

As Introduced

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Representative Ramos

**Cosponsors: Representatives Hood, Patterson, Clyde, Bocchieri, Antonio, Cera,
Smith, K., Boyce, Lepore-Hagan, Leland**

A BILL

To amend section 5747.01 of the Revised Code to 1
reinstate the state income tax deduction for 2
qualified higher education tuition and fee 3
payments that expired December 31, 2005. 4

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

Section 1. That section 5747.01 of the Revised Code be 5
amended to read as follows: 6

Sec. 5747.01. Except as otherwise expressly provided or 7
clearly appearing from the context, any term used in this 8
chapter that is not otherwise defined in this section has the 9
same meaning as when used in a comparable context in the laws of 10
the United States relating to federal income taxes or if not 11
used in a comparable context in those laws, has the same meaning 12
as in section 5733.40 of the Revised Code. Any reference in this 13
chapter to the Internal Revenue Code includes other laws of the 14
United States relating to federal income taxes. 15

As used in this chapter: 16

(A) "Adjusted gross income" or "Ohio adjusted gross 17

income" means federal adjusted gross income, as defined and used 18
in the Internal Revenue Code, adjusted as provided in this 19
section: 20

(1) Add interest or dividends on obligations or securities 21
of any state or of any political subdivision or authority of any 22
state, other than this state and its subdivisions and 23
authorities. 24

(2) Add interest or dividends on obligations of any 25
authority, commission, instrumentality, territory, or possession 26
of the United States to the extent that the interest or 27
dividends are exempt from federal income taxes but not from 28
state income taxes. 29

(3) Deduct interest or dividends on obligations of the 30
United States and its territories and possessions or of any 31
authority, commission, or instrumentality of the United States 32
to the extent that the interest or dividends are included in 33
federal adjusted gross income but exempt from state income taxes 34
under the laws of the United States. 35

(4) Deduct disability and survivor's benefits to the 36
extent included in federal adjusted gross income. 37

(5) Deduct benefits under Title II of the Social Security 38
Act and tier 1 railroad retirement benefits to the extent 39
included in federal adjusted gross income under section 86 of 40
the Internal Revenue Code. 41

(6) In the case of a taxpayer who is a beneficiary of a 42
trust that makes an accumulation distribution as defined in 43
section 665 of the Internal Revenue Code, add, for the 44
beneficiary's taxable years beginning before 2002, the portion, 45
if any, of such distribution that does not exceed the 46

undistributed net income of the trust for the three taxable 47
years preceding the taxable year in which the distribution is 48
made to the extent that the portion was not included in the 49
trust's taxable income for any of the trust's taxable years 50
beginning in 2002 or thereafter. "Undistributed net income of a 51
trust" means the taxable income of the trust increased by (a) (i) 52
the additions to adjusted gross income required under division 53
(A) of this section and (ii) the personal exemptions allowed to 54
the trust pursuant to section 642(b) of the Internal Revenue 55
Code, and decreased by (b) (i) the deductions to adjusted gross 56
income required under division (A) of this section, (ii) the 57
amount of federal income taxes attributable to such income, and 58
(iii) the amount of taxable income that has been included in the 59
adjusted gross income of a beneficiary by reason of a prior 60
accumulation distribution. Any undistributed net income included 61
in the adjusted gross income of a beneficiary shall reduce the 62
undistributed net income of the trust commencing with the 63
earliest years of the accumulation period. 64

(7) Deduct the amount of wages and salaries, if any, not 65
otherwise allowable as a deduction but that would have been 66
allowable as a deduction in computing federal adjusted gross 67
income for the taxable year, had the targeted jobs credit 68
allowed and determined under sections 38, 51, and 52 of the 69
Internal Revenue Code not been in effect. 70

(8) Deduct any interest or interest equivalent on public 71
obligations and purchase obligations to the extent that the 72
interest or interest equivalent is included in federal adjusted 73
gross income. 74

(9) Add any loss or deduct any gain resulting from the 75
sale, exchange, or other disposition of public obligations to 76

the extent that the loss has been deducted or the gain has been 77
included in computing federal adjusted gross income. 78

(10) Deduct or add amounts, as provided under section 79
5747.70 of the Revised Code, related to contributions to 80
variable college savings program accounts made or tuition units 81
purchased pursuant to Chapter 3334. of the Revised Code. 82

(11) (a) Deduct, to the extent not otherwise allowable as a 83
deduction or exclusion in computing federal or Ohio adjusted 84
gross income for the taxable year, the amount the taxpayer paid 85
during the taxable year for medical care insurance and qualified 86
long-term care insurance for the taxpayer, the taxpayer's 87
spouse, and dependents. No deduction for medical care insurance 88
under division (A) (11) of this section shall be allowed either 89
to any taxpayer who is eligible to participate in any subsidized 90
health plan maintained by any employer of the taxpayer or of the 91
taxpayer's spouse, or to any taxpayer who is entitled to, or on 92
application would be entitled to, benefits under part A of Title 93
XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 94
U.S.C. 301, as amended. For the purposes of division (A) (11) (a) 95
of this section, "subsidized health plan" means a health plan 96
for which the employer pays any portion of the plan's cost. The 97
deduction allowed under division (A) (11) (a) of this section 98
shall be the net of any related premium refunds, related premium 99
reimbursements, or related insurance premium dividends received 100
during the taxable year. 101

(b) Deduct, to the extent not otherwise deducted or 102
excluded in computing federal or Ohio adjusted gross income 103
during the taxable year, the amount the taxpayer paid during the 104
taxable year, not compensated for by any insurance or otherwise, 105
for medical care of the taxpayer, the taxpayer's spouse, and 106

dependents, to the extent the expenses exceed seven and one-half 107
per cent of the taxpayer's federal adjusted gross income. 108

(c) Deduct, to the extent not otherwise deducted or 109
excluded in computing federal or Ohio adjusted gross income, any 110
amount included in federal adjusted gross income under section 111
105 or not excluded under section 106 of the Internal Revenue 112
Code solely because it relates to an accident and health plan 113
for a person who otherwise would be a "qualifying relative" and 114
thus a "dependent" under section 152 of the Internal Revenue 115
Code but for the fact that the person fails to meet the income 116
and support limitations under section 152(d)(1)(B) and (C) of 117
the Internal Revenue Code. 118

(d) For purposes of division (A)(11) of this section, 119
"medical care" has the meaning given in section 213 of the 120
Internal Revenue Code, subject to the special rules, 121
limitations, and exclusions set forth therein, and "qualified 122
long-term care" has the same meaning given in section 7702B(c) 123
of the Internal Revenue Code. Solely for purposes of divisions 124
(A)(11)(a) and (c) of this section, "dependent" includes a 125
person who otherwise would be a "qualifying relative" and thus a 126
"dependent" under section 152 of the Internal Revenue Code but 127
for the fact that the person fails to meet the income and 128
support limitations under section 152(d)(1)(B) and (C) of the 129
Internal Revenue Code. 130

(12)(a) Deduct any amount included in federal adjusted 131
gross income solely because the amount represents a 132
reimbursement or refund of expenses that in any year the 133
taxpayer had deducted as an itemized deduction pursuant to 134
section 63 of the Internal Revenue Code and applicable United 135
States department of the treasury regulations. The deduction 136

otherwise allowed under division (A) (12) (a) of this section 137
shall be reduced to the extent the reimbursement is attributable 138
to an amount the taxpayer deducted under this section in any 139
taxable year. 140

(b) Add any amount not otherwise included in Ohio adjusted 141
gross income for any taxable year to the extent that the amount 142
is attributable to the recovery during the taxable year of any 143
amount deducted or excluded in computing federal or Ohio 144
adjusted gross income in any taxable year. 145

(13) Deduct any portion of the deduction described in 146
section 1341(a) (2) of the Internal Revenue Code, for repaying 147
previously reported income received under a claim of right, that 148
meets both of the following requirements: 149

(a) It is allowable for repayment of an item that was 150
included in the taxpayer's adjusted gross income for a prior 151
taxable year and did not qualify for a credit under division (A) 152
or (B) of section 5747.05 of the Revised Code for that year; 153

(b) It does not otherwise reduce the taxpayer's adjusted 154
gross income for the current or any other taxable year. 155

(14) Deduct an amount equal to the deposits made to, and 156
net investment earnings of, a medical savings account during the 157
taxable year, in accordance with section 3924.66 of the Revised 158
Code. The deduction allowed by division (A) (14) of this section 159
does not apply to medical savings account deposits and earnings 160
otherwise deducted or excluded for the current or any other 161
taxable year from the taxpayer's federal adjusted gross income. 162

(15) (a) Add an amount equal to the funds withdrawn from a 163
medical savings account during the taxable year, and the net 164
investment earnings on those funds, when the funds withdrawn 165

were used for any purpose other than to reimburse an account holder for, or to pay, eligible medical expenses, in accordance with section 3924.66 of the Revised Code;

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

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

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

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

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

(18) ~~Beginning in taxable year 2001 but not for any taxable year beginning after December 31, 2005,~~For taxable years beginning on or after January 1, 2016, if the taxpayer is married and files a joint return and the combined federal adjusted gross income of the taxpayer and the taxpayer's spouse

for the taxable year does not exceed one hundred thousand 195
dollars, or if the taxpayer is single and has a federal adjusted 196
gross income for the taxable year not exceeding fifty thousand 197
dollars, deduct amounts paid during the taxable year for 198
qualified tuition and fees paid to an eligible institution for 199
the taxpayer, the taxpayer's spouse, or any dependent of the 200
taxpayer, who is a resident of this state and is enrolled in or 201
attending a program that culminates in a degree or diploma at an 202
eligible institution. The deduction may be claimed only to the 203
extent that qualified tuition and fees are not otherwise 204
deducted or excluded for any taxable year from federal or Ohio 205
adjusted gross income. The deduction may not be claimed for 206
educational expenses for which the taxpayer claims a credit 207
under section 5747.27 of the Revised Code. 208

(19) Add any reimbursement received during the taxable 209
year of any amount the taxpayer deducted under division (A) (18) 210
of this section in any previous taxable year to the extent the 211
amount is not otherwise included in Ohio adjusted gross income. 212

(20) (a) (i) Subject to divisions (A) (20) (a) (iii), (iv), and 213
(v) of this section, add five-sixths of the amount of 214
depreciation expense allowed by subsection (k) of section 168 of 215
the Internal Revenue Code, including the taxpayer's 216
proportionate or distributive share of the amount of 217
depreciation expense allowed by that subsection to a pass- 218
through entity in which the taxpayer has a direct or indirect 219
ownership interest. 220

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) 221
of this section, add five-sixths of the amount of qualifying 222
section 179 depreciation expense, including the taxpayer's 223
proportionate or distributive share of the amount of qualifying 224

section 179 depreciation expense allowed to any pass-through 225
entity in which the taxpayer has a direct or indirect ownership 226
interest. 227

(iii) Subject to division (A)(20)(a)(v) of this section, 228
for taxable years beginning in 2012 or thereafter, if the 229
increase in income taxes withheld by the taxpayer is equal to or 230
greater than ten per cent of income taxes withheld by the 231
taxpayer during the taxpayer's immediately preceding taxable 232
year, "two-thirds" shall be substituted for "five-sixths" for 233
the purpose of divisions (A)(20)(a)(i) and (ii) of this section. 234

(iv) Subject to division (A)(20)(a)(v) of this section, 235
for taxable years beginning in 2012 or thereafter, a taxpayer is 236
not required to add an amount under division (A)(20) of this 237
section if the increase in income taxes withheld by the taxpayer 238
and by any pass-through entity in which the taxpayer has a 239
direct or indirect ownership interest is equal to or greater 240
than the sum of (I) the amount of qualifying section 179 241
depreciation expense and (II) the amount of depreciation expense 242
allowed to the taxpayer by subsection (k) of section 168 of the 243
Internal Revenue Code, and including the taxpayer's 244
proportionate or distributive shares of such amounts allowed to 245
any such pass-through entities. 246

(v) If a taxpayer directly or indirectly incurs a net 247
operating loss for the taxable year for federal income tax 248
purposes, to the extent such loss resulted from depreciation 249
expense allowed by subsection (k) of section 168 of the Internal 250
Revenue Code and by qualifying section 179 depreciation expense, 251
"the entire" shall be substituted for "five-sixths of the" for 252
the purpose of divisions (A)(20)(a)(i) and (ii) of this section. 253

The tax commissioner, under procedures established by the 254

commissioner, may waive the add-backs related to a pass-through 255
entity if the taxpayer owns, directly or indirectly, less than 256
five per cent of the pass-through entity. 257

(b) Nothing in division (A) (20) of this section shall be 258
construed to adjust or modify the adjusted basis of any asset. 259

(c) To the extent the add-back required under division (A) 260
(20) (a) of this section is attributable to property generating 261
nonbusiness income or loss allocated under section 5747.20 of 262
the Revised Code, the add-back shall be situated to the same 263
location as the nonbusiness income or loss generated by the 264
property for the purpose of determining the credit under 265
division (A) of section 5747.05 of the Revised Code. Otherwise, 266
the add-back shall be apportioned, subject to one or more of the 267
four alternative methods of apportionment enumerated in section 268
5747.21 of the Revised Code. 269

(d) For the purposes of division (A) (20) (a) (v) of this 270
section, net operating loss carryback and carryforward shall not 271
include the allowance of any net operating loss deduction 272
carryback or carryforward to the taxable year to the extent such 273
loss resulted from depreciation allowed by section 168(k) of the 274
Internal Revenue Code and by the qualifying section 179 275
depreciation expense amount. 276

(e) For the purposes of divisions (A) (20) and (21) of this 277
section: 278

(i) "Income taxes withheld" means the total amount 279
withheld and remitted under sections 5747.06 and 5747.07 of the 280
Revised Code by an employer during the employer's taxable year. 281

(ii) "Increase in income taxes withheld" means the amount 282
by which the amount of income taxes withheld by an employer 283

during the employer's current taxable year exceeds the amount of 284
income taxes withheld by that employer during the employer's 285
immediately preceding taxable year. 286

(iii) "Qualifying section 179 depreciation expense" means 287
the difference between (I) the amount of depreciation expense 288
directly or indirectly allowed to a taxpayer under section 179 289
of the Internal Revised Code, and (II) the amount of 290
depreciation expense directly or indirectly allowed to the 291
taxpayer under section 179 of the Internal Revenue Code as that 292
section existed on December 31, 2002. 293

(21) (a) If the taxpayer was required to add an amount 294
under division (A) (20) (a) of this section for a taxable year, 295
deduct one of the following: 296

(i) One-fifth of the amount so added for each of the five 297
succeeding taxable years if the amount so added was five-sixths 298
of qualifying section 179 depreciation expense or depreciation 299
expense allowed by subsection (k) of section 168 of the Internal 300
Revenue Code; 301

(ii) One-half of the amount so added for each of the two 302
succeeding taxable years if the amount so added was two-thirds 303
of such depreciation expense; 304

(iii) One-sixth of the amount so added for each of the six 305
succeeding taxable years if the entire amount of such 306
depreciation expense was so added. 307

(b) If the amount deducted under division (A) (21) (a) of 308
this section is attributable to an add-back allocated under 309
division (A) (20) (c) of this section, the amount deducted shall 310
be situated to the same location. Otherwise, the add-back shall 311
be apportioned using the apportionment factors for the taxable 312

year in which the deduction is taken, subject to one or more of 313
the four alternative methods of apportionment enumerated in 314
section 5747.21 of the Revised Code. 315

(c) No deduction is available under division (A) (21) (a) of 316
this section with regard to any depreciation allowed by section 317
168(k) of the Internal Revenue Code and by the qualifying 318
section 179 depreciation expense amount to the extent that such 319
depreciation results in or increases a federal net operating 320
loss carryback or carryforward. If no such deduction is 321
available for a taxable year, the taxpayer may carry forward the 322
amount not deducted in such taxable year to the next taxable 323
year and add that amount to any deduction otherwise available 324
under division (A) (21) (a) of this section for that next taxable 325
year. The carryforward of amounts not so deducted shall continue 326
until the entire addition required by division (A) (20) (a) of 327
this section has been deducted. 328

(d) No refund shall be allowed as a result of adjustments 329
made by division (A) (21) of this section. 330

(22) Deduct, to the extent not otherwise deducted or 331
excluded in computing federal or Ohio adjusted gross income for 332
the taxable year, the amount the taxpayer received during the 333
taxable year as reimbursement for life insurance premiums under 334
section 5919.31 of the Revised Code. 335

(23) Deduct, to the extent not otherwise deducted or 336
excluded in computing federal or Ohio adjusted gross income for 337
the taxable year, the amount the taxpayer received during the 338
taxable year as a death benefit paid by the adjutant general 339
under section 5919.33 of the Revised Code. 340

(24) Deduct, to the extent included in federal adjusted 341

gross income and not otherwise allowable as a deduction or 342
exclusion in computing federal or Ohio adjusted gross income for 343
the taxable year, military pay and allowances received by the 344
taxpayer during the taxable year for active duty service in the 345
United States army, air force, navy, marine corps, or coast 346
guard or reserve components thereof or the national guard. The 347
deduction may not be claimed for military pay and allowances 348
received by the taxpayer while the taxpayer is stationed in this 349
state. 350

(25) Deduct, to the extent not otherwise allowable as a 351
deduction or exclusion in computing federal or Ohio adjusted 352
gross income for the taxable year and not otherwise compensated 353
for by any other source, the amount of qualified organ donation 354
expenses incurred by the taxpayer during the taxable year, not 355
to exceed ten thousand dollars. A taxpayer may deduct qualified 356
organ donation expenses only once for all taxable years 357
beginning with taxable years beginning in 2007. 358

For the purposes of division (A) (25) of this section: 359

(a) "Human organ" means all or any portion of a human 360
liver, pancreas, kidney, intestine, or lung, and any portion of 361
human bone marrow. 362

(b) "Qualified organ donation expenses" means travel 363
expenses, lodging expenses, and wages and salary forgone by a 364
taxpayer in connection with the taxpayer's donation, while 365
living, of one or more of the taxpayer's human organs to another 366
human being. 367

(26) Deduct, to the extent not otherwise deducted or 368
excluded in computing federal or Ohio adjusted gross income for 369
the taxable year, amounts received by the taxpayer as retired 370

personnel pay for service in the uniformed services or reserve 371
components thereof, or the national guard, or received by the 372
surviving spouse or former spouse of such a taxpayer under the 373
survivor benefit plan on account of such a taxpayer's death. If 374
the taxpayer receives income on account of retirement paid under 375
the federal civil service retirement system or federal employees 376
retirement system, or under any successor retirement program 377
enacted by the congress of the United States that is established 378
and maintained for retired employees of the United States 379
government, and such retirement income is based, in whole or in 380
part, on credit for the taxpayer's uniformed service, the 381
deduction allowed under this division shall include only that 382
portion of such retirement income that is attributable to the 383
taxpayer's uniformed service, to the extent that portion of such 384
retirement income is otherwise included in federal adjusted 385
gross income and is not otherwise deducted under this section. 386
Any amount deducted under division (A) (26) of this section is 387
not included in a taxpayer's adjusted gross income for the 388
purposes of section 5747.055 of the Revised Code. No amount may 389
be deducted under division (A) (26) of this section on the basis 390
of which a credit was claimed under section 5747.055 of the 391
Revised Code. 392

(27) Deduct, to the extent not otherwise deducted or 393
excluded in computing federal or Ohio adjusted gross income for 394
the taxable year, the amount the taxpayer received during the 395
taxable year from the military injury relief fund created in 396
section 5902.05 of the Revised Code. 397

(28) Deduct, to the extent not otherwise deducted or 398
excluded in computing federal or Ohio adjusted gross income for 399
the taxable year, the amount the taxpayer received as a veterans 400
bonus during the taxable year from the Ohio department of 401

veterans services as authorized by Section 2r of Article VIII, 402
Ohio Constitution. 403

(29) Deduct, to the extent not otherwise deducted or 404
excluded in computing federal or Ohio adjusted gross income for 405
the taxable year, any income derived from a transfer agreement 406
or from the enterprise transferred under that agreement under 407
section 4313.02 of the Revised Code. 408

(30) Deduct, to the extent not otherwise deducted or 409
excluded in computing federal or Ohio adjusted gross income for 410
the taxable year, Ohio college opportunity or federal Pell grant 411
amounts received by the taxpayer or the taxpayer's spouse or 412
dependent pursuant to section 3333.122 of the Revised Code or 20 413
U.S.C. 1070a, et seq., and used to pay room or board furnished 414
by the educational institution for which the grant was awarded 415
at the institution's facilities, including meal plans 416
administered by the institution. For the purposes of this 417
division, receipt of a grant includes the distribution of a 418
grant directly to an educational institution and the crediting 419
of the grant to the enrollee's account with the institution. 420

(31) Deduct all business income to the extent not 421
otherwise deducted or excluded in computing federal or Ohio 422
adjusted gross income for the taxable year. 423

(B) "Business income" means income, including gain or 424
loss, arising from transactions, activities, and sources in the 425
regular course of a trade or business and includes income, gain, 426
or loss from real property, tangible property, and intangible 427
property if the acquisition, rental, management, and disposition 428
of the property constitute integral parts of the regular course 429
of a trade or business operation. "Business income" includes 430
income, including gain or loss, from a partial or complete 431

liquidation of a business, including, but not limited to, gain 432
or loss from the sale or other disposition of goodwill. 433

(C) "Nonbusiness income" means all income other than 434
business income and may include, but is not limited to, 435
compensation, rents and royalties from real or tangible personal 436
property, capital gains, interest, dividends and distributions, 437
patent or copyright royalties, or lottery winnings, prizes, and 438
awards. 439

(D) "Compensation" means any form of remuneration paid to 440
an employee for personal services. 441

(E) "Fiduciary" means a guardian, trustee, executor, 442
administrator, receiver, conservator, or any other person acting 443
in any fiduciary capacity for any individual, trust, or estate. 444

(F) "Fiscal year" means an accounting period of twelve 445
months ending on the last day of any month other than December. 446

(G) "Individual" means any natural person. 447

(H) "Internal Revenue Code" means the "Internal Revenue 448
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 449

(I) "Resident" means any of the following, provided that 450
division (I) (3) of this section applies only to taxable years of 451
a trust beginning in 2002 or thereafter: 452

(1) An individual who is domiciled in this state, subject 453
to section 5747.24 of the Revised Code; 454

(2) The estate of a decedent who at the time of death was 455
domiciled in this state. The domicile tests of section 5747.24 456
of the Revised Code are not controlling for purposes of division 457
(I) (2) of this section. 458

(3) A trust that, in whole or part, resides in this state. 459
If only part of a trust resides in this state, the trust is a 460
resident only with respect to that part. 461

For the purposes of division (I) (3) of this section: 462

(a) A trust resides in this state for the trust's current 463
taxable year to the extent, as described in division (I) (3) (d) 464
of this section, that the trust consists directly or indirectly, 465
in whole or in part, of assets, net of any related liabilities, 466
that were transferred, or caused to be transferred, directly or 467
indirectly, to the trust by any of the following: 468

(i) A person, a court, or a governmental entity or 469
instrumentality on account of the death of a decedent, but only 470
if the trust is described in division (I) (3) (e) (i) or (ii) of 471
this section; 472

(ii) A person who was domiciled in this state for the 473
purposes of this chapter when the person directly or indirectly 474
transferred assets to an irrevocable trust, but only if at least 475
one of the trust's qualifying beneficiaries is domiciled in this 476
state for the purposes of this chapter during all or some 477
portion of the trust's current taxable year; 478

(iii) A person who was domiciled in this state for the 479
purposes of this chapter when the trust document or instrument 480
or part of the trust document or instrument became irrevocable, 481
but only if at least one of the trust's qualifying beneficiaries 482
is a resident domiciled in this state for the purposes of this 483
chapter during all or some portion of the trust's current 484
taxable year. If a trust document or instrument became 485
irrevocable upon the death of a person who at the time of death 486
was domiciled in this state for purposes of this chapter, that 487

person is a person described in division (I) (3) (a) (iii) of this section. 488
489

(b) A trust is irrevocable to the extent that the 490
transferor is not considered to be the owner of the net assets 491
of the trust under sections 671 to 678 of the Internal Revenue 492
Code. 493

(c) With respect to a trust other than a charitable lead 494
trust, "qualifying beneficiary" has the same meaning as 495
"potential current beneficiary" as defined in section 1361(e) (2) 496
of the Internal Revenue Code, and with respect to a charitable 497
lead trust "qualifying beneficiary" is any current, future, or 498
contingent beneficiary, but with respect to any trust 499
"qualifying beneficiary" excludes a person or a governmental 500
entity or instrumentality to any of which a contribution would 501
qualify for the charitable deduction under section 170 of the 502
Internal Revenue Code. 503

(d) For the purposes of division (I) (3) (a) of this 504
section, the extent to which a trust consists directly or 505
indirectly, in whole or in part, of assets, net of any related 506
liabilities, that were transferred directly or indirectly, in 507
whole or part, to the trust by any of the sources enumerated in 508
that division shall be ascertained by multiplying the fair 509
market value of the trust's assets, net of related liabilities, 510
by the qualifying ratio, which shall be computed as follows: 511

(i) The first time the trust receives assets, the 512
numerator of the qualifying ratio is the fair market value of 513
those assets at that time, net of any related liabilities, from 514
sources enumerated in division (I) (3) (a) of this section. The 515
denominator of the qualifying ratio is the fair market value of 516
all the trust's assets at that time, net of any related 517

liabilities. 518

(ii) Each subsequent time the trust receives assets, a 519
revised qualifying ratio shall be computed. The numerator of the 520
revised qualifying ratio is the sum of (1) the fair market value 521
of the trust's assets immediately prior to the subsequent 522
transfer, net of any related liabilities, multiplied by the 523
qualifying ratio last computed without regard to the subsequent 524
transfer, and (2) the fair market value of the subsequently 525
transferred assets at the time transferred, net of any related 526
liabilities, from sources enumerated in division (I) (3) (a) of 527
this section. The denominator of the revised qualifying ratio is 528
the fair market value of all the trust's assets immediately 529
after the subsequent transfer, net of any related liabilities. 530

(iii) Whether a transfer to the trust is by or from any of 531
the sources enumerated in division (I) (3) (a) of this section 532
shall be ascertained without regard to the domicile of the 533
trust's beneficiaries. 534

(e) For the purposes of division (I) (3) (a) (i) of this 535
section: 536

(i) A trust is described in division (I) (3) (e) (i) of this 537
section if the trust is a testamentary trust and the testator of 538
that testamentary trust was domiciled in this state at the time 539
of the testator's death for purposes of the taxes levied under 540
Chapter 5731. of the Revised Code. 541

(ii) A trust is described in division (I) (3) (e) (ii) of 542
this section if the transfer is a qualifying transfer described 543
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 544
trust is an irrevocable inter vivos trust, and at least one of 545
the trust's qualifying beneficiaries is domiciled in this state 546

for purposes of this chapter during all or some portion of the 547
trust's current taxable year. 548

(f) For the purposes of division (I) (3) (e) (ii) of this 549
section, a "qualifying transfer" is a transfer of assets, net of 550
any related liabilities, directly or indirectly to a trust, if 551
the transfer is described in any of the following: 552

(i) The transfer is made to a trust, created by the 553
decedent before the decedent's death and while the decedent was 554
domiciled in this state for the purposes of this chapter, and, 555
prior to the death of the decedent, the trust became irrevocable 556
while the decedent was domiciled in this state for the purposes 557
of this chapter. 558

(ii) The transfer is made to a trust to which the 559
decedent, prior to the decedent's death, had directly or 560
indirectly transferred assets, net of any related liabilities, 561
while the decedent was domiciled in this state for the purposes 562
of this chapter, and prior to the death of the decedent the 563
trust became irrevocable while the decedent was domiciled in 564
this state for the purposes of this chapter. 565

(iii) The transfer is made on account of a contractual 566
relationship existing directly or indirectly between the 567
transferor and either the decedent or the estate of the decedent 568
at any time prior to the date of the decedent's death, and the 569
decedent was domiciled in this state at the time of death for 570
purposes of the taxes levied under Chapter 5731. of the Revised 571
Code. 572

(iv) The transfer is made to a trust on account of a 573
contractual relationship existing directly or indirectly between 574
the transferor and another person who at the time of the 575

decedent's death was domiciled in this state for purposes of 576
this chapter. 577

(v) The transfer is made to a trust on account of the will 578
of a testator who was domiciled in this state at the time of the 579
testator's death for purposes of the taxes levied under Chapter 580
5731. of the Revised Code. 581

(vi) The transfer is made to a trust created by or caused 582
to be created by a court, and the trust was directly or 583
indirectly created in connection with or as a result of the 584
death of an individual who, for purposes of the taxes levied 585
under Chapter 5731. of the Revised Code, was domiciled in this 586
state at the time of the individual's death. 587

(g) The tax commissioner may adopt rules to ascertain the 588
part of a trust residing in this state. 589

(J) "Nonresident" means an individual or estate that is 590
not a resident. An individual who is a resident for only part of 591
a taxable year is a nonresident for the remainder of that 592
taxable year. 593

(K) "Pass-through entity" has the same meaning as in 594
section 5733.04 of the Revised Code. 595

(L) "Return" means the notifications and reports required 596
to be filed pursuant to this chapter for the purpose of 597
reporting the tax due and includes declarations of estimated tax 598
when so required. 599

(M) "Taxable year" means the calendar year or the 600
taxpayer's fiscal year ending during the calendar year, or 601
fractional part thereof, upon which the adjusted gross income is 602
calculated pursuant to this chapter. 603

(N) "Taxpayer" means any person subject to the tax imposed 604
by section 5747.02 of the Revised Code or any pass-through 605
entity that makes the election under division (D) of section 606
5747.08 of the Revised Code. 607

(O) "Dependents" means dependents as defined in the 608
Internal Revenue Code and as claimed in the taxpayer's federal 609
income tax return for the taxable year or which the taxpayer 610
would have been permitted to claim had the taxpayer filed a 611
federal income tax return. 612

(P) "Principal county of employment" means, in the case of 613
a nonresident, the county within the state in which a taxpayer 614
performs services for an employer or, if those services are 615
performed in more than one county, the county in which the major 616
portion of the services are performed. 617

(Q) As used in sections 5747.50 to 5747.55 of the Revised 618
Code: 619

(1) "Subdivision" means any county, municipal corporation, 620
park district, or township. 621

(2) "Essential local government purposes" includes all 622
functions that any subdivision is required by general law to 623
exercise, including like functions that are exercised under a 624
charter adopted pursuant to the Ohio Constitution. 625

(R) "Overpayment" means any amount already paid that 626
exceeds the figure determined to be the correct amount of the 627
tax. 628

(S) "Taxable income" or "Ohio taxable income" applies only 629
to estates and trusts, and means federal taxable income, as 630
defined and used in the Internal Revenue Code, adjusted as 631
follows: 632

(1) Add interest or dividends, net of ordinary, necessary, 633
and reasonable expenses not deducted in computing federal 634
taxable income, on obligations or securities of any state or of 635
any political subdivision or authority of any state, other than 636
this state and its subdivisions and authorities, but only to the 637
extent that such net amount is not otherwise includible in Ohio 638
taxable income and is described in either division (S) (1) (a) or 639
(b) of this section: 640

(a) The net amount is not attributable to the S portion of 641
an electing small business trust and has not been distributed to 642
beneficiaries for the taxable year; 643

(b) The net amount is attributable to the S portion of an 644
electing small business trust for the taxable year. 645

(2) Add interest or dividends, net of ordinary, necessary, 646
and reasonable expenses not deducted in computing federal 647
taxable income, on obligations of any authority, commission, 648
instrumentality, territory, or possession of the United States 649
to the extent that the interest or dividends are exempt from 650
federal income taxes but not from state income taxes, but only 651
to the extent that such net amount is not otherwise includible 652
in Ohio taxable income and is described in either division (S) 653
(1) (a) or (b) of this section; 654

(3) Add the amount of personal exemption allowed to the 655
estate pursuant to section 642(b) of the Internal Revenue Code; 656

(4) Deduct interest or dividends, net of related expenses 657
deducted in computing federal taxable income, on obligations of 658
the United States and its territories and possessions or of any 659
authority, commission, or instrumentality of the United States 660
to the extent that the interest or dividends are exempt from 661

state taxes under the laws of the United States, but only to the 662
extent that such amount is included in federal taxable income 663
and is described in either division (S) (1) (a) or (b) of this 664
section; 665

(5) Deduct the amount of wages and salaries, if any, not 666
otherwise allowable as a deduction but that would have been 667
allowable as a deduction in computing federal taxable income for 668
the taxable year, had the targeted jobs credit allowed under 669
sections 38, 51, and 52 of the Internal Revenue Code not been in 670
effect, but only to the extent such amount relates either to 671
income included in federal taxable income for the taxable year 672
or to income of the S portion of an electing small business 673
trust for the taxable year; 674

(6) Deduct any interest or interest equivalent, net of 675
related expenses deducted in computing federal taxable income, 676
on public obligations and purchase obligations, but only to the 677
extent that such net amount relates either to income included in 678
federal taxable income for the taxable year or to income of the 679
S portion of an electing small business trust for the taxable 680
year; 681

(7) Add any loss or deduct any gain resulting from sale, 682
exchange, or other disposition of public obligations to the 683
extent that such loss has been deducted or such gain has been 684
included in computing either federal taxable income or income of 685
the S portion of an electing small business trust for the 686
taxable year; 687

(8) Except in the case of the final return of an estate, 688
add any amount deducted by the taxpayer on both its Ohio estate 689
tax return pursuant to section 5731.14 of the Revised Code, and 690
on its federal income tax return in determining federal taxable 691

income; 692

(9) (a) Deduct any amount included in federal taxable 693
income solely because the amount represents a reimbursement or 694
refund of expenses that in a previous year the decedent had 695
deducted as an itemized deduction pursuant to section 63 of the 696
Internal Revenue Code and applicable treasury regulations. The 697
deduction otherwise allowed under division (S) (9) (a) of this 698
section shall be reduced to the extent the reimbursement is 699
attributable to an amount the taxpayer or decedent deducted 700
under this section in any taxable year. 701

(b) Add any amount not otherwise included in Ohio taxable 702
income for any taxable year to the extent that the amount is 703
attributable to the recovery during the taxable year of any 704
amount deducted or excluded in computing federal or Ohio taxable 705
income in any taxable year, but only to the extent such amount 706
has not been distributed to beneficiaries for the taxable year. 707

(10) Deduct any portion of the deduction described in 708
section 1341(a) (2) of the Internal Revenue Code, for repaying 709
previously reported income received under a claim of right, that 710
meets both of the following requirements: 711

(a) It is allowable for repayment of an item that was 712
included in the taxpayer's taxable income or the decedent's 713
adjusted gross income for a prior taxable year and did not 714
qualify for a credit under division (A) or (B) of section 715
5747.05 of the Revised Code for that year. 716

(b) It does not otherwise reduce the taxpayer's taxable 717
income or the decedent's adjusted gross income for the current 718
or any other taxable year. 719

(11) Add any amount claimed as a credit under section 720

5747.059 or 5747.65 of the Revised Code to the extent that the amount satisfies either of the following:

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

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

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

Except for farm income attributable to the S portion of an electing small business trust, the deduction provided by division (S) (12) of this section is allowed only to the extent that the trust has not distributed such farm income. Division (S) (12) of this section applies only to taxable years of a trust beginning in 2002 or thereafter.

(13) Add the net amount of income described in section

641(c) of the Internal Revenue Code to the extent that amount is not included in federal taxable income.	750 751
(14) Add or deduct the amount the taxpayer would be required to add or deduct under division (A)(20) or (21) of this section if the taxpayer's Ohio taxable income were computed in the same manner as an individual's Ohio adjusted gross income is computed under this section. In the case of a trust, division (S)(14) of this section applies only to any of the trust's taxable years beginning in 2002 or thereafter.	752 753 754 755 756 757 758
(T) "School district income" and "school district income tax" have the same meanings as in section 5748.01 of the Revised Code.	759 760 761
(U) As used in divisions (A)(8), (A)(9), (S)(6), and (S)(7) of this section, "public obligations," "purchase obligations," and "interest or interest equivalent" have the same meanings as in section 5709.76 of the Revised Code.	762 763 764 765
(V) "Limited liability company" means any limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state.	766 767 768
(W) "Pass-through entity investor" means any person who, during any portion of a taxable year of a pass-through entity, is a partner, member, shareholder, or equity investor in that pass-through entity.	769 770 771 772
(X) "Banking day" has the same meaning as in section 1304.01 of the Revised Code.	773 774
(Y) "Month" means a calendar month.	775
(Z) "Quarter" means the first three months, the second three months, the third three months, or the last three months	776 777

of the taxpayer's taxable year. 778

(AA) (1) "Eligible institution" means a state university or 779
state institution of higher education as defined in section 780
3345.011 of the Revised Code, or a private, nonprofit college, 781
university, or other post-secondary institution located in this 782
state that possesses a certificate of authorization issued by 783
the chancellor of higher education pursuant to Chapter 1713. of 784
the Revised Code or a certificate of registration issued by the 785
state board of career colleges and schools under Chapter 3332. 786
of the Revised Code. 787

(2) "Qualified tuition and fees" means tuition and fees 788
imposed by an eligible institution as a condition of enrollment 789
or attendance, not exceeding two thousand five hundred dollars 790
in each of the individual's first two years of post-secondary 791
education. If the individual is a part-time student, "qualified 792
tuition and fees" includes tuition and fees paid for the 793
academic equivalent of the first two years of post-secondary 794
education during a maximum of five taxable years, not exceeding 795
a total of five thousand dollars. "Qualified tuition and fees" 796
does not include: 797

(a) Expenses for any course or activity involving sports, 798
games, or hobbies unless the course or activity is part of the 799
individual's degree or diploma program; 800

(b) The cost of books, room and board, student activity 801
fees, athletic fees, insurance expenses, or other expenses 802
unrelated to the individual's academic course of instruction; 803

(c) Tuition, fees, or other expenses paid or reimbursed 804
through an employer, scholarship, grant in aid, or other 805
educational benefit program. 806

(BB) (1) "Modified business income" means the business 807
income included in a trust's Ohio taxable income after such 808
taxable income is first reduced by the qualifying trust amount, 809
if any. 810

(2) "Qualifying trust amount" of a trust means capital 811
gains and losses from the sale, exchange, or other disposition 812
of equity or ownership interests in, or debt obligations of, a 813
qualifying investee to the extent included in the trust's Ohio 814
taxable income, but only if the following requirements are 815
satisfied: 816

(a) The book value of the qualifying investee's physical 817
assets in this state and everywhere, as of the last day of the 818
qualifying investee's fiscal or calendar year ending immediately 819
prior to the date on which the trust recognizes the gain or 820
loss, is available to the trust. 821

(b) The requirements of section 5747.011 of the Revised 822
Code are satisfied for the trust's taxable year in which the 823
trust recognizes the gain or loss. 824

Any gain or loss that is not a qualifying trust amount is 825
modified business income, qualifying investment income, or 826
modified nonbusiness income, as the case may be. 827

(3) "Modified nonbusiness income" means a trust's Ohio 828
taxable income other than modified business income, other than 829
the qualifying trust amount, and other than qualifying 830
investment income, as defined in section 5747.012 of the Revised 831
Code, to the extent such qualifying investment income is not 832
otherwise part of modified business income. 833

(4) "Modified Ohio taxable income" applies only to trusts, 834
and means the sum of the amounts described in divisions (BB) (4) 835

- (a) to (c) of this section: 836
- (a) The fraction, calculated under section 5747.013, and 837
applying section 5747.231 of the Revised Code, multiplied by the 838
sum of the following amounts: 839
- (i) The trust's modified business income; 840
- (ii) The trust's qualifying investment income, as defined 841
in section 5747.012 of the Revised Code, but only to the extent 842
the qualifying investment income does not otherwise constitute 843
modified business income and does not otherwise constitute a 844
qualifying trust amount. 845
- (b) The qualifying trust amount multiplied by a fraction, 846
the numerator of which is the sum of the book value of the 847
qualifying investee's physical assets in this state on the last 848
day of the qualifying investee's fiscal or calendar year ending 849
immediately prior to the day on which the trust recognizes the 850
qualifying trust amount, and the denominator of which is the sum 851
of the book value of the qualifying investee's total physical 852
assets everywhere on the last day of the qualifying investee's 853
fiscal or calendar year ending immediately prior to the day on 854
which the trust recognizes the qualifying trust amount. If, for 855
a taxable year, the trust recognizes a qualifying trust amount 856
with respect to more than one qualifying investee, the amount 857
described in division (BB) (4) (b) of this section shall equal the 858
sum of the products so computed for each such qualifying 859
investee. 860
- (c) (i) With respect to a trust or portion of a trust that 861
is a resident as ascertained in accordance with division (I) (3) 862
- (d) of this section, its modified nonbusiness income. 863
- (ii) With respect to a trust or portion of a trust that is 864

not a resident as ascertained in accordance with division (I) (3) 865
(d) of this section, the amount of its modified nonbusiness 866
income satisfying the descriptions in divisions (B) (2) to (5) of 867
section 5747.20 of the Revised Code, except as otherwise 868
provided in division (BB) (4) (c) (ii) of this section. With 869
respect to a trust or portion of a trust that is not a resident 870
as ascertained in accordance with division (I) (3) (d) of this 871
section, the trust's portion of modified nonbusiness income 872
recognized from the sale, exchange, or other disposition of a 873
debt interest in or equity interest in a section 5747.212 874
entity, as defined in section 5747.212 of the Revised Code, 875
without regard to division (A) of that section, shall not be 876
allocated to this state in accordance with section 5747.20 of 877
the Revised Code but shall be apportioned to this state in 878
accordance with division (B) of section 5747.212 of the Revised 879
Code without regard to division (A) of that section. 880

If the allocation and apportionment of a trust's income 881
under divisions (BB) (4) (a) and (c) of this section do not fairly 882
represent the modified Ohio taxable income of the trust in this 883
state, the alternative methods described in division (C) of 884
section 5747.21 of the Revised Code may be applied in the manner 885
and to the same extent provided in that section. 886

(5) (a) Except as set forth in division (BB) (5) (b) of this 887
section, "qualifying investee" means a person in which a trust 888
has an equity or ownership interest, or a person or unit of 889
government the debt obligations of either of which are owned by 890
a trust. For the purposes of division (BB) (2) (a) of this section 891
and for the purpose of computing the fraction described in 892
division (BB) (4) (b) of this section, all of the following apply: 893

(i) If the qualifying investee is a member of a qualifying 894

controlled group on the last day of the qualifying investee's 895
fiscal or calendar year ending immediately prior to the date on 896
which the trust recognizes the gain or loss, then "qualifying 897
investee" includes all persons in the qualifying controlled 898
group on such last day. 899

(ii) If the qualifying investee, or if the qualifying 900
investee and any members of the qualifying controlled group of 901
which the qualifying investee is a member on the last day of the 902
qualifying investee's fiscal or calendar year ending immediately 903
prior to the date on which the trust recognizes the gain or 904
loss, separately or cumulatively own, directly or indirectly, on 905
the last day of the qualifying investee's fiscal or calendar 906
year ending immediately prior to the date on which the trust 907
recognizes the qualifying trust amount, more than fifty per cent 908
of the equity of a pass-through entity, then the qualifying 909
investee and the other members are deemed to own the 910
proportionate share of the pass-through entity's physical assets 911
which the pass-through entity directly or indirectly owns on the 912
last day of the pass-through entity's calendar or fiscal year 913
ending within or with the last day of the qualifying investee's 914
fiscal or calendar year ending immediately prior to the date on 915
which the trust recognizes the qualifying trust amount. 916

(iii) For the purposes of division (BB) (5) (a) (iii) of this 917
section, "upper level pass-through entity" means a pass-through 918
entity directly or indirectly owning any equity of another pass- 919
through entity, and "lower level pass-through entity" means that 920
other pass-through entity. 921

An upper level pass-through entity, whether or not it is 922
also a qualifying investee, is deemed to own, on the last day of 923
the upper level pass-through entity's calendar or fiscal year, 924

the proportionate share of the lower level pass-through entity's 925
physical assets that the lower level pass-through entity 926
directly or indirectly owns on the last day of the lower level 927
pass-through entity's calendar or fiscal year ending within or 928
with the last day of the upper level pass-through entity's 929
fiscal or calendar year. If the upper level pass-through entity 930
directly and indirectly owns less than fifty per cent of the 931
equity of the lower level pass-through entity on each day of the 932
upper level pass-through entity's calendar or fiscal year in 933
which or with which ends the calendar or fiscal year of the 934
lower level pass-through entity and if, based upon clear and 935
convincing evidence, complete information about the location and 936
cost of the physical assets of the lower pass-through entity is 937
not available to the upper level pass-through entity, then 938
solely for purposes of ascertaining if a gain or loss 939
constitutes a qualifying trust amount, the upper level pass- 940
through entity shall be deemed as owning no equity of the lower 941
level pass-through entity for each day during the upper level 942
pass-through entity's calendar or fiscal year in which or with 943
which ends the lower level pass-through entity's calendar or 944
fiscal year. Nothing in division (BB) (5) (a) (iii) of this section 945
shall be construed to provide for any deduction or exclusion in 946
computing any trust's Ohio taxable income. 947

(b) With respect to a trust that is not a resident for the 948
taxable year and with respect to a part of a trust that is not a 949
resident for the taxable year, "qualifying investee" for that 950
taxable year does not include a C corporation if both of the 951
following apply: 952

(i) During the taxable year the trust or part of the trust 953
recognizes a gain or loss from the sale, exchange, or other 954
disposition of equity or ownership interests in, or debt 955

obligations of, the C corporation.	956
(ii) Such gain or loss constitutes nonbusiness income.	957
(6) "Available" means information is such that a person is able to learn of the information by the due date plus extensions, if any, for filing the return for the taxable year in which the trust recognizes the gain or loss.	958 959 960 961
(CC) "Qualifying controlled group" has the same meaning as in section 5733.04 of the Revised Code.	962 963
(DD) "Related member" has the same meaning as in section 5733.042 of the Revised Code.	964 965
(EE) (1) For the purposes of division (EE) of this section:	966
(a) "Qualifying person" means any person other than a qualifying corporation.	967 968
(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:	969 970 971
(i) A corporation that has made an election under subchapter S, chapter one, subtitle A, of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year;	972 973 974 975
(ii) A subsidiary that is wholly owned by any corporation that has made an election under subchapter S, chapter one, subtitle A of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year.	976 977 978 979 980
(2) For the purposes of this chapter, unless expressly stated otherwise, no qualifying person indirectly owns any asset	981 982

directly or indirectly owned by any qualifying corporation.	983
(FF) For purposes of this chapter and Chapter 5751. of the Revised Code:	984
	985
(1) "Trust" does not include a qualified pre-income tax trust.	986
	987
(2) A "qualified pre-income tax trust" is any pre-income tax trust that makes a qualifying pre-income tax trust election as described in division (FF)(3) of this section.	988
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	990
(3) A "qualifying pre-income tax trust election" is an election by a pre-income tax trust to subject to the tax imposed by section 5751.02 of the Revised Code the pre-income tax trust and all pass-through entities of which the trust owns or controls, directly, indirectly, or constructively through related interests, five per cent or more of the ownership or equity interests. The trustee shall notify the tax commissioner in writing of the election on or before April 15, 2006. The election, if timely made, shall be effective on and after January 1, 2006, and shall apply for all tax periods and tax years until revoked by the trustee of the trust.	991
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(4) A "pre-income tax trust" is a trust that satisfies all of the following requirements:	1002
	1003
(a) The document or instrument creating the trust was executed by the grantor before January 1, 1972;	1004
	1005
(b) The trust became irrevocable upon the creation of the trust; and	1006
	1007
(c) The grantor was domiciled in this state at the time the trust was created.	1008
	1009
(GG) "Uniformed services" has the same meaning as in 10	1010

U.S.C. 101. 1011

(HH) "Taxable business income" means business income 1012
reduced by deductions from business income and by one of the 1013
following amounts, provided that "taxable business income" shall 1014
not be less than zero: 1015

(1) For taxable years beginning in 2015, the lesser of 1016
seventy-five per cent of Ohio business income or (a) ninety- 1017
three thousand seven hundred fifty dollars for each spouse if 1018
spouses file separate returns under section 5747.08 of the 1019
Revised Code or (b) one hundred eighty-seven thousand five 1020
hundred dollars for all other taxpayers; 1021

(2) For taxable years beginning in 2016 and thereafter, 1022
one hundred twenty-five thousand dollars for each spouse if 1023
spouses file separate returns under section 5747.08 of the 1024
Revised Code or two hundred fifty thousand dollars for all other 1025
individuals. 1026

Section 2. That existing section 5747.01 of the Revised 1027
Code is hereby repealed. 1028