or interest, to the municipal corporation that commences the person's time limitation for making an appeal to the local board of tax review pursuant to section 718.11 of the Revised Code, and has "ASSESSMENT" written in all capital letters at the top of such finding.

(2) "Assessment" does not include an informal notice denying a request for refund issued under division (B) (3) of section 718.19 of the Revised Code, a billing statement notifying a taxpayer of current or past-due balances owed to the municipal corporation, a tax administrator's request for additional information, a notification to the taxpayer of mathematical errors, or a tax administrator's other written correspondence to a person or taxpayer that does meet the criteria prescribed by division (PP) (1) of this section.

(QQ) "Taxpayers' rights and responsibilities" means the rights provided to taxpayers in sections 718.11, 718.12, 718.19, 718.23, 718.36, 718.37, 718.38, 5717.011, and 5717.03 of the Revised Code and the responsibilities of taxpayers to file, report, withhold, remit, and pay municipal income tax and otherwise comply with Chapter 718. of the Revised Code and resolutions, ordinances, and rules adopted by a municipal corporation for the imposition and administration of a municipal income tax.

(RR) "Qualified municipal corporation" means a municipal corporation that, by resolution or ordinance adopted on or before December 31, 2011, adopted Ohio adjusted gross income, as defined by section 5747.01 of the Revised Code, as the income subject to tax for the purposes of imposing a municipal income tax.

(SS) (1) "Pre-2017 net operating loss carryforward" means any net operating loss incurred in a taxable year beginning before January 1, 2017, to the extent such loss was permitted, by a resolution or ordinance of the municipal corporation that was adopted by the municipal corporation before January 1, 2016, to be carried forward and utilized to offset income or net profit generated in such municipal corporation in future taxable years.

(2) For the purpose of calculating municipal taxable income, any pre-2017 net operating loss carryforward may be carried forward to any taxable year, including taxable years beginning in 2017 or thereafter, for the number of taxable years provided in the resolution or ordinance or until fully utilized, whichever is earlier.

(TT) "Small employer" means any employer that had total revenue of less than five hundred thousand dollars during the preceding taxable year. For purposes of this division, "total revenue" means receipts of any type or kind, including, but not limited to, sales receipts; payments; rents; profits; gains, dividends, and other investment income; compensation; commissions; premiums; money; property; grants; contributions; donations; gifts; program service revenue; patient service revenue; premiums; fees, including premium fees and service fees; tuition payments; unrelated business revenue;

reimbursements; any type of payment from a governmental unit, 1572
including grants and other allocations; and any other similar 1573
receipts reported for federal income tax purposes or under 1574
generally accepted accounting principles. "Small employer" does 1575
not include the federal government; any state government, 1576
including any state agency or instrumentality; any political 1577
subdivision; or any entity treated as a government for financial 1578
accounting and reporting purposes. 1579

(UU) "Audit" means the examination of a person or the 1580
inspection of the books, records, memoranda, or accounts of a 1581
person for the purpose of determining liability for a municipal 1582
income tax. 1583

(VV) "Publicly traded partnership" means any partnership, 1584
an interest in which is regularly traded on an established 1585
securities market. A "publicly traded partnership" may have any 1586
number of partners. 1587

Sec. 4301.80. (A) As used in this section, "community 1588
entertainment district" means a bounded area that includes or 1589
will include a combination of entertainment, retail, 1590
educational, sporting, social, cultural, or arts establishments 1591
within close proximity to some or all of the following types of 1592
establishments within the district, or other types of 1593
establishments similar to these: 1594

(1) Hotels; 1595

(2) Restaurants; 1596

(3) Retail sales establishments; 1597

(4) Enclosed shopping centers; 1598

(5) Museums; 1599

(6) Performing arts theaters;	1600
(7) Motion picture theaters;	1601
(8) Night clubs;	1602
(9) Convention facilities;	1603
(10) Sports facilities;	1604
(11) Entertainment facilities or complexes;	1605
(12) Any combination of the establishments described in division (A) (1) to (11) of this section that provide similar services to the community.	1606 1607 1608
(B) Any owner of property located in a municipal corporation seeking to have that property, or that property and other surrounding property, designated as a community entertainment district shall file an application seeking this designation with the mayor of the municipal corporation in which that property is located. Any owner of property located in the unincorporated area of a township seeking to have that property, or that property and other surrounding property, designated as a community entertainment district shall file an application seeking this designation with the board of township trustees of the township in whose unincorporated area that property is located. An application to designate an area as a community entertainment district shall contain all of the following:	1609 1610 1611 1612 1613 1614 1615 1616 1617 1618 1619 1620 1621
(1) The applicant's name and address;	1622
(2) A map or survey of the proposed community entertainment district in sufficient detail to identify the boundaries of the district and the property owned by the applicant;	1623 1624 1625 1626

(3) A general statement of the nature and types of 1627
establishments described in division (A) of this section that 1628
are or will be located within the proposed community improvement 1629
district and any other establishments located in the proposed 1630
community entertainment district that are not described in 1631
division (A) of this section; 1632

(4) If some or all of the establishments within the 1633
proposed community entertainment district have not yet been 1634
developed, the proposed time frame for completing the 1635
development of these establishments; 1636

(5) Evidence that the uses of land within the proposed 1637
community entertainment district are in accord with the 1638
municipal corporation's or township's master zoning plan or map; 1639

(6) A certificate from a surveyor or engineer licensed 1640
under Chapter 4733. of the Revised Code indicating that the area 1641
encompassed by the proposed community entertainment district 1642
contains no less than twenty contiguous acres; 1643

(7) A handling and processing fee to accompany the 1644
application, payable to the applicable municipal corporation or 1645
township, in an amount determined by that municipal corporation 1646
or township. 1647

(C) An application described in division (B) of this 1648
section relating to an area located in a municipal corporation 1649
shall be addressed and submitted to the mayor of the municipal 1650
corporation in which the area described in the application is 1651
located. The mayor, within thirty days after receiving the 1652
application, shall submit the application with the mayor's 1653
recommendation to the legislative authority of the municipal 1654
corporation. An application described in division (B) of this 1655

section relating to an area located in the unincorporated area 1656
of a township shall be addressed and submitted to the board of 1657
township trustees of the township in whose unincorporated area 1658
the area described in the application is located. The 1659
application is a public record for purposes of section 149.43 of 1660
the Revised Code upon its receipt by the mayor or board of 1661
township trustees. 1662

Within thirty days after it receives the application and 1663
the mayor's recommendations relating to the application, the 1664
legislative authority of the municipal corporation, by notice 1665
published once a week for two consecutive weeks in one newspaper 1666
of general circulation in the municipal corporation or as 1667
provided in section 7.16 of the Revised Code, shall notify the 1668
public that the application is on file in the office of the 1669
clerk of the municipal corporation and is available for 1670
inspection by the public during regular business hours. Within 1671
thirty days after it receives the application, the board of 1672
township trustees, by notice published once a week for two 1673
consecutive weeks in one newspaper of general circulation in the 1674
township or as provided in section 7.16 of the Revised Code, 1675
shall notify the public that the application is on file in the 1676
office of the township fiscal officer and is available for 1677
inspection by the public during regular business hours. The 1678
notice shall also indicate the date and time of any public 1679
hearing by the legislative authority or board of township 1680
trustees on the application. 1681

Within seventy-five days after the date the application is 1682
filed with the mayor of a municipal corporation, the legislative 1683
authority of the municipal corporation by ordinance or 1684
resolution shall approve or disapprove the application based on 1685
whether the proposed community entertainment district does or 1686

will substantially contribute to entertainment, retail, 1687
educational, sporting, social, cultural, or arts opportunities 1688
for the community. The community considered shall at a minimum 1689
include the municipal corporation in which the community is 1690
located. Any approval of an application shall be by an 1691
affirmative majority vote of the legislative authority. 1692

Within seventy-five days after the date the application is 1693
filed with a board of township trustees, the board by resolution 1694
shall approve or disapprove the application based on whether the 1695
proposed community entertainment district does or will 1696
substantially contribute to entertainment, retail, educational, 1697
sporting, social, cultural, or arts opportunities for the 1698
community. The community considered shall at a minimum include 1699
the township in which the community is located. Any approval of 1700
an application shall be by an affirmative majority vote of the 1701
board of township trustees. 1702

If the legislative authority or board of township trustees 1703
disapproves the application, the applicant may make changes in 1704
the application to secure its approval by the legislative 1705
authority or board of township trustees. Any area approved by 1706
the legislative authority or board of township trustees 1707
constitutes a community entertainment district, and a local 1708
option election may be conducted in the district, as a type of 1709
community facility, under section 4301.356 of the Revised Code. 1710

(D) Subject to the limitations prescribed by this division 1711
and alternative to the procedure described in divisions (B) and 1712
(C) of this section, a municipal corporation or township may 1713
designate property as a community entertainment district 1714
pursuant to a joint economic development district contract 1715
entered into under section 715.70 ~~or, 715.71, or sections~~ 1716

715.72 ~~to 715.81~~ of the Revised Code. A municipal corporation or township may not designate property as a community entertainment district under this division unless all of the following apply:

(1) The property is located in the joint economic development district~~7.~~

(2) The owner of the property consents in writing to designation of the property as a community entertainment district~~7.~~

(3) Designation of the property as a community entertainment district will substantially contribute to entertainment, retail, educational, sporting, social, cultural, or arts opportunities for the community. The proposed community to be considered for this purpose shall at a minimum include the township or municipal corporation in which the community is located and the entire area included in the joint economic development district.

For the purposes of this section, a community entertainment district designated under division (D) of this section is located in the municipal corporation or township that encompasses more of the district's territory than any other municipal corporation or township.

(E) All or part of an area designated as a community entertainment district under divisions (B) and (C) of this section may lose this designation as provided in this division. The legislative authority of a municipal corporation in which a community entertainment district is located, or the board of township trustees of the township in whose unincorporated area a community entertainment district is located, after giving notice of its proposed action by publication once a week for two

consecutive weeks in one newspaper of general circulation in the 1746
municipal corporation or township or as provided in section 7.16 1747
of the Revised Code, may determine by ordinance or resolution in 1748
the case of the legislative authority of a municipal 1749
corporation, or by resolution in the case of a board of township 1750
trustees of a township, that all or part of the area fails to 1751
meet the standards described in this section for designation of 1752
an area as a community entertainment district. If the 1753
legislative authority or board so determines, the area 1754
designated in the ordinance or resolution no longer constitutes 1755
a community entertainment district. 1756

(F) All or part of an area designated as a community 1757
entertainment district under division (D) of this section may 1758
lose this designation as provided in this division. The parties 1759
to the joint economic development district contract designating 1760
the community entertainment district may give notice of a 1761
proposed action to revoke the community entertainment district 1762
designation by publication once a week for two consecutive weeks 1763
in one newspaper of general circulation in the area included in 1764
the joint economic development district as provided in section 1765
7.16 of the Revised Code. After the completion of such notice, 1766
the legislative authority or board of township trustees of each 1767
party to the joint economic development district contract may 1768
determine, by ordinance or resolution, that all or part of the 1769
area designated as a community entertainment district fails to 1770
meet the standards described in this section. If the legislative 1771
authority or board of township trustees of each party to the 1772
joint economic development district contract approves such an 1773
ordinance or resolution, the area designated in the ordinances 1774
or resolutions no longer constitutes a community entertainment 1775
district. 1776

Sec. 5595.06. (A) The governing board of a regional 1777
transportation improvement project, pursuant to the cooperative 1778
agreement, may request and receive pledges of revenue from the 1779
state, the counties that are parties to the agreement, and any 1780
political subdivision or taxing unit located within any of those 1781
counties. Except as provided in division (B) of this section, 1782
the pledged revenues shall be used solely for the purpose of 1783
funding the transportation improvements prescribed by the 1784
cooperative agreement, the debt charges on any securities issued 1785
by the governing board under section 5595.05 of the Revised 1786
Code, and the expenses of the governing board. The state, the 1787
counties, and any political subdivision or taxing unit located 1788
within such a county may pledge revenue to the governing board 1789
from any of the following sources: 1790

(1) The general revenue fund of the state; 1791

(2) License tax revenue derived from an annual motor 1792
vehicle license tax imposed pursuant to section 4504.22 of the 1793
Revised Code; 1794

(3) Payments in lieu of taxes derived under section 1795
5709.42, 5709.74, or 5709.79 of the Revised Code if the real 1796
property for which such payments are made will benefit from the 1797
proposed transportation improvements; 1798

(4) Income tax revenue derived from a joint economic 1799
development district or joint economic development zone 1800
established pursuant to section 715.69, 715.691, 715.70, ~~or~~ 1801
715.71, or ~~sections 715.72 to 715.81~~ of the Revised Code if the 1802
district or zone will benefit from the proposed transportation 1803
improvements; 1804

(5) Revenue derived from special assessments levied in a 1805

special improvement district created under Chapter 1710. of the 1806
Revised Code if the district will benefit from the proposed 1807
transportation improvements; 1808

(6) Revenue from an income source of a new community 1809
district established pursuant to section 349.03 of the Revised 1810
Code if the district will benefit from the proposed 1811
transportation improvements. 1812

(B) The governing board shall use license tax revenue 1813
pledged to the project under division (A)(2) of this section for 1814
the purpose of funding transportation improvements described in 1815
the cooperative agreement and any other supplemental 1816
transportation improvements necessary to complete the project. 1817
If the board intends to use any of the license tax revenue for 1818
supplemental improvements not described in the agreement, the 1819
board, before submitting a request for license tax revenue to a 1820
board of county commissioners under section 4504.22 of the 1821
Revised Code, shall adopt a resolution allocating the revenue 1822
among the improvements described in the agreement and such 1823
supplemental improvements not described in the agreement. The 1824
amount used for supplemental improvements may not exceed five 1825
dollars for each motor vehicle on which the motor vehicle 1826
license tax is collected. If the motor vehicle license tax is 1827
approved, the governing board shall allocate the revenue only in 1828
accordance with the resolution. The allocation may not be 1829
changed unless a proposition to change the allocation is 1830
approved by the majority of electors voting on the proposition 1831
in each county that is a party to the cooperative agreement. 1832
Such a proposition may be proposed by resolution of the 1833
governing board certified to the board of county commissioners 1834
of each county, and, upon receiving such a certified resolution, 1835
each board of county commissioners shall certify identical 1836

resolutions to the respective county board of elections for 1837
placement on the questions and issues ballot at the next 1838
succeeding election occurring at least ninety days after the 1839
resolution is certified to the board of elections. 1840

Sec. 5709.12. (A) As used in this section, "independent 1841
living facilities" means any residential housing facilities and 1842
related property that are not a nursing home, residential care 1843
facility, or residential facility as defined in division (A) of 1844
section 5701.13 of the Revised Code. 1845

(B) Lands, houses, and other buildings belonging to a 1846
county, township, or municipal corporation and used exclusively 1847
for the accommodation or support of the poor, or leased to the 1848
state or any political subdivision for public purposes shall be 1849
exempt from taxation. Real and tangible personal property 1850
belonging to institutions that is used exclusively for 1851
charitable purposes shall be exempt from taxation, including 1852
real property belonging to an institution that is a nonprofit 1853
corporation that receives a grant under the Thomas Alva Edison 1854
grant program authorized by division (C) of section 122.33 of 1855
the Revised Code at any time during the tax year and being held 1856
for leasing or resale to others. If, at any time during a tax 1857
year for which such property is exempted from taxation, the 1858
corporation ceases to qualify for such a grant, the director of 1859
development shall notify the tax commissioner, and the tax 1860
commissioner shall cause the property to be restored to the tax 1861
list beginning with the following tax year. All property owned 1862
and used by a nonprofit organization exclusively for a home for 1863
the aged, as defined in section 5701.13 of the Revised Code, 1864
also shall be exempt from taxation. 1865

(C) (1) If a home for the aged described in division (B) (1) 1866

of section 5701.13 of the Revised Code is operated in 1867
conjunction with or at the same site as independent living 1868
facilities, the exemption granted in division (B) of this 1869
section shall include kitchen, dining room, clinic, entry ways, 1870
maintenance and storage areas, and land necessary for access 1871
commonly used by both residents of the home for the aged and 1872
residents of the independent living facilities. Other facilities 1873
commonly used by both residents of the home for the aged and 1874
residents of independent living units shall be exempt from 1875
taxation only if the other facilities are used primarily by the 1876
residents of the home for the aged. Vacant land currently unused 1877
by the home, and independent living facilities and the lands 1878
connected with them are not exempt from taxation. Except as 1879
provided in division (A) (1) of section 5709.121 of the Revised 1880
Code, property of a home leased for nonresidential purposes is 1881
not exempt from taxation. 1882

(2) Independent living facilities are exempt from taxation 1883
if they are operated in conjunction with or at the same site as 1884
a home for the aged described in division (B) (2) of section 1885
5701.13 of the Revised Code; operated by a corporation, 1886
association, or trust described in division (B) (1) (b) of that 1887
section; operated exclusively for the benefit of members of the 1888
corporation, association, or trust who are retired, aged, or 1889
infirm; and provided to those members without charge in 1890
consideration of their service, without compensation, to a 1891
charitable, religious, fraternal, or educational institution. 1892
For the purposes of division (C) (2) of this section, 1893
"compensation" does not include furnishing room and board, 1894
clothing, health care, or other necessities, or stipends or 1895
other de minimis payments to defray the cost thereof. 1896

(D) (1) A private corporation established under federal 1897

law, as defined in 36 U.S.C. 1101, Pub. L. No. 102-199, 105 1898
Stat. 1629, as amended, the objects of which include encouraging 1899
the advancement of science generally, or of a particular branch 1900
of science, the promotion of scientific research, the 1901
improvement of the qualifications and usefulness of scientists, 1902
or the increase and diffusion of scientific knowledge is 1903
conclusively presumed to be a charitable or educational 1904
institution. A private corporation established as a nonprofit 1905
corporation under the laws of a state that is exempt from 1906
federal income taxation under section 501(c)(3) of the Internal 1907
Revenue Code of 1986, 100 Stat. 2085, 26 U.S.C.A. 1, as amended, 1908
and that has as its principal purpose one or more of the 1909
foregoing objects also is conclusively presumed to be a 1910
charitable or educational institution. 1911

The fact that an organization described in this division 1912
operates in a manner that results in an excess of revenues over 1913
expenses shall not be used to deny the exemption granted by this 1914
section, provided such excess is used, or is held for use, for 1915
exempt purposes or to establish a reserve against future 1916
contingencies; and, provided further, that such excess may not 1917
be distributed to individual persons or to entities that would 1918
not be entitled to the tax exemptions provided by this chapter. 1919
Nor shall the fact that any scientific information diffused by 1920
the organization is of particular interest or benefit to any of 1921
its individual members be used to deny the exemption granted by 1922
this section, provided that such scientific information is 1923
available to the public for purchase or otherwise. 1924

(2) Division (D)(2) of this section does not apply to real 1925
property exempted from taxation under this section and division 1926
(A)(3) of section 5709.121 of the Revised Code and belonging to 1927
a nonprofit corporation described in division (D)(1) of this 1928

section that has received a grant under the Thomas Alva Edison 1929
grant program authorized by division (C) of section 122.33 of 1930
the Revised Code during any of the tax years the property was 1931
exempted from taxation. 1932

When a private corporation described in division (D)(1) of 1933
this section sells all or any portion of a tract, lot, or parcel 1934
of real estate that has been exempt from taxation under this 1935
section and section 5709.121 of the Revised Code, the portion 1936
sold shall be restored to the tax list for the year following 1937
the year of the sale and, except in connection with a sale and 1938
transfer of such a tract, lot, or parcel to a county land 1939
reutilization corporation organized under Chapter 1724. of the 1940
Revised Code, a charge shall be levied against the sold property 1941
in an amount equal to the tax savings on such property during 1942
the four tax years preceding the year the property is placed on 1943
the tax list. The tax savings equals the amount of the 1944
additional taxes that would have been levied if such property 1945
had not been exempt from taxation. 1946

The charge constitutes a lien of the state upon such 1947
property as of the first day of January of the tax year in which 1948
the charge is levied and continues until discharged as provided 1949
by law. The charge may also be remitted for all or any portion 1950
of such property that the tax commissioner determines is 1951
entitled to exemption from real property taxation for the year 1952
such property is restored to the tax list under any provision of 1953
the Revised Code, other than sections 725.02, 1728.10, 3735.67, 1954
5709.40, 5709.41, 5709.62, 5709.63, 5709.71, 5709.73, 5709.78, 1955
and 5709.84, upon an application for exemption covering the year 1956
such property is restored to the tax list filed under section 1957
5715.27 of the Revised Code. 1958

(E) Real property held by an organization organized and operated exclusively for charitable purposes as described under section 501(c)(3) of the Internal Revenue Code and exempt from federal taxation under section 501(a) of the Internal Revenue Code, 26 U.S.C.A. 501(a) and (c)(3), as amended, for the purpose of constructing or rehabilitating residences for eventual transfer to qualified low-income families through sale, lease, or land installment contract, shall be exempt from taxation.

The exemption shall commence on the day title to the property is transferred to the organization and shall continue to the end of the tax year in which the organization transfers title to the property to a qualified low-income family. In no case shall the exemption extend beyond the second succeeding tax year following the year in which the title was transferred to the organization. If the title is transferred to the organization and from the organization to a qualified low-income family in the same tax year, the exemption shall continue to the end of that tax year. The proportionate amount of taxes that are a lien but not yet determined, assessed, and levied for the tax year in which title is transferred to the organization shall be remitted by the county auditor for each day of the year that title is held by the organization.

Upon transferring the title to another person, the organization shall file with the county auditor an affidavit affirming that the title was transferred to a qualified low-income family or that the title was not transferred to a qualified low-income family, as the case may be; if the title was transferred to a qualified low-income family, the affidavit shall identify the transferee by name. If the organization transfers title to the property to anyone other than a qualified low-income family, the exemption, if it has not previously

expired, shall terminate, and the property shall be restored to 1990
the tax list for the year following the year of the transfer and 1991
a charge shall be levied against the property in an amount equal 1992
to the amount of additional taxes that would have been levied if 1993
such property had not been exempt from taxation. The charge 1994
constitutes a lien of the state upon such property as of the 1995
first day of January of the tax year in which the charge is 1996
levied and continues until discharged as provided by law. 1997

The application for exemption shall be filed as otherwise 1998
required under section 5715.27 of the Revised Code, except that 1999
the organization holding the property shall file with its 2000
application documentation substantiating its status as an 2001
organization organized and operated exclusively for charitable 2002
purposes under section 501(c)(3) of the Internal Revenue Code 2003
and its qualification for exemption from federal taxation under 2004
section 501(a) of the Internal Revenue Code, and affirming its 2005
intention to construct or rehabilitate the property for the 2006
eventual transfer to qualified low-income families. 2007

As used in this division, "qualified low-income family" 2008
means a family whose income does not exceed two hundred per cent 2009
of the official federal poverty guidelines as revised annually 2010
in accordance with section 673(2) of the "Omnibus Budget 2011
Reconciliation Act of 1981," 95 Stat. 511, 42 U.S.C.A. 9902, as 2012
amended, for a family size equal to the size of the family whose 2013
income is being determined. 2014

(F) (1) (a) Real property held by a county land 2015
reutilization corporation organized under Chapter 1724. of the 2016
Revised Code shall be exempt from taxation. Notwithstanding 2017
section 5715.27 of the Revised Code, a county land reutilization 2018
corporation is not required to apply to any county or state 2019

agency in order to qualify for the exemption. 2020

(b) Real property acquired or held by an electing 2021
subdivision other than a county land reutilization corporation 2022
on or after April 9, 2009, for the purpose of implementing an 2023
effective land reutilization program or for a related public 2024
purpose shall be exempt from taxation until sold or transferred 2025
by the electing subdivision. Notwithstanding section 5715.27 of 2026
the Revised Code, an electing subdivision is not required to 2027
apply to any county or state agency in order to qualify for an 2028
exemption with respect to property acquired or held for such 2029
purposes on or after such date, regardless of how the electing 2030
subdivision acquires the property. 2031

As used in this section, "electing subdivision" and "land 2032
reutilization program" have the same meanings as in section 2033
5722.01 of the Revised Code, and "county land reutilization 2034
corporation" means a county land reutilization corporation 2035
organized under Chapter 1724. of the Revised Code and any 2036
subsidiary wholly owned by such a county land reutilization 2037
corporation that is identified as "a wholly owned subsidiary of 2038
a county land reutilization corporation" in the deed of 2039
conveyance transferring title to the subsidiary. 2040

(2) An exemption authorized under division (F)(1) of this 2041
section shall commence on the day title to the property is 2042
transferred to the corporation or electing subdivision and shall 2043
continue to the end of the tax year in which the instrument 2044
transferring title from the corporation or subdivision to 2045
another owner is recorded, if the use to which the other owner 2046
puts the property does not qualify for an exemption under this 2047
section or any other section of the Revised Code. If the title 2048
to the property is transferred to the corporation and from the 2049

corporation, or to the subdivision and from the subdivision, in 2050
the same tax year, the exemption shall continue to the end of 2051
that tax year. The proportionate amount of taxes that are a lien 2052
but not yet determined, assessed, and levied for the tax year in 2053
which title is transferred to the corporation or subdivision 2054
shall be remitted by the county auditor for each day of the year 2055
that title is held by the corporation or subdivision. 2056

Upon transferring the title to another person, the 2057
corporation or electing subdivision shall file with the county 2058
auditor an affidavit or conveyance form affirming that the title 2059
was transferred to such other person and shall identify the 2060
transferee by name. If the corporation or subdivision transfers 2061
title to the property to anyone that does not qualify or the use 2062
to which the property is put does not qualify the property for 2063
an exemption under this section or any other section of the 2064
Revised Code, the exemption, if it has not previously expired, 2065
shall terminate, and the property shall be restored to the tax 2066
list for the year following the year of the transfer. A charge 2067
shall be levied against the property in an amount equal to the 2068
amount of additional taxes that would have been levied if such 2069
property had not been exempt from taxation. The charge 2070
constitutes a lien of the state upon such property as of the 2071
first day of January of the tax year in which the charge is 2072
levied and continues until discharged as provided by law. 2073

In lieu of the application for exemption otherwise 2074
required to be filed as required under section 5715.27 of the 2075
Revised Code, a county land reutilization corporation holding 2076
the property shall, upon the request of any county or state 2077
agency, submit its articles of incorporation substantiating its 2078
status as a county land reutilization corporation. 2079

(G) Real property that is owned by an organization 2080
described under section 501(c) (3) of the Internal Revenue Code 2081
and exempt from federal income taxation under section 501(a) of 2082
the Internal Revenue Code and that is used by that organization 2083
exclusively for receiving, processing, or distributing human 2084
blood, tissues, eyes, or organs or for research and development 2085
thereof shall be exempt from taxation. 2086

(H) Real property that is owned by an organization 2087
described under section 501(c) (3) of the Internal Revenue Code 2088
and exempt from federal income taxation under section 501(a) of 2089
the Internal Revenue Code and that received a loan from the 2090
federal small business administration as a participating 2091
intermediary in the federal microloan program under 15 U.S.C. 2092
636(m) shall be exempt from taxation if the property is used by 2093
that organization primarily for small business lending, economic 2094
development, job training, entrepreneur education, or associated 2095
administrative purposes as such a participating intermediary. 2096

Sec. 5709.61. As used in sections 5709.61 to 5709.69 of 2097
the Revised Code: 2098

(A) "Enterprise zone" or "zone" means any of the 2099
following: 2100

(1) An area with a single continuous boundary designated 2101
in the manner set forth in section 5709.62 or 5709.63 of the 2102
Revised Code and certified by the director of development as 2103
having a population of at least four thousand according to the 2104
best and most recent data available to the director and having 2105
at least two of the following characteristics: 2106

(a) It is located in a municipal corporation defined by 2107
the United States office of management and budget as a principal 2108

city of a metropolitan statistical area; 2109

(b) It is located in a county designated as being in the 2110
"Appalachian region" under the "Appalachian Regional Development 2111
Act of 1965," 79 Stat. 5, 40 App. U.S.C.A. 403, as amended; 2112

(c) Its average rate of unemployment, during the most 2113
recent twelve-month period for which data are available, is 2114
equal to at least one hundred twenty-five per cent of the 2115
average rate of unemployment for the state of Ohio for the same 2116
period; 2117

(d) There is a prevalence of commercial or industrial 2118
structures in the area that are vacant or demolished, or are 2119
vacant and the taxes charged thereon are delinquent, and 2120
certification of the area as an enterprise zone would likely 2121
result in the reduction of the rate of vacant or demolished 2122
structures or the rate of tax delinquency in the area; 2123

(e) The population of all census tracts in the area, 2124
according to the federal census of 2000, decreased by at least 2125
ten per cent between the years 1980 and 2000; 2126

(f) At least fifty-one per cent of the residents of the 2127
area have incomes of less than eighty per cent of the median 2128
income of residents of the municipal corporation or municipal 2129
corporations in which the area is located, as determined in the 2130
same manner specified under section 119(b) of the "Housing and 2131
Community Development Act of 1974," 88 Stat. 633, 42 U.S.C. 2132
5318, as amended; 2133

(g) The area contains structures previously used for 2134
industrial purposes, but currently not so used due to age, 2135
obsolescence, deterioration, relocation of the former occupant's 2136
operations, or cessation of operations resulting from 2137

unfavorable economic conditions either generally or in a 2138
specific economic sector; 2139

(h) It is located within one or more adjacent city, local, 2140
or exempted village school districts, the income-weighted tax 2141
capacity of each of which is less than seventy per cent of the 2142
average of the income-weighted tax capacity of all city, local, 2143
or exempted village school districts in the state according to 2144
the most recent data available to the director from the 2145
department of taxation. 2146

The director of development shall adopt rules in 2147
accordance with Chapter 119. of the Revised Code establishing 2148
conditions constituting the characteristics described in 2149
divisions (A) (1) (d), (g), and (h) of this section. 2150

If an area could not be certified as an enterprise zone 2151
unless it satisfied division (A) (1) (g) of this section, the 2152
legislative authority may enter into agreements in that zone 2153
under section 5709.62, 5709.63, or 5709.632 of the Revised Code 2154
only if such agreements result in the development of the 2155
facilities described in that division, the parcel of land on 2156
which such facilities are situated, or adjacent parcels. The 2157
director of development annually shall review all agreements in 2158
such zones to determine whether the agreements have resulted in 2159
such development; if the director determines that the agreements 2160
have not resulted in such development, the director immediately 2161
shall revoke certification of the zone and notify the 2162
legislative authority of such revocation. Any agreements entered 2163
into prior to revocation under this paragraph shall continue in 2164
effect for the period provided in the agreement. 2165

(2) An area with a single continuous boundary designated 2166
in the manner set forth in section 5709.63 of the Revised Code 2167

and certified by the director of development as having all of 2168
the following characteristics: 2169

(a) Being located within a county that contains a 2170
population of three hundred thousand or less; 2171

(b) Having a population of at least one thousand according 2172
to the best and most recent data available to the director; 2173

(c) Having at least two of the characteristics described 2174
in divisions (A) (1) (b) to (h) of this section. 2175

(3) An area with a single continuous boundary designated 2176
in the manner set forth under division (A) (1) of section 2177
5709.632 of the Revised Code and certified by the director of 2178
development as having a population of at least four thousand, or 2179
under division (A) (2) of that section and certified as having a 2180
population of at least one thousand, according to the best and 2181
most recent data available to the director. 2182

(B) "Enterprise" means any form of business organization 2183
including, but not limited to, any partnership, sole 2184
proprietorship, or corporation, including an S corporation as 2185
defined in section 1361 of the Internal Revenue Code and any 2186
corporation that is majority work-owned either directly through 2187
the ownership of stock or indirectly through participation in an 2188
employee stock ownership plan. 2189

(C) "Facility" means an enterprise's place of business in 2190
a zone, including land, buildings, machinery, equipment, and 2191
other materials, except inventory, used in business. "Facility" 2192
includes land, buildings, machinery, production and station 2193
equipment, other equipment, and other materials, except 2194
inventory, used in business to generate electricity, provided 2195
that, for purposes of sections 5709.61 to 5709.69 of the Revised 2196

Code, the value of the property at such a facility shall be 2197
reduced by the value, if any, that is not apportioned under 2198
section 5727.15 of the Revised Code to the taxing district in 2199
which the facility is physically located. In the case of such a 2200
facility that is physically located in two adjacent taxing 2201
districts, the property located in each taxing district 2202
constitutes a separate facility. 2203

"Facility" does not include any portion of an enterprise's 2204
place of business used primarily for making retail sales, unless 2205
the place of business is located in an impacted city as defined 2206
in section 1728.01 of the Revised Code or the board of education 2207
of the city, local, or exempted village school district within 2208
the territory of which the place of business is located adopts a 2209
resolution waiving the exclusion of retail facilities under 2210
section 5709.634 of the Revised Code. 2211

(D) "Vacant facility" means a facility that has been 2212
vacant for at least ninety days immediately preceding the date 2213
on which an agreement is entered into under section 5709.62 or 2214
5709.63 of the Revised Code. 2215

(E) "Expand" means to make expenditures to add land, 2216
buildings, machinery, equipment, or other materials, except 2217
inventory, to a facility that equal at least ten per cent of the 2218
market value of the facility prior to such expenditures, as 2219
determined for the purposes of local property taxation. 2220

(F) "Renovate" means to make expenditures to alter or 2221
repair a facility that equal at least fifty per cent of the 2222
market value of the facility prior to such expenditures, as 2223
determined for the purposes of local property taxation. 2224

(G) "Occupy" means to make expenditures to alter or repair 2225

a vacant facility equal to at least twenty per cent of the 2226
market value of the facility prior to such expenditures, as 2227
determined for the purposes of local property taxation. 2228

(H) "Project site" means all or any part of a facility 2229
that is newly constructed, expanded, renovated, or occupied by 2230
an enterprise. 2231

(I) "Project" means any undertaking by an enterprise to 2232
establish a facility or to improve a project site by expansion, 2233
renovation, or occupancy. 2234

(J) "Position" means the position of one full-time 2235
employee performing a particular set of tasks and duties. 2236

(K) "Full-time employee" means an individual who is 2237
employed for consideration by an enterprise for at least thirty- 2238
five hours a week, or who renders any other standard of service 2239
generally accepted by custom or specified by contract as full- 2240
time employment. 2241

(L) "New employee" means a full-time employee first 2242
employed by an enterprise at a facility that is a project site 2243
after the enterprise enters an agreement under section 5709.62 2244
or 5709.63 of the Revised Code. "New employee" does not include 2245
an employee if, immediately prior to being employed by the 2246
enterprise, the employee was employed by an enterprise that is a 2247
related member or predecessor enterprise of that enterprise. 2248

(M) "Unemployed person" means any person who is totally 2249
unemployed in this state, as that term is defined in division 2250
(M) of section 4141.01 of the Revised Code, for at least ten 2251
consecutive weeks immediately preceding that person's employment 2252
at a facility that is a project site, or who is so unemployed 2253
for at least twenty-six of the fifty-two weeks immediately 2254

preceding that person's employment at such a facility. 2255

(N) "JTPA eligible employee" means any individual who is 2256
eligible for employment or training under the "Job Training 2257
Partnership Act," 96 Stat. 1324 (1982), 29 U.S.C. 1501, as 2258
amended. 2259

(O) "First used in business" means that the property 2260
referred to has not been used in business in this state by the 2261
enterprise that owns it, or by an enterprise that is a related 2262
member or predecessor enterprise of such an enterprise, other 2263
than as inventory, prior to being used in business at a facility 2264
as the result of a project. 2265

(P) "Training program" means any noncredit training 2266
program or course of study that is offered by any state college 2267
or university; university branch district; community college; 2268
technical college; nonprofit college or university certified 2269
under section 1713.02 of the Revised Code; school district; 2270
joint vocational school district; school registered and 2271
authorized to offer programs under section 3332.05 of the 2272
Revised Code; an entity administering any federal, state, or 2273
local adult education and training program; or any enterprise; 2274
and that meets all of the following requirements: 2275

(1) It is approved by the director of development; 2276

(2) It is established or operated to satisfy the need of a 2277
particular industry or enterprise for skilled or semi-skilled 2278
employees; 2279

(3) An individual is required to complete the course or 2280
program before filling a position at a project site. 2281

(Q) "Development" means to engage in the process of 2282
clearing and grading land, making, installing, or constructing 2283

water distribution systems, sewers, sewage collection systems, 2284
steam, gas, and electric lines, roads, curbs, gutters, 2285
sidewalks, storm drainage facilities, and construction of other 2286
facilities or buildings equal to at least fifty per cent of the 2287
market value of the facility prior to the expenditures, as 2288
determined for the purposes of local property taxation. 2289

(R) "Large manufacturing facility" means a single Ohio 2290
facility that employed an average of at least one thousand 2291
individuals during the five calendar years preceding an 2292
agreement authorized under division (C) (3) of section 5709.62 or 2293
division (B) (2) of section 5709.63 of the Revised Code. For 2294
purposes of this division, both of the following apply: 2295

(1) A single Ohio manufacturing facility employed an 2296
average of at least one thousand individuals during the five 2297
calendar years preceding entering into such an agreement if one- 2298
fifth of the sum of the number of employees employed on the 2299
highest employment day during each of the five calendar years 2300
equals or exceeds one thousand. 2301

(2) The highest employment day is the day or days during a 2302
calendar year on which the number of employees employed at a 2303
single Ohio manufacturing facility was greater than on any other 2304
day during the calendar year. 2305

(S) "Business cycle" means the cycle of business activity 2306
usually regarded as passing through alternating stages of 2307
prosperity and depression. 2308

(T) "Making retail sales" means the effecting of point-of- 2309
final-purchase transactions at a facility open to the consuming 2310
public, wherein one party is obligated to pay the price and the 2311
other party is obligated to provide a service or to transfer 2312

title to or possession of the item sold. 2313

(U) "Environmentally contaminated" means that hazardous 2314
substances exist at a facility under conditions that have caused 2315
or would cause the facility to be identified as contaminated by 2316
the state or federal environmental protection agency. These may 2317
include facilities located at sites identified in the master 2318
sites list or similar database maintained by the state 2319
environmental protection agency if the sites have been 2320
investigated by the agency and found to be contaminated. 2321

(V) "Remediate" means to make expenditures to clean up an 2322
environmentally contaminated facility so that it is no longer 2323
environmentally contaminated that equal at least ten per cent of 2324
the real property market value of the facility prior to such 2325
expenditures as determined for the purposes of property 2326
taxation. 2327

(W) "Related member" has the same meaning as defined in 2328
section 5733.042 of the Revised Code without regard to division 2329
(B) of that section, except that it is used with respect to an 2330
enterprise rather than a taxpayer. 2331

(X) "Predecessor enterprise" means an enterprise from 2332
which the assets or equity of another enterprise has been 2333
transferred, which transfer resulted in the full or partial 2334
nonrecognition of gain or loss, or resulted in a carryover 2335
basis, both as determined by rule adopted by the tax 2336
commissioner. 2337

(Y) "Successor enterprise" means an enterprise to which 2338
the assets or equity of another enterprise has been transferred, 2339
which transfer resulted in the full or partial nonrecognition of 2340
gain or loss, or resulted in a carryover basis, both as 2341

determined by rule adopted by the tax commissioner. 2342

Sec. 5709.634. A municipal corporation or county that 2343
seeks to enter an agreement under section 5709.62, 5709.63, or 2344
5709.632 of the Revised Code with an enterprise respecting a 2345
place of business used primarily for making retail sales may 2346
petition the board of education of each city, local, or exempted 2347
village school district within the territory of which that place 2348
of business is located to waive the retail facilities exclusion 2349
under division (C) of section 5709.61 of the Revised Code. The 2350
exclusion shall be waived if each such board of education adopts 2351
a resolution approved by the majority of the board members 2352
approving the petition. Unless otherwise provided in its 2353
resolution, a board of education does not waive its right to 2354
approve agreements or receive notice under section 5709.62, 2355
5709.63, or 5709.632 of the Revised Code by approving a petition 2356
under this section. 2357

Sec. 5709.82. (A) As used in this section: 2358

(1) "New employee" means both of the following: 2359

(a) Persons employed in the construction of real property 2360
exempted from taxation under the chapters or sections of the 2361
Revised Code enumerated in division (B) of this section; 2362

(b) Persons not described by division (A) (1) (a) of this 2363
section who are first employed at the site of such property and 2364
who within the two previous years have not been subject, prior 2365
to being employed at that site, to income taxation by the 2366
municipal corporation within whose territory the site is located 2367
on income derived from employment for the person's current 2368
employer. "New employee" does not include any person who 2369
replaces a person who is not a new employee under division (A) 2370

(1) of this section. 2371

(2) "Infrastructure costs" means costs incurred by a 2372
municipal corporation in a calendar year to acquire, construct, 2373
reconstruct, improve, plan, or equip real or tangible personal 2374
property that directly benefits or will directly benefit the 2375
exempted property. If the municipal corporation finances the 2376
acquisition, construction, reconstruction, improvement, 2377
planning, or equipping of real or tangible personal property 2378
that directly benefits the exempted property by issuing debt, 2379
"infrastructure costs" means the annual debt charges incurred by 2380
the municipal corporation from the issuance of such debt. Real 2381
or tangible personal property directly benefits exempted 2382
property only if the exempted property places or will place 2383
direct, additional demand on the real or tangible personal 2384
property for which such costs were or will be incurred. 2385

(3) "Taxing unit" has the same meaning as in division (H) 2386
of section 5705.01 of the Revised Code. 2387

(B) (1) Except as otherwise provided under division (C) of 2388
this section, the legislative authority of any political 2389
subdivision that has acted under the authority of Chapter 725. 2390
or 1728., sections 3735.65 to 3735.70, or section 5709.40, 2391
5709.41, 5709.62, 5709.63, 5709.632, 5709.73, 5709.78, 5709.84, 2392
or 5709.88 of the Revised Code to grant an exemption from 2393
taxation for real or tangible personal property may negotiate 2394
with the board of education of each city, local, exempted 2395
village, or joint vocational school district or other taxing 2396
unit within the territory of which the exempted property is 2397
located, and enter into an agreement whereby the school district 2398
or taxing unit is compensated for tax revenue foregone by the 2399
school district or taxing unit as a result of the exemption. 2400

Except as otherwise provided in division (B) (1) of this section, 2401
if a political subdivision enters into more than one agreement 2402
under this section with respect to a tax exemption, the 2403
political subdivision shall provide to each school district or 2404
taxing unit with which it contracts the same percentage of tax 2405
revenue foregone by the school district or taxing unit, which 2406
may be based on a good faith projection made at the time the 2407
exemption is granted. Such percentage shall be calculated on the 2408
basis of amounts paid by the political subdivision and any 2409
amounts paid by an owner under division (B) (2) of this section. 2410
A political subdivision may provide a school district or other 2411
taxing unit with a smaller percentage of foregone tax revenue 2412
than that provided to other school districts or taxing units 2413
only if the school district or taxing unit expressly consents in 2414
the agreement to receiving a smaller percentage. If a 2415
subdivision has acted under the authority of section 5709.40, 2416
5709.41, 5709.73, or 5709.78 of the Revised Code and enters into 2417
a compensation agreement with a city, local, or exempted village 2418
school district, the subdivision shall provide compensation to 2419
the joint vocational school district within the territory of 2420
which the exempted property is located at the same rate and 2421
under the same terms as received by the city, local, or exempted 2422
village school district. 2423

(2) An owner of property exempted from taxation under the 2424
authority described in division (B) (1) of this section may, by 2425
becoming a party to an agreement described in division (B) (1) of 2426
this section or by entering into a separate agreement with a 2427
school district or other taxing unit, agree to compensate the 2428
school district or taxing unit by paying cash or by providing 2429
property or services by gift, loan, or otherwise. If the owner's 2430
property is exempted under the authority of section 5709.40, 2431

5709.41, 5709.73, or 5709.78 of the Revised Code and the owner 2432
enters into a compensation agreement with a city, local, or 2433
exempted village school district, the owner shall provide 2434
compensation to the joint vocational school district within the 2435
territory of which the owner's property is located at the same 2436
rate and under the same terms as received by the city, local, or 2437
exempted village school district. 2438

(C) This division does not apply to the following: 2439

(1) The legislative authority of a municipal corporation 2440
that has acted under the authority of division (H) of section 2441
715.70 or division (U) of section ~~715.81~~ 715.72 of the Revised 2442
Code to consent to the granting of an exemption from taxation 2443
for real or tangible personal property in a joint economic 2444
development district. 2445

(2) The legislative authority of a municipal corporation 2446
that has specified in an ordinance adopted under section 5709.40 2447
or 5709.41 of the Revised Code that payments in lieu of taxes 2448
provided for under section 5709.42 of the Revised Code shall be 2449
paid to the city, local, or exempted village school district in 2450
which the improvements are located in the amount of taxes that 2451
would have been payable to the school district if the 2452
improvements had not been exempted from taxation, as directed in 2453
the ordinance. 2454

If the legislative authority of any municipal corporation 2455
has acted under the authority of Chapter 725. or 1728. or 2456
section 3735.671, 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, 2457
or 5709.88, or a housing officer under section 3735.67 of the 2458
Revised Code, to grant or consent to the granting of an 2459
exemption from taxation for real or tangible personal property 2460
on or after July 1, 1994, the municipal corporation imposes a 2461

tax on incomes, and the payroll of new employees resulting from 2462
the exercise of that authority equals or exceeds one million 2463
dollars in any tax year for which such property is exempted, the 2464
legislative authority and the board of education of each city, 2465
local, or exempted village school district within the territory 2466
of which the exempted property is located shall attempt to 2467
negotiate an agreement providing for compensation to the school 2468
district for all or a portion of the tax revenue the school 2469
district would have received had the property not been exempted 2470
from taxation. The agreement may include as a party the owner of 2471
the property exempted or to be exempted from taxation and may 2472
include provisions obligating the owner to compensate the school 2473
district by paying cash or providing property or services by 2474
gift, loan, or otherwise. Such an obligation is enforceable by 2475
the board of education of the school district pursuant to the 2476
terms of the agreement. 2477

If the legislative authority and board of education fail 2478
to negotiate an agreement that is mutually acceptable within six 2479
months of formal approval by the legislative authority of the 2480
instrument granting the exemption, the legislative authority 2481
shall compensate the school district in the amount and manner 2482
prescribed by division (D) of this section. 2483

(D) Annually, the legislative authority of a municipal 2484
corporation subject to this division shall pay to the city, 2485
local, or exempted village school district within the territory 2486
of which the exempted property is located an amount equal to 2487
fifty per cent of the difference between the amount of taxes 2488
levied and collected by the municipal corporation on the incomes 2489
of new employees in the calendar year ending on the day the 2490
payment is required to be made, and the amount of any 2491
infrastructure costs incurred in that calendar year. For 2492

purposes of such computation, the amount of infrastructure costs 2493
shall not exceed thirty-five per cent of the amount of those 2494
taxes unless the board of education of the school district, by 2495
resolution adopted by a majority of the board, approves an 2496
amount in excess of that percentage. If the amount of those 2497
taxes or infrastructure costs must be estimated at the time the 2498
payment is made, payments in subsequent years shall be adjusted 2499
to compensate for any departure of those estimates from the 2500
actual amount of those taxes. 2501

A municipal corporation required to make a payment under 2502
this section shall make the payment from its general fund or a 2503
special fund established for the purpose. The payment is payable 2504
on the thirty-first day of December of the tax year for or in 2505
which the exemption from taxation commences and on that day for 2506
each subsequent tax year property is exempted and the 2507
legislative authority and board fail to negotiate an acceptable 2508
agreement under division (C) of this section. 2509

Sec. 5725.33. (A) Except as otherwise provided in this 2510
section, terms used in this section have the same meaning as 2511
section 45D of the Internal Revenue Code, any related proposed, 2512
temporary or final regulations promulgated under the Internal 2513
Revenue Code, any rules or guidance of the internal revenue 2514
service or the United States department of the treasury, and any 2515
related rules or guidance issued by the community development 2516
financial institutions fund of the United States department of 2517
the treasury, as such law, regulations, rules, and guidance 2518
exist on October 16, 2009. 2519

As used in this section: 2520

(1) "Adjusted purchase price" means the amount paid for 2521
the portion of a qualified equity investment approved or 2522

certified by the director of development services for a 2523
qualified community development entity in accordance with rules 2524
adopted under division (E) of this section. 2525

(2) "Applicable percentage" means zero per cent for each 2526
of the first two credit allowance dates, seven per cent for the 2527
third credit allowance date, and eight per cent for the four 2528
following credit allowance dates. 2529

(3) "Credit allowance date" means the date, on or after 2530
January 1, 2010, a qualified equity investment is made and each 2531
of the six anniversary dates thereafter. For qualified equity 2532
investments made after October 16, 2009, but before January 1, 2533
2010, the initial credit allowance date is January 1, 2010, and 2534
each of the six anniversary dates thereafter is on the first day 2535
of January of each year. 2536

~~(4) "Qualified active low income community business" 2537
excludes any business that derives or projects to derive fifteen 2538
per cent or more of annual revenue from the rental or sale of 2539
real property, except any business that is a special purpose 2540
entity principally owned by a principal user of that property 2541
formed solely for the purpose of renting, either directly or 2542
indirectly, or selling real property back to such principal user 2543
if such principal user does not derive fifteen per cent or more 2544
of its gross annual revenue from the rental or sale of real 2545
property. 2546~~

~~(5) "Qualified community development entity" includes only 2547
entities: 2548~~

(a) That have entered into an allocation agreement with 2549
the community development financial institutions fund of the 2550
United States department of the treasury with respect to credits 2551

authorized by section 45D of the Internal Revenue Code; 2552

(b) Whose service area includes any portion of this state; 2553
and 2554

(c) That will designate an equity investment in such 2555
entities as a qualified equity investment for purposes of both 2556
section 45D of the Internal Revenue Code and this section. 2557

~~(6)~~(5) "Qualified equity investment" is limited to an 2558
equity investment in a qualified community development entity 2559
that: 2560

(a) Is acquired after October 16, 2009, at its original 2561
issuance solely in exchange for cash; 2562

(b) Has at least eighty-five per cent of its cash purchase 2563
price used by the qualified community development entity to make 2564
qualified low-income community investments in qualified active 2565
low-income community businesses in this state, provided that in 2566
the seventh year after a qualified equity investment is made, 2567
only seventy-five per cent of such cash purchase price must be 2568
used by the qualified community development entity to make 2569
qualified low-income community investments in those businesses; 2570
and 2571

(c) Is designated by the issuer as a qualified equity 2572
investment. 2573

"Qualified equity investment" includes any equity 2574
investment that would, but for division (A) ~~(6)~~(5)(a) of this 2575
section, be a qualified equity investment in the hands of the 2576
taxpayer if such investment was a qualified equity investment in 2577
the hands of a prior holder. 2578

(B) There is hereby allowed a nonrefundable credit against 2579

the tax imposed by section 5725.18 of the Revised Code for an 2580
insurance company holding a qualified equity investment on the 2581
credit allowance date occurring in the calendar year for which 2582
the tax is due. The credit shall equal the applicable percentage 2583
of the adjusted purchase price, subject to divisions (B) (1) and 2584
(2) of this section: 2585

(1) For the purpose of calculating the amount of qualified 2586
low-income community investments held by a qualified community 2587
development entity, an investment shall be considered held by a 2588
qualified community development entity even if the investment 2589
has been sold or repaid, provided that, at any time before the 2590
seventh anniversary of the issuance of the qualified equity 2591
investment, the qualified community development entity reinvests 2592
an amount equal to the capital returned to or received or 2593
recovered by the qualified community development entity from the 2594
original investment, exclusive of any profits realized and costs 2595
incurred in the sale or repayment, in another qualified low- 2596
income community investment in this state within twelve months 2597
of the receipt of such capital. If the qualified low-income 2598
community investment is sold or repaid after the sixth 2599
anniversary of the issuance of the qualified equity investment, 2600
the qualified low-income community investment shall be 2601
considered held by the qualified community development entity 2602
through the seventh anniversary of the qualified equity 2603
investment's issuance. 2604

(2) The qualified low-income community investment made in 2605
this state shall equal the sum of the qualified low-income 2606
community investments in each qualified active low-income 2607
community business in this state, not to exceed two million five 2608
hundred sixty-four thousand dollars, in which the qualified 2609
community development entity invests, including such investments 2610

in any such businesses in this state related to that qualified 2611
active low-income community business through majority ownership 2612
or control. 2613

The credit shall be claimed in the order prescribed by 2614
section 5725.98 of the Revised Code. If the amount of the credit 2615
exceeds the amount of tax otherwise due after deducting all 2616
other credits in that order, the excess may be carried forward 2617
and applied to the tax due for not more than four ensuing years. 2618

By claiming a tax credit under this section, an insurance 2619
company waives its rights under section 5725.222 of the Revised 2620
Code with respect to the time limitation for the assessment of 2621
taxes as it relates to credits claimed that later become subject 2622
to recapture under division (E) of this section. 2623

(C) The amount of qualified equity investments on the 2624
basis of which credits may be claimed under this section and 2625
sections 5726.54, 5729.16, and 5733.58 of the Revised Code shall 2626
not exceed the amount, estimated by the director of development, 2627
that would cause the total amount of credits allowed each fiscal 2628
year to exceed ten million dollars, computed without regard to 2629
the potential for taxpayers to carry tax credits forward to 2630
later years. 2631

(D) If any amount of the federal tax credit allowed for a 2632
qualified equity investment for which a credit was received 2633
under this section is recaptured under section 45D of the 2634
Internal Revenue Code, or if the director of development 2635
services determines that an investment for which a tax credit is 2636
claimed under this section is not a qualified equity investment 2637
or that the proceeds of an investment for which a tax credit is 2638
claimed under this section are used to make qualified low-income 2639
community investments other than in a qualified active low- 2640

income community business in this state, all or a portion of the 2641
credit received on account of that investment shall be paid by 2642
the insurance company that received the credit to the 2643
superintendent of insurance. The amount to be recovered shall be 2644
determined by the director of development services pursuant to 2645
rules adopted under division (E) of this section. The director 2646
shall certify any amount due under this division to the 2647
superintendent of insurance, and the superintendent shall notify 2648
the treasurer of state of the amount due. Upon notification, the 2649
treasurer shall invoice the insurance company for the amount 2650
due. The amount due is payable not later than thirty days after 2651
the date the treasurer invoices the insurance company. The 2652
amount due shall be considered to be tax due under section 2653
5725.18 of the Revised Code, and may be collected by assessment 2654
without regard to the time limitations imposed under section 2655
5725.222 of the Revised Code for the assessment of taxes by the 2656
superintendent. All amounts collected under this division shall 2657
be credited as revenue from the tax levied under section 5725.18 2658
of the Revised Code. 2659

(E) The tax credits authorized under this section and 2660
sections 5726.54, 5729.16, and 5733.58 of the Revised Code shall 2661
be administered by the ~~department of development services~~ 2662
agency. The director of development services, in consultation 2663
with the tax commissioner and the superintendent of insurance, 2664
pursuant to Chapter 119. of the Revised Code, shall adopt rules 2665
for the administration of this section and sections 5726.54, 2666
5729.16, and 5733.58 of the Revised Code. The rules shall 2667
provide for determining the recovery of credits under division 2668
(D) of this section and under sections 5726.54, 5729.16, and 2669
5733.58 of the Revised Code, including prorating the amount of 2670
the credit to be recovered on any reasonable basis, the manner 2671

in which credits may be allocated among claimants, and the 2672
amount of any application or other fees to be charged in 2673
connection with a recovery. 2674

(F) There is hereby created in the state treasury the new 2675
markets tax credit operating fund. The director of development 2676
services is authorized to charge reasonable application and 2677
other fees in connection with the administration of tax credits 2678
authorized by this section and sections 5726.54, 5729.16, and 2679
5733.58 of the Revised Code. Any such fees collected shall be 2680
credited to the fund. The director of development services shall 2681
use money in the fund to pay expenses related to the 2682
administration of tax credits authorized under sections 5725.33, 2683
5726.54, 5729.16, and 5733.58 of the Revised Code. 2684

(G) Tax credits earned or allocated to a pass-through 2685
entity, as that term is defined in section 5733.04 of the 2686
Revised Code, under section 5725.33, 5726.54, 5729.16, or 2687
5733.58 of the Revised Code may be allocated to persons having a 2688
direct or indirect ownership interest in the pass-through entity 2689
for such persons' direct use in accordance with the provisions 2690
of any mutual agreement between such persons. 2691

Sec. 5733.06. For tax years prior to tax year 2014, the 2692
tax hereby charged each corporation subject to this chapter 2693
shall be the greater of the sum of divisions (A) and (B) of this 2694
section, after the reduction, if any, provided by division (J) 2695
of this section, or division (C) of this section, after the 2696
reduction, if any, provided by division (J) of this section, 2697
except that the tax hereby charged each financial institution 2698
subject to this chapter shall be the amount computed under 2699
division (D) of this section: 2700

(A) Except as set forth in division (F) of this section, 2701

five and one-tenth per cent upon the first fifty thousand 2702
dollars of the value of the taxpayer's issued and outstanding 2703
shares of stock as determined under division (B) of section 2704
5733.05 of the Revised Code; 2705

(B) Except as set forth in division (F) of this section, 2706
eight and one-half per cent upon the value so determined in 2707
excess of fifty thousand dollars; or 2708

(C) (1) Except as otherwise provided under division (G) of 2709
this section, four mills times that portion of the value of the 2710
issued and outstanding shares of stock as determined under 2711
division (C) of section 5733.05 of the Revised Code. For the 2712
purposes of division (C) of this section, division (C) (2) of 2713
section 5733.065, and division (C) of section 5733.066 of the 2714
Revised Code, the value of the issued and outstanding shares of 2715
stock of an eligible corporation for tax year 2003 through tax 2716
year 2007, or of a qualifying holding company, is zero. 2717

(2) As used in division (C) of this section, "eligible 2718
corporation" means a person treated as a corporation for federal 2719
income tax purposes that meets all of the following criteria: 2720

(a) The corporation conducts business for an entire 2721
taxable year as a qualified trade or business as defined by 2722
division (C) of section 122.15 of the Revised Code, as that 2723
section existed before its repeal by H.B. 59 of the 130th 2724
general assembly. 2725

(b) The corporation uses more than fifty per cent of the 2726
corporation's assets, based on net book value, that are located 2727
in Ohio solely to conduct activities that constitute a qualified 2728
trade or business as defined by section 122.15 of the Revised 2729
Code, as that section existed before its repeal by H.B. 59 of 2730

the 130th general assembly. 2731

(c) The corporation has been formed or organized not more 2732
than three years before the report required to be filed by 2733
section 5733.02 of the Revised Code is due, without regard to 2734
any extensions. 2735

(d) The corporation is not a related member, as defined in 2736
section 5733.042 of the Revised Code, at any time during the 2737
taxable year with respect to another person treated as a 2738
corporation for federal income tax purposes. A corporation is 2739
not a related member if during the entire taxable year at least 2740
seventy-five per cent of the corporation's stock is owned 2741
directly or through a pass-through entity by individuals, 2742
estates, and grantor trusts, and the individuals, estates, and 2743
grantor trusts do not directly or indirectly own more than 2744
twenty per cent of the value of another person treated as a 2745
corporation for federal income tax purposes that is conducting a 2746
qualified trade or business. 2747

(D) The tax charged each financial institution subject to 2748
this chapter shall be that portion of the value of the issued 2749
and outstanding shares of stock as determined under division (A) 2750
of section 5733.05 of the Revised Code, multiplied by the 2751
following amounts: 2752

(1) For tax years prior to the 1999 tax year, fifteen 2753
mills; 2754

(2) For the 1999 tax year, fourteen mills; 2755

(3) For tax year 2000 and thereafter, thirteen mills. 2756

(E) No tax shall be charged from any corporation that has 2757
been adjudicated bankrupt, or for which a receiver has been 2758
appointed, or that has made a general assignment for the benefit 2759

of creditors, except for the portion of the then current tax 2760
year during which the tax commissioner finds such corporation 2761
had the power to exercise its corporate franchise unimpaired by 2762
such proceedings or act. The minimum payment for each 2763
corporation shall be as follows: 2764

(1) One thousand dollars in the case of a corporation 2765
having gross receipts for the taxable year equal to at least 2766
five million dollars from activities within or outside this 2767
state or in the case of a corporation employing at least three 2768
hundred employees at some time during the taxable year within or 2769
outside this state; 2770

(2) Fifty dollars in the case of any other corporation. 2771

The tax charged to corporations under this chapter for the 2772
privilege of engaging in business in this state, which is an 2773
excise tax levied on the value of the issued and outstanding 2774
shares of stock, shall in no manner be construed as prohibiting 2775
or otherwise limiting the powers of municipal corporations, 2776
joint economic development zones created under section 715.691 2777
of the Revised Code, and joint economic development districts 2778
created under section 715.70 ~~or, 715.71, or sections 715.72 to~~ 2779
~~715.81~~ of the Revised Code in this state to impose an income tax 2780
on the income of such corporations. 2781

(F) If two or more taxpayers satisfy the ownership or 2782
control requirements of division (A) of section 5733.052 of the 2783
Revised Code, each such taxpayer shall substitute "the 2784
taxpayer's pro-rata amount" for "fifty thousand dollars" in 2785
divisions (A) and (B) of this section. For purposes of this 2786
division, "the taxpayer's pro-rata amount" is an amount that, 2787
when added to the other such taxpayers' pro-rata amounts, does 2788
not exceed fifty thousand dollars. For the purpose of making 2789

that computation, the taxpayer's pro-rata amount shall not be 2790
less than zero. Nothing in this division derogates from or 2791
eliminates the requirement to make the alternative computation 2792
of tax under division (C) of this section. 2793

(G) The tax liability of any corporation under division 2794
(C) of this section shall not exceed one hundred fifty thousand 2795
dollars. 2796

(H) (1) For the purposes of division (H) of this section, 2797
"exiting corporation" means a corporation that satisfies all of 2798
the following conditions: 2799

(a) The corporation had nexus with or in this state under 2800
the Constitution of the United States during any portion of a 2801
calendar year; 2802

(b) The corporation was not a corporation described in 2803
division (A) of section 5733.01 of the Revised Code on the first 2804
day of January immediately following that calendar year; 2805

(c) The corporation was not a financial institution on the 2806
first day of January immediately following that calendar year; 2807

(d) If the corporation was a transferor as defined in 2808
section 5733.053 of the Revised Code, the corporation's 2809
transferee was not required to add to the transferee's net 2810
income the income of the transferor pursuant to division (B) of 2811
that section; 2812

(e) During any portion of that calendar year, or any 2813
portion of the immediately preceding calendar year, the 2814
corporation had net income that was not included in a report 2815
filed by the corporation or its transferee pursuant to section 2816
5733.02, 5733.021, 5733.03, 5733.031, or 5733.053 of the Revised 2817
Code; 2818

(f) The corporation would have been subject to the tax 2819
computed under divisions (A), (B), (C), (F), and (G) of this 2820
section if the corporation is assumed to be a corporation 2821
described in division (A) of section 5733.01 of the Revised Code 2822
on the first day of January immediately following the calendar 2823
year to which division (H) (1) (a) of this section refers. 2824

(2) For the purposes of division (H) of this section, 2825
"unreported net income" means net income that was not previously 2826
included in a report filed pursuant to section 5733.02, 2827
5733.021, 5733.03, 5733.031, or 5733.053 of the Revised Code and 2828
that was realized or recognized during the calendar year to 2829
which division (H) (1) of this section refers or the immediately 2830
preceding calendar year. 2831

(3) Each exiting corporation shall pay a tax computed by 2832
first allocating and apportioning the unreported net income 2833
pursuant to division (B) of section 5733.05 and section 5733.051 2834
and, if applicable, section 5733.052 of the Revised Code. The 2835
exiting corporation then shall compute the tax due on its 2836
unreported net income allocated and apportioned to this state by 2837
applying divisions (A), (B), and (F) of this section to that 2838
income. 2839

(4) Divisions (C) and (G) of this section, division (D) (2) 2840
of section 5733.065, and division (C) of section 5733.066 of the 2841
Revised Code do not apply to an exiting corporation, but exiting 2842
corporations are subject to every other provision of this 2843
chapter. 2844

(5) Notwithstanding division (B) of section 5733.01 or 2845
sections 5733.02, 5733.021, and 5733.03 of the Revised Code to 2846
the contrary, each exiting corporation shall report and pay the 2847
tax due under division (H) of this section on or before the 2848

thirty-first day of May immediately following the calendar year 2849
to which division (H) (1) (a) of this section refers. The exiting 2850
corporation shall file that report on the form most recently 2851
prescribed by the tax commissioner for the purposes of complying 2852
with sections 5733.02 and 5733.03 of the Revised Code. Upon 2853
request by the corporation, the tax commissioner may extend the 2854
date for filing the report. 2855

(6) If, on account of the application of section 5733.053 2856
of the Revised Code, net income is subject to the tax imposed by 2857
divisions (A) and (B) of this section, such income shall not be 2858
subject to the tax imposed by division (H) (3) of this section. 2859

(7) The amendments made to division (H) of this section by 2860
Am. Sub. S.B. 287 of the 123rd general assembly do not apply to 2861
any transfer, as defined in section 5733.053 of the Revised 2862
Code, for which negotiations began prior to January 1, 2001, and 2863
that was commenced in and completed during calendar year 2001, 2864
unless the taxpayer makes an election prior to December 31, 2865
2001, to apply those amendments. 2866

(8) The tax commissioner may adopt rules governing 2867
division (H) of this section. 2868

(I) Any reference in the Revised Code to "the tax imposed 2869
by section 5733.06 of the Revised Code" or "the tax due under 2870
section 5733.06 of the Revised Code" includes the taxes imposed 2871
under sections 5733.065 and 5733.066 of the Revised Code. 2872

(J) (1) Division (J) of this section applies solely to a 2873
combined company. Section 5733.057 of the Revised Code shall 2874
apply when calculating the adjustments required by division (J) 2875
of this section. 2876

(2) Subject to division (J) (4) of this section, the total 2877

tax calculated in divisions (A) and (B) of this section shall be 2878
reduced by an amount calculated by multiplying such tax by a 2879
fraction, the numerator of which is the total taxable gross 2880
receipts attributed to providing public utility activity other 2881
than as an electric company under section 5727.03 of the Revised 2882
Code for the year upon which the taxable gross receipts are 2883
measured immediately preceding the tax year, and the denominator 2884
of which is the total gross receipts from all sources for the 2885
year upon which the taxable gross receipts are measured 2886
immediately preceding the tax year. Nothing herein shall be 2887
construed to exclude from the denominator any item of income 2888
described in section 5733.051 of the Revised Code. 2889

(3) Subject to division (J) (4) of this section, the total 2890
tax calculated in division (C) of this section shall be reduced 2891
by an amount calculated by multiplying such tax by the fraction 2892
described in division (J) (2) of this section. 2893

(4) In no event shall the reduction provided by division 2894
(J) (2) or (J) (3) of this section exceed the amount of the excise 2895
tax paid in accordance with section 5727.38 of the Revised Code, 2896
for the year upon which the taxable gross receipts are measured 2897
immediately preceding the tax year. 2898

Sec. 5733.41. The purpose of the tax imposed by this 2899
section is to complement and to reinforce the tax imposed under 2900
section 5733.06 of the Revised Code. 2901

For the same purposes for which the tax is levied under 2902
section 5733.06 of the Revised Code, there is hereby levied a 2903
tax on every qualifying pass-through entity having at least one 2904
qualifying investor that is not an individual. The tax imposed 2905
by this section is imposed on the sum of the adjusted qualifying 2906
amounts of the qualifying pass-through entity's qualifying 2907

investors that are not individuals as follows: for qualifying 2908
investors subject to division (G) (2) of section 5733.01 of the 2909
Revised Code, at six and eight-tenths per cent for the entity's 2910
taxable year ending in 2005, at five and one-tenth per cent for 2911
the entity's taxable year ending in 2006, at three and four- 2912
tenths per cent for the entity's taxable year ending in 2007, at 2913
one and seven-tenths per cent for the entity's taxable year 2914
ending in 2008, and at zero per cent for the entity's taxable 2915
year ending in 2009 or in subsequent years; and for all other 2916
qualifying investors that are not individuals, at the rate of 2917
eight and one-half per cent. 2918

The tax imposed by this section applies only if the 2919
qualifying entity has nexus with this state under the 2920
Constitution of the United States for any portion of the 2921
qualifying entity's qualifying taxable year, and the sum of the 2922
qualifying entity's adjusted qualifying amounts exceeds one 2923
thousand dollars for the qualifying entity's qualifying taxable 2924
year. This section does not apply to a pass-through entity if 2925
all of the partners, shareholders, members, or investors of the 2926
pass-through entity are taxpayers for the purposes of section 2927
5733.04 of the Revised Code without regard to section 5733.09 of 2928
the Revised Code for the entire qualifying taxable year of the 2929
pass-through entity. 2930

If, prior to the due date of the return, a qualifying 2931
pass-through entity receives from an investor a written 2932
representation, under penalties of perjury, that the investor is 2933
described in division (I) (1), (2), (6), (7), (8), or (9) of 2934
section 5733.40 of the Revised Code for the qualifying pass- 2935
through entity's entire qualifying taxable year, the qualifying 2936
pass-through entity is not required to withhold or pay the taxes 2937
or estimated taxes imposed under this section or sections 2938

5747.41 to 5747.453 of the Revised Code with respect to that 2939
investor for that qualifying taxable year, and is not subject to 2940
any interest or interest penalties for failure to withhold or 2941
pay those taxes or estimated taxes with respect to that investor 2942
for that qualifying taxable year. 2943

If, prior to the due date of the return, a qualifying 2944
trust receives from a beneficiary of that trust a written 2945
representation, under penalties of perjury, that the beneficiary 2946
is a resident taxpayer for the purposes of Chapter 5747. of the 2947
Revised Code for the qualifying trust's entire qualifying 2948
taxable year, the qualifying trust is not required to withhold 2949
or pay the taxes or estimated taxes imposed under this section 2950
or sections 5747.41 to 5747.453 of the Revised Code with respect 2951
to that beneficiary for that qualifying taxable year, and is not 2952
subject to any interest or interest penalties for failure to 2953
withhold or pay those taxes or estimated taxes with respect to 2954
that beneficiary for that qualifying taxable year. 2955

The tax commissioner may adopt rules for the purpose of 2956
the tax levied by this section or section 5747.41 of the Revised 2957
Code, including a rule defining "qualifying investor" or 2958
"qualifying beneficiary," and a rule requiring or permitting a 2959
qualifying entity to combine its income with related members and 2960
to pay the tax and estimated tax on a combined basis. 2961

Sections 5747.10 to 5747.19 and 5747.42 to 5747.453 of the 2962
Revised Code apply to a qualifying entity subject to the tax 2963
imposed under this section. 2964

The levy of the tax under this section does not prevent a 2965
municipal corporation or a joint economic development district 2966
created under section 715.70 ~~or, 715.71, or sections 715.72 to~~ 2967
~~715.81~~ of the Revised Code from levying a tax on income. 2968

Sec. 5747.02. (A) For the purpose of providing revenue for 2969
the support of schools and local government functions, to 2970
provide relief to property taxpayers, to provide revenue for the 2971
general revenue fund, and to meet the expenses of administering 2972
the tax levied by this chapter, there is hereby levied on every 2973
individual, trust, and estate residing in or earning or 2974
receiving income in this state, on every individual, trust, and 2975
estate earning or receiving lottery winnings, prizes, or awards 2976
pursuant to Chapter 3770. of the Revised Code, on every 2977
individual, trust, and estate earning or receiving winnings on 2978
casino gaming, and on every individual, trust, and estate 2979
otherwise having nexus with or in this state under the 2980
Constitution of the United States, an annual tax measured as 2981
prescribed in divisions (A) (1) to (4) of this section. 2982

(1) In the case of trusts, the tax imposed by this section 2983
shall be measured by modified Ohio taxable income under division 2984
(D) of this section and levied at the same rates prescribed in 2985
division (A) (3) of this section for individuals. 2986

(2) In the case of estates, the tax imposed by this 2987
section shall be measured by Ohio taxable income and levied at 2988
the same rates prescribed in division (A) (3) of this section for 2989
individuals. 2990

(3) In the case of individuals, for taxable years 2991
beginning in 2015 or thereafter, the tax imposed by this section 2992
on income other than business income shall be measured by Ohio 2993
adjusted gross income less an exemption for the taxpayer, the 2994
taxpayer's spouse, and each dependent as provided in section 2995
5747.025 of the Revised Code. The tax imposed on the balance 2996
thus obtained is hereby levied as follows: 2997

OHIO ADJUSTED GROSS 2998

INCOME LESS EXEMPTIONS		2999
(INDIVIDUALS)		3000
OR		3001
MODIFIED OHIO		3002
TAXABLE INCOME (TRUSTS)		3003
OR		3004
OHIO TAXABLE INCOME (ESTATES)	TAX	3005
\$5,000 or less	.495%	3006
More than \$5,000 but	\$24.75 plus .990% of the amount	3007
not more than \$10,000	in excess of \$5,000	3008
More than \$10,000 but	\$74.25 plus 1.980% of the amount	3009
not more than \$15,000	in excess of \$10,000	3010
More than \$15,000 but	\$173.25 plus 2.476% of the amount	3011
not more than \$20,000	in excess of \$15,000	3012
More than \$20,000 but	\$297.05 plus 2.969% of the amount	3013
not more than \$40,000	in excess of \$20,000	3014
More than \$40,000 but	\$890.85 plus 3.465% of the amount	3015
not more than \$80,000	in excess of \$40,000	3016
More than \$80,000 but	\$2,276.85 plus 3.960% of the amount	3017
not more than \$100,000	in excess of \$80,000	3018
More than \$100,000 but	\$3,068.85 plus 4.597% of the amount	3019
not more than \$200,000	in excess of \$100,000	3020
More than \$200,000	\$7,665.85 plus 4.997% of the amount	3021
	in excess of \$200,000	3022
(4) In the case of individuals, for taxable years		3023
beginning in 2015 or thereafter, the tax imposed by this section		3024
on business income shall equal three per cent of the taxpayer's		3025
taxable business income.		3026
Except as otherwise provided in this division, in August		3027
of each year, the tax commissioner shall make a new adjustment		3028

to the income amounts prescribed in division (A) (3) of this 3029
section by multiplying the percentage increase in the gross 3030
domestic product deflator computed that year under section 3031
5747.025 of the Revised Code by each of the income amounts 3032
resulting from the adjustment under this division in the 3033
preceding year, adding the resulting product to the 3034
corresponding income amount resulting from the adjustment in the 3035
preceding year, and rounding the resulting sum to the nearest 3036
multiple of fifty dollars. The tax commissioner also shall 3037
recompute each of the tax dollar amounts to the extent necessary 3038
to reflect the new adjustment of the income amounts. The rates 3039
of taxation shall not be adjusted. 3040

The adjusted amounts apply to taxable years beginning in 3041
the calendar year in which the adjustments are made and to 3042
taxable years beginning in each ensuing calendar year until a 3043
calendar year in which a new adjustment is made pursuant to this 3044
division. The tax commissioner shall not make a new adjustment 3045
in any year in which the amount resulting from the adjustment 3046
would be less than the amount resulting from the adjustment in 3047
the preceding year. The commissioner shall not make a new 3048
adjustment for taxable years beginning in 2013, 2014, or 2015. 3049

(B) If the director of budget and management makes a 3050
certification to the tax commissioner under division (B) of 3051
section 131.44 of the Revised Code, the amount of tax as 3052
determined under divisions (A) (1) to (3) of this section shall 3053
be reduced by the percentage prescribed in that certification 3054
for taxable years beginning in the calendar year in which that 3055
certification is made. 3056

(C) The levy of this tax on income does not prevent a 3057
municipal corporation, a joint economic development zone created 3058

under section 715.691, or a joint economic development district 3059
created under section 715.70 ~~or, 715.71, or sections 715.72 to~~ 3060
~~715.81~~ of the Revised Code from levying a tax on income. 3061

(D) This division applies only to taxable years of a trust 3062
beginning in 2002 or thereafter. 3063

(1) The tax imposed by this section on a trust shall be 3064
computed by multiplying the Ohio modified taxable income of the 3065
trust by the rates prescribed by division (A) of this section. 3066

(2) A resident trust may claim a credit against the tax 3067
computed under division (D) of this section equal to the lesser 3068
of (1) the tax paid to another state or the District of Columbia 3069
on the resident trust's modified nonbusiness income, other than 3070
the portion of the resident trust's nonbusiness income that is 3071
qualifying investment income as defined in section 5747.012 of 3072
the Revised Code, or (2) the effective tax rate, based on 3073
modified Ohio taxable income, multiplied by the resident trust's 3074
modified nonbusiness income other than the portion of the 3075
resident trust's nonbusiness income that is qualifying 3076
investment income. The credit applies before any other 3077
applicable credits. 3078

(3) The credits enumerated in division (A) (1) or (2) of 3079
section 5747.98 of the Revised Code do not apply to a trust 3080
subject to division (D) of this section. Any credits enumerated 3081
in division (A) (3) or (4) of section 5747.98 of the Revised Code 3082
apply to a trust subject to division (D) of this section. To the 3083
extent that the trust distributes income for the taxable year 3084
for which a credit is available to the trust, the credit shall 3085
be shared by the trust and its beneficiaries. The tax 3086
commissioner and the trust shall be guided by applicable 3087
regulations of the United States treasury regarding the sharing 3088

of credits. 3089

(E) For the purposes of this section, "trust" means any 3090
trust described in Subchapter J of Chapter 1 of the Internal 3091
Revenue Code, excluding trusts that are not irrevocable as 3092
defined in division (I) (3) (b) of section 5747.01 of the Revised 3093
Code and that have no modified Ohio taxable income for the 3094
taxable year, charitable remainder trusts, qualified funeral 3095
trusts and preneed funeral contract trusts established pursuant 3096
to sections 4717.31 to 4717.38 of the Revised Code that are not 3097
qualified funeral trusts, endowment and perpetual care trusts, 3098
qualified settlement trusts and funds, designated settlement 3099
trusts and funds, and trusts exempted from taxation under 3100
section 501(a) of the Internal Revenue Code. 3101

Sec. 5747.113. (A) Any taxpayer claiming a refund under 3102
section 5747.11 of the Revised Code who wishes to contribute any 3103
part of the taxpayer's refund to the natural areas and preserves 3104
fund created in section 1517.11 of the Revised Code, the nongame 3105
and endangered wildlife fund created in section 1531.26 of the 3106
Revised Code, the military injury relief fund created in section 3107
5902.05 of the Revised Code, the Ohio history fund created in 3108
section 149.308 of the Revised Code, the breast and cervical 3109
cancer project income tax contribution fund created in section 3110
3701.601 of the Revised Code, the wishes for sick children 3111
income tax contribution fund created in section 3701.602 of the 3112
Revised Code, or all of those funds may designate on the 3113
taxpayer's income tax return the amount that the taxpayer wishes 3114
to contribute to the fund or funds. A designated contribution is 3115
irrevocable upon the filing of the return and shall be made in 3116
the full amount designated if the refund found due the taxpayer 3117
upon the initial processing of the taxpayer's return, after any 3118
deductions including those required by section 5747.12 of the 3119

Revised Code, is greater than or equal to the designated 3120
contribution. If the refund due as initially determined is less 3121
than the designated contribution, the contribution shall be made 3122
in the full amount of the refund. The tax commissioner shall 3123
subtract the amount of the contribution from the amount of the 3124
refund initially found due the taxpayer and shall certify the 3125
difference to the director of budget and management and 3126
treasurer of state for payment to the taxpayer in accordance 3127
with section 5747.11 of the Revised Code. For the purpose of any 3128
subsequent determination of the taxpayer's net tax payment, the 3129
contribution shall be considered a part of the refund paid to 3130
the taxpayer. 3131

(B) The tax commissioner shall provide a space on the 3132
income tax return form in which a taxpayer may indicate that the 3133
taxpayer wishes to make a donation in accordance with this 3134
section. The tax commissioner shall also print in the 3135
instructions accompanying the income tax return form a 3136
description of the purposes for which the natural areas and 3137
preserves fund, the nongame and endangered wildlife fund, the 3138
military injury relief fund, the Ohio history fund, the breast 3139
and cervical cancer project income tax contribution fund, and 3140
the wishes for sick children income tax contribution fund were 3141
created and the use of moneys from the income tax refund 3142
contribution system established in this section. No person shall 3143
designate on the person's income tax return any part of a refund 3144
claimed under section 5747.11 of the Revised Code as a 3145
contribution to any fund other than the natural areas and 3146
preserves fund, the nongame and endangered wildlife fund, the 3147
military injury relief fund, the Ohio history fund, the breast 3148
and cervical cancer project income tax contribution fund, or the 3149
wishes for sick children income tax contribution fund. 3150

(C) The money collected under the income tax refund contribution system established in this section shall be deposited by the tax commissioner into the natural areas and preserves fund, the nongame and endangered wildlife fund, the military injury relief fund, the Ohio history fund, the breast and cervical cancer project income tax contribution fund, and the wishes for sick children income tax contribution fund in the amounts designated on the tax returns.

(D) No later than the thirtieth day of September each year, the tax commissioner shall determine the total amount contributed to each fund under this section during the preceding eight months, any adjustments to prior months, and the cost to the department of taxation of administering the income tax refund contribution system during that eight-month period. The commissioner shall make an additional determination no later than the thirty-first day of January of each year of the total amount contributed to each fund under this section during the preceding four calendar months, any adjustments to prior years made during that four-month period, and the cost to the department of taxation of administering the income tax contribution system during that period. The cost of administering the income tax contribution system shall be certified by the tax commissioner to the director of budget and management, who shall transfer an amount equal to one-sixth of such administrative costs from each of the six funds to the income tax contribution fund, which is hereby created, provided that the moneys that the department receives to pay the cost of administering the income tax refund contribution system in any year shall not exceed two and one-half per cent of the total amount contributed under that system during that year.

(E) If the total amount contributed to a fund under this

section in each of ~~two-five~~ consecutive calendar years is less 3182
than ~~one-hundred-fifty~~ thousand dollars, no person may designate 3183
a contribution to that fund for any taxable year ending after 3184
the last day of that ~~two-year~~ five-year period. In such a case, 3185
the tax commissioner shall remove the space dedicated to the 3186
fund on the income tax return and the description of the fund in 3187
the instructions accompanying the income tax return. 3188

(F) The general assembly may authorize taxpayer refund 3189
contributions to no more than six funds under the income tax 3190
refund contribution system established in this section. If the 3191
general assembly authorizes income tax refund contributions to a 3192
fund other than the natural areas and preserves fund, the 3193
nongame and endangered wildlife fund, the military injury relief 3194
fund, the Ohio history fund, the breast and cervical cancer 3195
project income tax contribution fund, or the wishes for sick 3196
children income tax contribution fund, such contributions may be 3197
authorized only for a period of two calendar years. 3198

With the exception of the Ohio history fund, the general 3199
assembly may authorize income tax refund contributions to a fund 3200
only if all the money in the fund will be expended or 3201
distributed by a state agency as defined in section 1.60 of the 3202
Revised Code. 3203

(G) (1) The director of natural resources, in January of 3204
every odd-numbered year, shall report to the general assembly on 3205
the effectiveness of the income tax refund contribution system 3206
as it pertains to the natural areas and preserves fund and the 3207
nongame and endangered wildlife fund. The report shall include 3208
the amount of money contributed to each fund in each of the 3209
previous five years, the amount of money contributed directly to 3210
each fund in addition to or independently of the income tax 3211

refund contribution system in each of the previous five years, 3212
and the purposes for which the money was expended. 3213

(2) The director of veterans services, the director of the 3214
Ohio history connection, and the director of health, in January 3215
of every odd-numbered year, each shall report to the general 3216
assembly on the effectiveness of the income tax refund 3217
contribution system as it pertains to the military injury relief 3218
fund, the Ohio history fund, the breast and cervical cancer 3219
project income tax contribution fund, and the wishes for sick 3220
children income tax contribution fund respectively. The report 3221
shall include the amount of money contributed to the fund in 3222
each of the previous five years, the amount of money contributed 3223
directly to the fund in addition to or independently of the 3224
income tax refund contribution system in each of the previous 3225
five years, and the purposes for which the money was expended. 3226

Sec. 5747.41. For the same purposes for which the tax is 3227
levied under section 5747.02 of the Revised Code, there is 3228
hereby levied a withholding tax on every qualifying pass-through 3229
entity having at least one qualifying investor who is an 3230
individual and on every qualifying trust having at least one 3231
qualifying beneficiary who is an individual. The withholding tax 3232
imposed by this section is imposed on the sum of the adjusted 3233
qualifying amounts of a qualifying pass-through entity's 3234
qualifying investors who are individuals and on the sum of the 3235
adjusted qualifying amounts of a qualifying trust's qualifying 3236
beneficiaries, at the rate of five per cent of that sum. 3237

The tax imposed by this section applies only if the 3238
qualifying entity has nexus with this state under the 3239
Constitution of the United States for any portion of the 3240
qualifying entity's qualifying taxable year, and the sum of the 3241

qualifying entity's adjusted qualifying amounts exceeds one 3242
thousand dollars for the qualifying entity's qualifying taxable 3243
year. 3244

The levy of the tax under this section does not prevent a 3245
municipal corporation or a joint economic development district 3246
created under section 715.70 ~~or~~, 715.71 ~~or~~ sections 715.72 ~~to~~
~~715.81~~ of the Revised Code from levying a tax on income. 3248

Section 2. That existing sections 715.72, 715.79, 715.80, 3249
715.81, 715.82, 715.83, 718.01, 4301.80, 5595.06, 5709.12, 3250
5709.61, 5709.82, 5725.33, 5733.06, 5733.41, 5747.02, 5747.113, 3251
and 5747.41 and sections 715.73, 715.74, 715.75, 715.76, 3252
715.761, 715.77, 715.771, and 715.78 of the Revised Code are 3253
hereby repealed. 3254

Section 3. That Section 4 of Sub. H.B. 5 of the 130th 3255
General Assembly be amended to read as follows: 3256

Sec. 4. (A) There is hereby created the Municipal Income 3257
Tax Net Operating Loss Review Committee for the purpose of 3258
evaluating and quantifying the potential fiscal impact to 3259
municipal corporations levying an income tax requiring such 3260
municipal corporations to allow taxpayers to carry forward net 3261
operating losses for five years. The Committee is a public body 3262
for the purposes of section 121.22 of the Revised Code. 3263

(B) The Committee shall be composed of the following 3264
members: 3265

(1) Two members of the House of Representatives who are 3266
not of the same political party, appointed by the Speaker of the 3267
House of Representatives; 3268

(2) Two members of the Senate who are not of the same 3269
political party, appointed by the President of the Senate; 3270

(3) Three members representing municipal income taxpayers, 3271
appointed by the Speaker of the House of Representatives; 3272

(4) Three members representing municipal corporations that 3273
levy an income tax in calendar year 2016, appointed by the 3274
President of the Senate. At least two of the members appointed 3275
under division (B)(4) of this section shall represent municipal 3276
corporations that do not allow taxpayers to carry forward net 3277
operating losses to future taxable years. 3278

(5) One member appointed by the Governor, who shall serve 3279
as the chairperson of the Committee. 3280

The appointing authorities shall appoint members of the 3281
Committee not later than March 1, 2015. An appointed member 3282
shall serve until the member resigns or is removed by the 3283
member's appointing authority. Vacancies shall be filled in the 3284
same manner as original appointments. A vacancy on the committee 3285
does not impair the right of the other members to exercise all 3286
the functions of the Committee. 3287

The Committee shall meet for the first time on or before 3288
May 31, 2015. Thereafter, the Committee shall meet at the call 3289
of the chairperson. The presence of a majority of the members of 3290
the Committee constitutes a quorum for the conduct of business 3291
of the Committee. The concurrence of at least a majority of the 3292
members of the Committee is necessary to approve the report 3293
issued by the Committee under division (E) of this section. 3294
Members of the Committee shall not be compensated or reimbursed 3295
for members' expenses. 3296

(C) On or before November 30, 2015, the Committee shall 3297
prescribe a method that municipal corporations shall use to 3298
estimate the difference between the municipal corporation's 3299

actual or projected municipal income tax revenue in 2012, 2013, 3300
2014, 2015, 2016, 2017, and 2018 and the actual or projected 3301
municipal income tax revenue that would have resulted in each of 3302
those years if the municipal corporation allowed net operating 3303
loss to be carried forward for five years for losses incurred in 3304
2011, 2012, and 2013. 3305

(D) On or before ~~September 30~~December 31, 2016, each 3306
municipal corporation that levies an income tax in 2011, 2012, 3307
or 2013 shall report to the Municipal Income Tax Net Operating 3308
Loss Review Committee the difference between the municipal 3309
corporation's actual or projected municipal income tax revenue 3310
in 2012, 2013, 2014, 2015, 2016, 2017, and 2018 and the actual 3311
or projected municipal income tax revenue that would have 3312
resulted in each of those years if the municipal corporation 3313
allowed net operating loss to be carried forward for five years 3314
for losses incurred in 2011, 2012, and 2013, as estimated by the 3315
method prescribed by the Committee under division (C) of this 3316
section. 3317

(E) If the Municipal Income Tax Net Operating Loss Review 3318
Committee receives reports from a representative sample, then 3319
the Committee shall review the information reported by municipal 3320
corporations under division (D) of this section and calculate 3321
the total of the revenue effects reported by such municipal 3322
corporations. On or before May 1, 2017, the Committee shall 3323
issue a written report to the Speaker and Minority Leader of the 3324
House of Representatives and the President and Minority Leader 3325
of the Senate reporting the Committee's findings and estimated 3326
revenue impact of requiring municipal corporations levying an 3327
income tax to allow net operating loss to be carried forward for 3328
five years. The report shall contain recommendations to address 3329
revenue shortfalls, which may include, but which shall not be 3330

limited to, the use of supplemental funds from the Local 3331
Government Fund to mitigate those shortfalls. 3332

(F) Nothing in this section delays or otherwise affects 3333
the taxable years to which division (E) (8) of section 718.01 of 3334
the Revised Code, as enacted by this act, apply as prescribed in 3335
that division. 3336

(G) The Municipal Income Tax Net Operating Loss Review 3337
Committee shall cease to exist on May 1, 2017. 3338

(H) As used in this section, "representative sample" 3339
includes at least three cities with a population of more than 3340
two hundred fifty thousand, five cities or villages with a 3341
higher ratio of business taxpayers to resident individual 3342
taxpayers relative to the state average, and five cities or 3343
villages with a higher ratio of resident individual taxpayers to 3344
business taxpayers relative to the state average. 3345

Section 4. That existing Section 4 of Sub. H.B. 5 of the 3346
130th General Assembly is hereby repealed. 3347

Section 5. (A) The amendment by this act of section 3348
5709.12 of the Revised Code applies to tax year 2016 and every 3349
tax year thereafter. 3350

(B) The amendment by this act of section 5725.33 of the 3351
Revised Code applies to qualified equity investments made on or 3352
after the effective date of this act. 3353

Section 6. Section 5709.12 of the Revised Code is 3354
presented in this act as a composite of the section as amended 3355
by both Am. Sub. H.B. 483 and Sub. S.B. 172 of the 130th General 3356
Assembly. The General Assembly, applying the principle stated in 3357
division (B) of section 1.52 of the Revised Code that amendments 3358
are to be harmonized if reasonably capable of simultaneous 3359

operation, finds that the composite is the resulting version of 3360
the section in effect prior to the effective date of the section 3361
as presented in this act. 3362

Section 5747.113 of the Revised Code is presented in this 3363
act as a composite of the section as amended by both Am. Sub. 3364
H.B. 64 and Am. H.B. 141 of the 131st General Assembly. The 3365
General Assembly, applying the principle stated in division (B) 3366
of section 1.52 of the Revised Code that amendments are to be 3367
harmonized if reasonably capable of simultaneous operation, 3368
finds that the composite is the resulting version of the section 3369
in effect prior to the effective date of the section as 3370
presented in this act. 3371