

**As Introduced**

**132nd General Assembly**

**Regular Session**

**2017-2018**

**H. B. No. 427**

**Representative Young**

**Cosponsors: Representatives Hill, Hood, Landis, Stein, Barnes, Bocchieri, Miller**

---

**A BILL**

To amend section 5747.01 and to enact sections 1  
313.213, 3705.161, 5119.63, 5119.64, 5119.65, 2  
and 5747.014 of the Revised Code to require the 3  
Department of Health to publish monthly drug 4  
overdose death information for each county, to 5  
create grant programs to support faith-based 6  
substance abuse services, to authorize an income 7  
tax deduction for physicians providing such 8  
services for free, and to allocate funds and 9  
make an appropriation for the grant programs. 10

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

**Section 1.** That section 5747.01 be amended and sections 11  
313.213, 3705.161, 5119.63, 5119.64, 5119.65, and 5747.014 of 12  
the Revised Code be enacted to read as follows: 13

**Sec. 313.213.** Each month the coroner shall prepare and 14  
submit to the department of health a report listing the number 15  
of deaths from the previous month that the coroner determined 16  
were caused by drug overdose. The report shall be prepared and 17  
submitted in accordance with rules adopted by the director of 18

health under section 3705.161 of the Revised Code. 19

Sec. 3705.161. (A) The department of health shall publish 20  
on its internet web site the number of drug overdose deaths per 21  
month for each county of the state. The department shall update 22  
this information on a monthly basis. 23

The department shall use the reports described in section 24  
313.213 of the Revised Code to compile, publish on its website, 25  
and update the number of drug overdose deaths per month by 26  
county. The department shall issue a press release each time a 27  
monthly update is completed. 28

(B) The director of health shall adopt rules establishing 29  
standards and procedures for the reporting of drug overdose 30  
deaths as required by section 313.213 of the Revised Code. The 31  
director may adopt any other rules the director considers 32  
necessary to implement this section. 33

All rules adopted under this division shall be adopted in 34  
accordance with Chapter 119. of the Revised Code. 35

Sec. 5119.63. There is hereby created the faith-based 36  
substance abuse curricula grant program. The department of 37  
mental health and addiction services shall administer the 38  
program. 39

Under the program, the department shall award grants to 40  
nonprofit faith-based entities that administer programs intended 41  
to support individuals in avoiding abuse of or overcoming 42  
addiction to one or more substances and that use curricula 43  
materials to achieve this intended purpose. The curricula 44  
materials that are used may be faith-based in nature. The 45  
department shall create a grant application for the program and 46  
develop a process for receiving and evaluating completed grant 47

applications on a competitive basis. The grant application shall 48  
require an applicant to specify which of the following the 49  
department must consult with to obtain input about the entity's 50  
success with supporting individuals in avoiding abuse of or 51  
overcoming addiction to one or more substances: a judge or 52  
magistrate from the drug court or other court that considers 53  
drug-related prosecutions in the same jurisdiction as the 54  
entity, that jurisdiction's chief police officer or the 55  
officer's delegate, or both. The department shall give this 56  
input significant weight when making a final determination 57  
regarding a grant award, although the department's decision is 58  
final. 59

The department shall select initial grant recipients not 60  
later than nine months after the effective date of this section. 61  
The department may award a grant to an applicant from outside 62  
this state if the applicant has attested in the application that 63  
the amount received will be used only to purchase curricula 64  
materials for residents of this state. 65

**Sec. 5119.64.** There is hereby created the faith-based 66  
substance abuse transportation assistance grant program. The 67  
department of mental health and addiction services shall 68  
administer the program. 69

Under the program, the department shall award grants to 70  
nonprofit faith-based entities that administer programs intended 71  
to support individuals in avoiding abuse of or overcoming 72  
addiction to one or more substances. 73

An entity that is awarded a grant may use the amount 74  
received only to defray the cost of providing participants in 75  
its program with transportation services to program meetings or 76  
activities or to reimburse participants for the costs they incur 77

in traveling to program meetings or activities. 78

The department shall create a grant application for the 79  
program and develop a process for receiving and evaluating 80  
completed grant applications on a competitive basis. The grant 81  
application shall require an applicant to specify which of the 82  
following the department must consult with to obtain input about 83  
the entity's success with supporting individuals in avoiding 84  
abuse of or overcoming addiction to one or more substances: a 85  
judge or magistrate from the drug court or other court that 86  
considers drug-related prosecutions in the same jurisdiction as 87  
the entity, that jurisdiction's chief police officer or the 88  
officer's delegate, or both. The department shall give this 89  
input significant weight when making a final determination 90  
regarding a grant award, although the department's decision is 91  
final. 92

The department shall select initial grant recipients not 93  
later than nine months after the effective date of this section. 94  
The department may award a grant to an applicant from outside 95  
this state if the applicant has attested in the application that 96  
the amount received will be used only to defray transportation 97  
costs involving residents of this state. 98

**Sec. 5119.65.** (A) There is hereby created the faith-based 99  
substance abuse rehabilitation facility grant program. The 100  
department of mental health and addiction services shall 101  
administer the program. 102

(B) Under the program, the department shall award grants 103  
to nonprofit faith-based entities that meet all of the following 104  
criteria: 105

(1) Have been operating for at least three years 106

immediately prior to the date the entity submits the grant 107  
application to the department; 108

(2) Are able to demonstrate success with supporting 109  
individuals, including those who participate in drug court or 110  
are incarcerated, in avoiding abuse of or overcoming addiction 111  
to one or more substances using faith-based programming; 112

(3) Are able to demonstrate that they have received 113  
community support for their programming, including financial 114  
support; 115

(4) Have been endorsed by at least three judges or police 116  
officers in a community intended to benefit from a grant. 117

(C) An entity that is awarded a grant may use the amount 118  
received only to open and operate one or more facilities at 119  
which drug addiction services, certified by the department under 120  
section 5119.36 of the Revised Code, are provided. The entity 121  
must ensure that all such facilities are located in or not more 122  
than ten miles from a community that has historically had a high 123  
incidence of accidental death by opioid overdose. 124

(D) The department shall create a grant application for 125  
the program and develop a process for receiving and evaluating 126  
completed grant applications on a competitive basis. The grant 127  
application shall require an applicant to provide evidence of 128  
meeting the criteria specified in division (B) of this section. 129  
The department shall give significant weight to the quality of 130  
the evidence it receives when making a final determination 131  
regarding a grant award. The department's decision regarding a 132  
grant award is final. 133

The department shall select initial grant recipients not 134  
later than nine months after the effective date of this section. 135

The department may award a grant to an applicant from outside 136  
this state if the applicant has attested in the application that 137  
the amount received will be used only to serve residents of this 138  
state. 139

**Sec. 5747.01.** Except as otherwise expressly provided or 140  
clearly appearing from the context, any term used in this 141  
chapter that is not otherwise defined in this section has the 142  
same meaning as when used in a comparable context in the laws of 143  
the United States relating to federal income taxes or if not 144  
used in a comparable context in those laws, has the same meaning 145  
as in section 5733.40 of the Revised Code. Any reference in this 146  
chapter to the Internal Revenue Code includes other laws of the 147  
United States relating to federal income taxes. 148

As used in this chapter: 149

(A) "Adjusted gross income" or "Ohio adjusted gross 150  
income" means federal adjusted gross income, as defined and used 151  
in the Internal Revenue Code, adjusted as provided in this 152  
section: 153

(1) Add interest or dividends on obligations or securities 154  
of any state or of any political subdivision or authority of any 155  
state, other than this state and its subdivisions and 156  
authorities. 157

(2) Add interest or dividends on obligations of any 158  
authority, commission, instrumentality, territory, or possession 159  
of the United States to the extent that the interest or 160  
dividends are exempt from federal income taxes but not from 161  
state income taxes. 162

(3) Deduct interest or dividends on obligations of the 163  
United States and its territories and possessions or of any 164

authority, commission, or instrumentality of the United States 165  
to the extent that the interest or dividends are included in 166  
federal adjusted gross income but exempt from state income taxes 167  
under the laws of the United States. 168

(4) Deduct disability and survivor's benefits to the 169  
extent included in federal adjusted gross income. 170

(5) Deduct benefits under Title II of the Social Security 171  
Act and tier 1 railroad retirement benefits to the extent 172  
included in federal adjusted gross income under section 86 of 173  
the Internal Revenue Code. 174

(6) In the case of a taxpayer who is a beneficiary of a 175  
trust that makes an accumulation distribution as defined in 176  
section 665 of the Internal Revenue Code, add, for the 177  
beneficiary's taxable years beginning before 2002, the portion, 178  
if any, of such distribution that does not exceed the 179  
undistributed net income of the trust for the three taxable 180  
years preceding the taxable year in which the distribution is 181  
made to the extent that the portion was not included in the 182  
trust's taxable income for any of the trust's taxable years 183  
beginning in 2002 or thereafter. "Undistributed net income of a 184  
trust" means the taxable income of the trust increased by (a) (i) 185  
the additions to adjusted gross income required under division 186  
(A) of this section and (ii) the personal exemptions allowed to 187  
the trust pursuant to section 642(b) of the Internal Revenue 188  
Code, and decreased by (b) (i) the deductions to adjusted gross 189  
income required under division (A) of this section, (ii) the 190  
amount of federal income taxes attributable to such income, and 191  
(iii) the amount of taxable income that has been included in the 192  
adjusted gross income of a beneficiary by reason of a prior 193  
accumulation distribution. Any undistributed net income included 194

in the adjusted gross income of a beneficiary shall reduce the 195  
undistributed net income of the trust commencing with the 196  
earliest years of the accumulation period. 197

(7) Deduct the amount of wages and salaries, if any, not 198  
otherwise allowable as a deduction but that would have been 199  
allowable as a deduction in computing federal adjusted gross 200  
income for the taxable year, had the targeted jobs credit 201  
allowed and determined under sections 38, 51, and 52 of the 202  
Internal Revenue Code not been in effect. 203

(8) Deduct any interest or interest equivalent on public 204  
obligations and purchase obligations to the extent that the 205  
interest or interest equivalent is included in federal adjusted 206  
gross income. 207

(9) Add any loss or deduct any gain resulting from the 208  
sale, exchange, or other disposition of public obligations to 209  
the extent that the loss has been deducted or the gain has been 210  
included in computing federal adjusted gross income. 211

(10) Deduct or add amounts, as provided under section 212  
5747.70 of the Revised Code, related to contributions to 213  
variable college savings program accounts made or tuition units 214  
purchased pursuant to Chapter 3334. of the Revised Code. 215

(11) (a) Deduct, to the extent not otherwise allowable as a 216  
deduction or exclusion in computing federal or Ohio adjusted 217  
gross income for the taxable year, the amount the taxpayer paid 218  
during the taxable year for medical care insurance and qualified 219  
long-term care insurance for the taxpayer, the taxpayer's 220  
spouse, and dependents. No deduction for medical care insurance 221  
under division (A) (11) of this section shall be allowed either 222  
to any taxpayer who is eligible to participate in any subsidized 223

health plan maintained by any employer of the taxpayer or of the taxpayer's spouse, or to any taxpayer who is entitled to, or on application would be entitled to, benefits under part A of Title XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of division (A)(11)(a) of this section, "subsidized health plan" means a health plan for which the employer pays any portion of the plan's cost. The deduction allowed under division (A)(11)(a) of this section shall be the net of any related premium refunds, related premium reimbursements, or related insurance premium dividends received during the taxable year.

(b) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income during the taxable year, the amount the taxpayer paid during the taxable year, not compensated for by any insurance or otherwise, for medical care of the taxpayer, the taxpayer's spouse, and dependents, to the extent the expenses exceed seven and one-half per cent of the taxpayer's federal adjusted gross income.

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

(d) For purposes of division (A)(11) of this section, "medical care" has the meaning given in section 213 of the

Internal Revenue Code, subject to the special rules, 254  
limitations, and exclusions set forth therein, and "qualified 255  
long-term care" has the same meaning given in section 7702B(c) 256  
of the Internal Revenue Code. Solely for purposes of divisions 257  
(A) (11) (a) and (c) of this section, "dependent" includes a 258  
person who otherwise would be a "qualifying relative" and thus a 259  
"dependent" under section 152 of the Internal Revenue Code but 260  
for the fact that the person fails to meet the income and 261  
support limitations under section 152(d) (1) (B) and (C) of the 262  
Internal Revenue Code. 263

(12) (a) Deduct any amount included in federal adjusted 264  
gross income solely because the amount represents a 265  
reimbursement or refund of expenses that in any year the 266  
taxpayer had deducted as an itemized deduction pursuant to 267  
section 63 of the Internal Revenue Code and applicable United 268  
States department of the treasury regulations. The deduction 269  
otherwise allowed under division (A) (12) (a) of this section 270  
shall be reduced to the extent the reimbursement is attributable 271  
to an amount the taxpayer deducted under this section in any 272  
taxable year. 273

(b) Add any amount not otherwise included in Ohio adjusted 274  
gross income for any taxable year to the extent that the amount 275  
is attributable to the recovery during the taxable year of any 276  
amount deducted or excluded in computing federal or Ohio 277  
adjusted gross income in any taxable year. 278

(13) Deduct any portion of the deduction described in 279  
section 1341(a) (2) of the Internal Revenue Code, for repaying 280  
previously reported income received under a claim of right, that 281  
meets both of the following requirements: 282

(a) It is allowable for repayment of an item that was 283

included in the taxpayer's adjusted gross income for a prior	284
taxable year and did not qualify for a credit under division (A)	285
or (B) of section 5747.05 of the Revised Code for that year;	286
(b) It does not otherwise reduce the taxpayer's adjusted	287
gross income for the current or any other taxable year.	288
(14) Deduct an amount equal to the deposits made to, and	289
net investment earnings of, a medical savings account during the	290
taxable year, in accordance with section 3924.66 of the Revised	291
Code. The deduction allowed by division (A)(14) of this section	292
does not apply to medical savings account deposits and earnings	293
otherwise deducted or excluded for the current or any other	294
taxable year from the taxpayer's federal adjusted gross income.	295
(15) (a) Add an amount equal to the funds withdrawn from a	296
medical savings account during the taxable year, and the net	297
investment earnings on those funds, when the funds withdrawn	298
were used for any purpose other than to reimburse an account	299
holder for, or to pay, eligible medical expenses, in accordance	300
with section 3924.66 of the Revised Code;	301
(b) Add the amounts distributed from a medical savings	302
account under division (A)(2) of section 3924.68 of the Revised	303
Code during the taxable year.	304
(16) Add any amount claimed as a credit under section	305
5747.059 or 5747.65 of the Revised Code to the extent that such	306
amount satisfies either of the following:	307
(a) The amount was deducted or excluded from the	308
computation of the taxpayer's federal adjusted gross income as	309
required to be reported for the taxpayer's taxable year under	310
the Internal Revenue Code;	311
(b) The amount resulted in a reduction of the taxpayer's	312

federal adjusted gross income as required to be reported for any 313  
of the taxpayer's taxable years under the Internal Revenue Code. 314

(17) Deduct the amount contributed by the taxpayer to an 315  
individual development account program established by a county 316  
department of job and family services pursuant to sections 317  
329.11 to 329.14 of the Revised Code for the purpose of matching 318  
funds deposited by program participants. On request of the tax 319  
commissioner, the taxpayer shall provide any information that, 320  
in the tax commissioner's opinion, is necessary to establish the 321  
amount deducted under division (A) (17) of this section. 322

(18) Beginning in taxable year 2001 but not for any 323  
taxable year beginning after December 31, 2005, if the taxpayer 324  
is married and files a joint return and the combined federal 325  
adjusted gross income of the taxpayer and the taxpayer's spouse 326  
for the taxable year does not exceed one hundred thousand 327  
dollars, or if the taxpayer is single and has a federal adjusted 328  
gross income for the taxable year not exceeding fifty thousand 329  
dollars, deduct amounts paid during the taxable year for 330  
qualified tuition and fees paid to an eligible institution for 331  
the taxpayer, the taxpayer's spouse, or any dependent of the 332  
taxpayer, who is a resident of this state and is enrolled in or 333  
attending a program that culminates in a degree or diploma at an 334  
eligible institution. The deduction may be claimed only to the 335  
extent that qualified tuition and fees are not otherwise 336  
deducted or excluded for any taxable year from federal or Ohio 337  
adjusted gross income. The deduction may not be claimed for 338  
educational expenses for which the taxpayer claims a credit 339  
under section 5747.27 of the Revised Code. 340

(19) Add any reimbursement received during the taxable 341  
year of any amount the taxpayer deducted under division (A) (18) 342

of this section in any previous taxable year to the extent the 343  
amount is not otherwise included in Ohio adjusted gross income. 344

(20) (a) (i) Subject to divisions (A) (20) (a) (iii), (iv), and 345  
(v) of this section, add five-sixths of the amount of 346  
depreciation expense allowed by subsection (k) of section 168 of 347  
the Internal Revenue Code, including the taxpayer's 348  
proportionate or distributive share of the amount of 349  
depreciation expense allowed by that subsection to a pass- 350  
through entity in which the taxpayer has a direct or indirect 351  
ownership interest. 352

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) 353  
of this section, add five-sixths of the amount of qualifying 354  
section 179 depreciation expense, including the taxpayer's 355  
proportionate or distributive share of the amount of qualifying 356  
section 179 depreciation expense allowed to any pass-through 357  
entity in which the taxpayer has a direct or indirect ownership 358  
interest. 359

(iii) Subject to division (A) (20) (a) (v) of this section, 360  
for taxable years beginning in 2012 or thereafter, if the 361  
increase in income taxes withheld by the taxpayer is equal to or 362  
greater than ten per cent of income taxes withheld by the 363  
taxpayer during the taxpayer's immediately preceding taxable 364  
year, "two-thirds" shall be substituted for "five-sixths" for 365  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 366

(iv) Subject to division (A) (20) (a) (v) of this section, 367  
for taxable years beginning in 2012 or thereafter, a taxpayer is 368  
not required to add an amount under division (A) (20) of this 369  
section if the increase in income taxes withheld by the taxpayer 370  
and by any pass-through entity in which the taxpayer has a 371  
direct or indirect ownership interest is equal to or greater 372

than the sum of (I) the amount of qualifying section 179 373  
depreciation expense and (II) the amount of depreciation expense 374  
allowed to the taxpayer by subsection (k) of section 168 of the 375  
Internal Revenue Code, and including the taxpayer's 376  
proportionate or distributive shares of such amounts allowed to 377  
any such pass-through entities. 378

(v) If a taxpayer directly or indirectly incurs a net 379  
operating loss for the taxable year for federal income tax 380  
purposes, to the extent such loss resulted from depreciation 381  
expense allowed by subsection (k) of section 168 of the Internal 382  
Revenue Code and by qualifying section 179 depreciation expense, 383  
"the entire" shall be substituted for "five-sixths of the" for 384  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 385

The tax commissioner, under procedures established by the 386  
commissioner, may waive the add-backs related to a pass-through 387  
entity if the taxpayer owns, directly or indirectly, less than 388  
five per cent of the pass-through entity. 389

(b) Nothing in division (A) (20) of this section shall be 390  
construed to adjust or modify the adjusted basis of any asset. 391

(c) To the extent the add-back required under division (A) 392  
(20) (a) of this section is attributable to property generating 393  
nonbusiness income or loss allocated under section 5747.20 of 394  
the Revised Code, the add-back shall be situated to the same 395  
location as the nonbusiness income or loss generated by the 396  
property for the purpose of determining the credit under 397  
division (A) of section 5747.05 of the Revised Code. Otherwise, 398  
the add-back shall be apportioned, subject to one or more of the 399  
four alternative methods of apportionment enumerated in section 400  
5747.21 of the Revised Code. 401

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

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

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

(ii) "Increase in income taxes withheld" means the amount by which the amount of income taxes withheld by an employer during the employer's current taxable year exceeds the amount of income taxes withheld by that employer during the employer's immediately preceding taxable year.

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

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

(i) One-fifth of the amount so added for each of the five succeeding taxable years if the amount so added was five-sixths

of qualifying section 179 depreciation expense or depreciation 431  
expense allowed by subsection (k) of section 168 of the Internal 432  
Revenue Code; 433

(ii) One-half of the amount so added for each of the two 434  
succeeding taxable years if the amount so added was two-thirds 435  
of such depreciation expense; 436

(iii) One-sixth of the amount so added for each of the six 437  
succeeding taxable years if the entire amount of such 438  
depreciation expense was so added. 439

(b) If the amount deducted under division (A) (21) (a) of 440  
this section is attributable to an add-back allocated under 441  
division (A) (20) (c) of this section, the amount deducted shall 442  
be situated to the same location. Otherwise, the add-back shall 443  
be apportioned using the apportionment factors for the taxable 444  
year in which the deduction is taken, subject to one or more of 445  
the four alternative methods of apportionment enumerated in 446  
section 5747.21 of the Revised Code. 447

(c) No deduction is available under division (A) (21) (a) of 448  
this section with regard to any depreciation allowed by section 449  
168(k) of the Internal Revenue Code and by the qualifying 450  
section 179 depreciation expense amount to the extent that such 451  
depreciation results in or increases a federal net operating 452  
loss carryback or carryforward. If no such deduction is 453  
available for a taxable year, the taxpayer may carry forward the 454  
amount not deducted in such taxable year to the next taxable 455  
year and add that amount to any deduction otherwise available 456  
under division (A) (21) (a) of this section for that next taxable 457  
year. The carryforward of amounts not so deducted shall continue 458  
until the entire addition required by division (A) (20) (a) of 459  
this section has been deducted. 460

(d) No refund shall be allowed as a result of adjustments made by division (A) (21) of this section.	461 462
(22) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income for the taxable year, the amount the taxpayer received during the taxable year as reimbursement for life insurance premiums under section 5919.31 of the Revised Code.	463 464 465 466 467
(23) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income for the taxable year, the amount the taxpayer received during the taxable year as a death benefit paid by the adjutant general under section 5919.33 of the Revised Code.	468 469 470 471 472
(24) Deduct, to the extent included in federal adjusted gross income and not otherwise allowable as a deduction or exclusion in computing federal or Ohio adjusted gross income for the taxable year, military pay and allowances received by the taxpayer during the taxable year for active duty service in the United States army, air force, navy, marine corps, or coast guard or reserve components thereof or the national guard. The deduction may not be claimed for military pay and allowances received by the taxpayer while the taxpayer is stationed in this state.	473 474 475 476 477 478 479 480 481 482
(25) Deduct, to the extent not otherwise allowable as a deduction or exclusion in computing federal or Ohio adjusted gross income for the taxable year and not otherwise compensated for by any other source, the amount of qualified organ donation expenses incurred by the taxpayer during the taxable year, not to exceed ten thousand dollars. A taxpayer may deduct qualified organ donation expenses only once for all taxable years beginning with taxable years beginning in 2007.	483 484 485 486 487 488 489 490

For the purposes of division (A) (25) of this section:	491
(a) "Human organ" means all or any portion of a human	492
liver, pancreas, kidney, intestine, or lung, and any portion of	493
human bone marrow.	494
(b) "Qualified organ donation expenses" means travel	495
expenses, lodging expenses, and wages and salary forgone by a	496
taxpayer in connection with the taxpayer's donation, while	497
living, of one or more of the taxpayer's human organs to another	498
human being.	499
(26) Deduct, to the extent not otherwise deducted or	500
excluded in computing federal or Ohio adjusted gross income for	501
the taxable year, amounts received by the taxpayer as retired	502
personnel pay for service in the uniformed services or reserve	503
components thereof, or the national guard, or received by the	504
surviving spouse or former spouse of such a taxpayer under the	505
survivor benefit plan on account of such a taxpayer's death. If	506
the taxpayer receives income on account of retirement paid under	507
the federal civil service retirement system or federal employees	508
retirement system, or under any successor retirement program	509
enacted by the congress of the United States that is established	510
and maintained for retired employees of the United States	511
government, and such retirement income is based, in whole or in	512
part, on credit for the taxpayer's uniformed service, the	513
deduction allowed under this division shall include only that	514
portion of such retirement income that is attributable to the	515
taxpayer's uniformed service, to the extent that portion of such	516
retirement income is otherwise included in federal adjusted	517
gross income and is not otherwise deducted under this section.	518
Any amount deducted under division (A) (26) of this section is	519
not included in a taxpayer's adjusted gross income for the	520

purposes of section 5747.055 of the Revised Code. No amount may 521  
be deducted under division (A) (26) of this section on the basis 522  
of which a credit was claimed under section 5747.055 of the 523  
Revised Code. 524

(27) Deduct, to the extent not otherwise deducted or 525  
excluded in computing federal or Ohio adjusted gross income for 526  
the taxable year, the amount the taxpayer received during the 527  
taxable year from the military injury relief fund created in 528  
section 5902.05 of the Revised Code. 529

(28) Deduct, to the extent not otherwise deducted or 530  
excluded in computing federal or Ohio adjusted gross income for 531  
the taxable year, the amount the taxpayer received as a veterans 532  
bonus during the taxable year from the Ohio department of 533  
veterans services as authorized by Section 2r of Article VIII, 534  
Ohio Constitution. 535

(29) Deduct, to the extent not otherwise deducted or 536  
excluded in computing federal or Ohio adjusted gross income for 537  
the taxable year, any income derived from a transfer agreement 538  
or from the enterprise transferred under that agreement under 539  
section 4313.02 of the Revised Code. 540

(30) Deduct, to the extent not otherwise deducted or 541  
excluded in computing federal or Ohio adjusted gross income for 542  
the taxable year, Ohio college opportunity or federal Pell grant 543  
amounts received by the taxpayer or the taxpayer's spouse or 544  
dependent pursuant to section 3333.122 of the Revised Code or 20 545  
U.S.C. 1070a, et seq., and used to pay room or board furnished 546  
by the educational institution for which the grant was awarded 547  
at the institution's facilities, including meal plans 548  
administered by the institution. For the purposes of this 549  
division, receipt of a grant includes the distribution of a 550

grant directly to an educational institution and the crediting 551  
of the grant to the enrollee's account with the institution. 552

(31) (a) For taxable years beginning in 2015, deduct from 553  
the portion of an individual's adjusted gross income that is 554  
business income, to the extent not otherwise deducted or 555  
excluded in computing federal or Ohio adjusted gross income for 556  
the taxable year, the lesser of the following amounts: 557

(i) Seventy-five per cent of the individual's business 558  
income; 559

(ii) Ninety-three thousand seven hundred fifty dollars for 560  
each spouse if spouses file separate returns under section 561  
5747.08 of the Revised Code or one hundred eighty-seven thousand 562  
five hundred dollars for all other individuals. 563

(b) For taxable years beginning in 2016 or thereafter, 564  
deduct from the portion of an individual's adjusted gross income 565  
that is business income, to the extent not otherwise deducted or 566  
excluded in computing federal adjusted gross income for the 567  
taxable year, one hundred twenty-five thousand dollars for each 568  
spouse if spouses file separate returns under section 5747.08 of 569  
the Revised Code or two hundred fifty thousand dollars for all 570  
other individuals. 571

(32) Deduct, as provided under section 5747.78 of the 572  
Revised Code, contributions to ABLE savings accounts made in 573  
accordance with sections 113.50 to 113.56 of the Revised Code. 574

(33) Deduct, to the extent not otherwise deducted or 575  
excluded in computing federal or Ohio adjusted gross income for 576  
the taxable year, amounts computed under section 5747.014 of the 577  
Revised Code relating to a physician providing uncompensated 578  
medical care through or on behalf of a nonprofit faith-based 579

entity that provides drug addiction services. 580

(B) "Business income" means income, including gain or 581  
loss, arising from transactions, activities, and sources in the 582  
regular course of a trade or business and includes income, gain, 583  
or loss from real property, tangible property, and intangible 584  
property if the acquisition, rental, management, and disposition 585  
of the property constitute integral parts of the regular course 586  
of a trade or business operation. "Business income" includes 587  
income, including gain or loss, from a partial or complete 588  
liquidation of a business, including, but not limited to, gain 589  
or loss from the sale or other disposition of goodwill. 590

(C) "Nonbusiness income" means all income other than 591  
business income and may include, but is not limited to, 592  
compensation, rents and royalties from real or tangible personal 593  
property, capital gains, interest, dividends and distributions, 594  
patent or copyright royalties, or lottery winnings, prizes, and 595  
awards. 596

(D) "Compensation" means any form of remuneration paid to 597  
an employee for personal services. 598

(E) "Fiduciary" means a guardian, trustee, executor, 599  
administrator, receiver, conservator, or any other person acting 600  
in any fiduciary capacity for any individual, trust, or estate. 601

(F) "Fiscal year" means an accounting period of twelve 602  
months ending on the last day of any month other than December. 603

(G) "Individual" means any natural person. 604

(H) "Internal Revenue Code" means the "Internal Revenue 605  
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 606

(I) "Resident" means any of the following, provided that 607

division (I) (3) of this section applies only to taxable years of 608  
a trust beginning in 2002 or thereafter: 609

(1) An individual who is domiciled in this state, subject 610  
to section 5747.24 of the Revised Code; 611

(2) The estate of a decedent who at the time of death was 612  
domiciled in this state. The domicile tests of section 5747.24 613  
of the Revised Code are not controlling for purposes of division 614  
(I) (2) of this section. 615

(3) A trust that, in whole or part, resides in this state. 616  
If only part of a trust resides in this state, the trust is a 617  
resident only with respect to that part. 618

For the purposes of division (I) (3) of this section: 619

(a) A trust resides in this state for the trust's current 620  
taxable year to the extent, as described in division (I) (3) (d) 621  
of this section, that the trust consists directly or indirectly, 622  
in whole or in part, of assets, net of any related liabilities, 623  
that were transferred, or caused to be transferred, directly or 624  
indirectly, to the trust by any of the following: 625

(i) A person, a court, or a governmental entity or 626  
instrumentality on account of the death of a decedent, but only 627  
if the trust is described in division (I) (3) (e) (i) or (ii) of 628  
this section; 629

(ii) A person who was domiciled in this state for the 630  
purposes of this chapter when the person directly or indirectly 631  
transferred assets to an irrevocable trust, but only if at least 632  
one of the trust's qualifying beneficiaries is domiciled in this 633  
state for the purposes of this chapter during all or some 634  
portion of the trust's current taxable year; 635

(iii) A person who was domiciled in this state for the 636  
purposes of this chapter when the trust document or instrument 637  
or part of the trust document or instrument became irrevocable, 638  
but only if at least one of the trust's qualifying beneficiaries 639  
is a resident domiciled in this state for the purposes of this 640  
chapter during all or some portion of the trust's current 641  
taxable year. If a trust document or instrument became 642  
irrevocable upon the death of a person who at the time of death 643  
was domiciled in this state for purposes of this chapter, that 644  
person is a person described in division (I) (3) (a) (iii) of this 645  
section. 646

(b) A trust is irrevocable to the extent that the 647  
transferor is not considered to be the owner of the net assets 648  
of the trust under sections 671 to 678 of the Internal Revenue 649  
Code. 650

(c) With respect to a trust other than a charitable lead 651  
trust, "qualifying beneficiary" has the same meaning as 652  
"potential current beneficiary" as defined in section 1361(e) (2) 653  
of the Internal Revenue Code, and with respect to a charitable 654  
lead trust "qualifying beneficiary" is any current, future, or 655  
contingent beneficiary, but with respect to any trust 656  
"qualifying beneficiary" excludes a person or a governmental 657  
entity or instrumentality to any of which a contribution would 658  
qualify for the charitable deduction under section 170 of the 659  
Internal Revenue Code. 660

(d) For the purposes of division (I) (3) (a) of this 661  
section, the extent to which a trust consists directly or 662  
indirectly, in whole or in part, of assets, net of any related 663  
liabilities, that were transferred directly or indirectly, in 664  
whole or part, to the trust by any of the sources enumerated in 665

that division shall be ascertained by multiplying the fair 666  
market value of the trust's assets, net of related liabilities, 667  
by the qualifying ratio, which shall be computed as follows: 668

(i) The first time the trust receives assets, the 669  
numerator of the qualifying ratio is the fair market value of 670  
those assets at that time, net of any related liabilities, from 671  
sources enumerated in division (I) (3) (a) of this section. The 672  
denominator of the qualifying ratio is the fair market value of 673  
all the trust's assets at that time, net of any related 674  
liabilities. 675

(ii) Each subsequent time the trust receives assets, a 676  
revised qualifying ratio shall be computed. The numerator of the 677  
revised qualifying ratio is the sum of (1) the fair market value 678  
of the trust's assets immediately prior to the subsequent 679  
transfer, net of any related liabilities, multiplied by the 680  
qualifying ratio last computed without regard to the subsequent 681  
transfer, and (2) the fair market value of the subsequently 682  
transferred assets at the time transferred, net of any related 683  
liabilities, from sources enumerated in division (I) (3) (a) of 684  
this section. The denominator of the revised qualifying ratio is 685  
the fair market value of all the trust's assets immediately 686  
after the subsequent transfer, net of any related liabilities. 687

(iii) Whether a transfer to the trust is by or from any of 688  
the sources enumerated in division (I) (3) (a) of this section 689  
shall be ascertained without regard to the domicile of the 690  
trust's beneficiaries. 691

(e) For the purposes of division (I) (3) (a) (i) of this 692  
section: 693

(i) A trust is described in division (I) (3) (e) (i) of this 694

section if the trust is a testamentary trust and the testator of 695  
that testamentary trust was domiciled in this state at the time 696  
of the testator's death for purposes of the taxes levied under 697  
Chapter 5731. of the Revised Code. 698

(ii) A trust is described in division (I)(3)(e)(ii) of 699  
this section if the transfer is a qualifying transfer described 700  
in any of divisions (I)(3)(f)(i) to (vi) of this section, the 701  
trust is an irrevocable inter vivos trust, and at least one of 702  
the trust's qualifying beneficiaries is domiciled in this state 703  
for purposes of this chapter during all or some portion of the 704  
trust's current taxable year. 705

(f) For the purposes of division (I)(3)(e)(ii) of this 706  
section, a "qualifying transfer" is a transfer of assets, net of 707  
any related liabilities, directly or indirectly to a trust, if 708  
the transfer is described in any of the following: 709

(i) The transfer is made to a trust, created by the 710  
decedent before the decedent's death and while the decedent was 711  
domiciled in this state for the purposes of this chapter, and, 712  
prior to the death of the decedent, the trust became irrevocable 713  
while the decedent was domiciled in this state for the purposes 714  
of this chapter. 715

(ii) The transfer is made to a trust to which the 716  
decedent, prior to the decedent's death, had directly or 717  
indirectly transferred assets, net of any related liabilities, 718  
while the decedent was domiciled in this state for the purposes 719  
of this chapter, and prior to the death of the decedent the 720  
trust became irrevocable while the decedent was domiciled in 721  
this state for the purposes of this chapter. 722

(iii) The transfer is made on account of a contractual 723

relationship existing directly or indirectly between the 724  
transferor and either the decedent or the estate of the decedent 725  
at any time prior to the date of the decedent's death, and the 726  
decedent was domiciled in this state at the time of death for 727  
purposes of the taxes levied under Chapter 5731. of the Revised 728  
Code. 729

(iv) The transfer is made to a trust on account of a 730  
contractual relationship existing directly or indirectly between 731  
the transferor and another person who at the time of the 732  
decedent's death was domiciled in this state for purposes of 733  
this chapter. 734

(v) The transfer is made to a trust on account of the will 735  
of a testator who was domiciled in this state at the time of the 736  
testator's death for purposes of the taxes levied under Chapter 737  
5731. of the Revised Code. 738

(vi) The transfer is made to a trust created by or caused 739  
to be created by a court, and the trust was directly or 740  
indirectly created in connection with or as a result of the 741  
death of an individual who, for purposes of the taxes levied 742  
under Chapter 5731. of the Revised Code, was domiciled in this 743  
state at the time of the individual's death. 744

(g) The tax commissioner may adopt rules to ascertain the 745  
part of a trust residing in this state. 746

(J) "Nonresident" means an individual or estate that is 747  
not a resident. An individual who is a resident for only part of 748  
a taxable year is a nonresident for the remainder of that 749  
taxable year. 750

(K) "Pass-through entity" has the same meaning as in 751  
section 5733.04 of the Revised Code. 752

(L) "Return" means the notifications and reports required 753  
to be filed pursuant to this chapter for the purpose of 754  
reporting the tax due and includes declarations of estimated tax 755  
when so required. 756

(M) "Taxable year" means the calendar year or the 757  
taxpayer's fiscal year ending during the calendar year, or 758  
fractional part thereof, upon which the adjusted gross income is 759  
calculated pursuant to this chapter. 760

(N) "Taxpayer" means any person subject to the tax imposed 761  
by section 5747.02 of the Revised Code or any pass-through 762  
entity that makes the election under division (D) of section 763  
5747.08 of the Revised Code. 764

(O) "Dependents" means dependents as defined in the 765  
Internal Revenue Code and as claimed in the taxpayer's federal 766  
income tax return for the taxable year or which the taxpayer 767  
would have been permitted to claim had the taxpayer filed a 768  
federal income tax return. 769

(P) "Principal county of employment" means, in the case of 770  
a nonresident, the county within the state in which a taxpayer 771  
performs services for an employer or, if those services are 772  
performed in more than one county, the county in which the major 773  
portion of the services are performed. 774

(Q) As used in sections 5747.50 to 5747.55 of the Revised 775  
Code: 776

(1) "Subdivision" means any county, municipal corporation, 777  
park district, or township. 778

(2) "Essential local government purposes" includes all 779  
functions that any subdivision is required by general law to 780  
exercise, including like functions that are exercised under a 781

charter adopted pursuant to the Ohio Constitution. 782

(R) "Overpayment" means any amount already paid that 783  
exceeds the figure determined to be the correct amount of the 784  
tax. 785

(S) "Taxable income" or "Ohio taxable income" applies only 786  
to estates and trusts, and means federal taxable income, as 787  
defined and used in the Internal Revenue Code, adjusted as 788  
follows: 789

(1) Add interest or dividends, net of ordinary, necessary, 790  
and reasonable expenses not deducted in computing federal 791  
taxable income, on obligations or securities of any state or of 792  
any political subdivision or authority of any state, other than 793  
this state and its subdivisions and authorities, but only to the 794  
extent that such net amount is not otherwise includible in Ohio 795  
taxable income and is described in either division (S) (1) (a) or 796  
(b) of this section: 797

(a) The net amount is not attributable to the S portion of 798  
an electing small business trust and has not been distributed to 799  
beneficiaries for the taxable year; 800

(b) The net amount is attributable to the S portion of an 801  
electing small business trust for the taxable year. 802

(2) Add interest or dividends, net of ordinary, necessary, 803  
and reasonable expenses not deducted in computing federal 804  
taxable income, on obligations of any authority, commission, 805  
instrumentality, territory, or possession of the United States 806  
to the extent that the interest or dividends are exempt from 807  
federal income taxes but not from state income taxes, but only 808  
to the extent that such net amount is not otherwise includible 809  
in Ohio taxable income and is described in either division (S) 810

(1) (a) or (b) of this section;	811
(3) Add the amount of personal exemption allowed to the estate pursuant to section 642(b) of the Internal Revenue Code;	812 813
(4) Deduct interest or dividends, net of related expenses deducted in computing federal taxable income, on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent that the interest or dividends are exempt from state taxes under the laws of the United States, but only to the extent that such amount is included in federal taxable income and is described in either division (S) (1) (a) or (b) of this section;	814 815 816 817 818 819 820 821 822
(5) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal taxable income for the taxable year, had the targeted jobs credit allowed under sections 38, 51, and 52 of the Internal Revenue Code not been in effect, but only to the extent such amount relates either to income included in federal taxable income for the taxable year or to income of the S portion of an electing small business trust for the taxable year;	823 824 825 826 827 828 829 830 831
(6) Deduct any interest or interest equivalent, net of related expenses deducted in computing federal taxable income, on public obligations and purchase obligations, but only to the extent that such net amount relates either to income included in federal taxable income for the taxable year or to income of the S portion of an electing small business trust for the taxable year;	832 833 834 835 836 837 838
(7) Add any loss or deduct any gain resulting from sale,	839

exchange, or other disposition of public obligations to the 840  
extent that such loss has been deducted or such gain has been 841  
included in computing either federal taxable income or income of 842  
the S portion of an electing small business trust for the 843  
taxable year; 844

(8) Except in the case of the final return of an estate, 845  
add any amount deducted by the taxpayer on both its Ohio estate 846  
tax return pursuant to section 5731.14 of the Revised Code, and 847  
on its federal income tax return in determining federal taxable 848  
income; 849

(9) (a) Deduct any amount included in federal taxable 850  
income solely because the amount represents a reimbursement or 851  
refund of expenses that in a previous year the decedent had 852  
deducted as an itemized deduction pursuant to section 63 of the 853  
Internal Revenue Code and applicable treasury regulations. The 854  
deduction otherwise allowed under division (S) (9) (a) of this 855  
section shall be reduced to the extent the reimbursement is 856  
attributable to an amount the taxpayer or decedent deducted 857  
under this section in any taxable year. 858

(b) Add any amount not otherwise included in Ohio taxable 859  
income for any taxable year to the extent that the amount is 860  
attributable to the recovery during the taxable year of any 861  
amount deducted or excluded in computing federal or Ohio taxable 862  
income in any taxable year, but only to the extent such amount 863  
has not been distributed to beneficiaries for the taxable year. 864

(10) Deduct any portion of the deduction described in 865  
section 1341(a) (2) of the Internal Revenue Code, for repaying 866  
previously reported income received under a claim of right, that 867  
meets both of the following requirements: 868

(a) It is allowable for repayment of an item that was 869  
included in the taxpayer's taxable income or the decedent's 870  
adjusted gross income for a prior taxable year and did not 871  
qualify for a credit under division (A) or (B) of section 872  
5747.05 of the Revised Code for that year. 873

(b) It does not otherwise reduce the taxpayer's taxable 874  
income or the decedent's adjusted gross income for the current 875  
or any other taxable year. 876

(11) Add any amount claimed as a credit under section 877  
5747.059 or 5747.65 of the Revised Code to the extent that the 878  
amount satisfies either of the following: 879

(a) The amount was deducted or excluded from the 880  
computation of the taxpayer's federal taxable income as required 881  
to be reported for the taxpayer's taxable year under the 882  
Internal Revenue Code; 883

(b) The amount resulted in a reduction in the taxpayer's 884  
federal taxable income as required to be reported for any of the 885  
taxpayer's taxable years under the Internal Revenue Code. 886

(12) Deduct any amount, net of related expenses deducted 887  
in computing federal taxable income, that a trust is required to 888  
report as farm income on its federal income tax return, but only 889  
if the assets of the trust include at least ten acres of land 890  
satisfying the definition of "land devoted exclusively to 891  
agricultural use" under section 5713.30 of the Revised Code, 892  
regardless of whether the land is valued for tax purposes as 893  
such land under sections 5713.30 to 5713.38 of the Revised Code. 894  
If the trust is a pass-through entity investor, section 5747.231 895  
of the Revised Code applies in ascertaining if the trust is 896  
eligible to claim the deduction provided by division (S)(12) of 897

this section in connection with the pass-through entity's farm 898  
income. 899

Except for farm income attributable to the S portion of an 900  
electing small business trust, the deduction provided by 901  
division (S) (12) of this section is allowed only to the extent 902  
that the trust has not distributed such farm income. Division 903  
(S) (12) of this section applies only to taxable years of a trust 904  
beginning in 2002 or thereafter. 905

(13) Add the net amount of income described in section 906  
641(c) of the Internal Revenue Code to the extent that amount is 907  
not included in federal taxable income. 908

(14) Add or deduct the amount the taxpayer would be 909  
required to add or deduct under division (A) (20) or (21) of this 910  
section if the taxpayer's Ohio taxable income were computed in 911  
the same manner as an individual's Ohio adjusted gross income is 912  
computed under this section. In the case of a trust, division 913  
(S) (14) of this section applies only to any of the trust's 914  
taxable years beginning in 2002 or thereafter. 915

(T) "School district income" and "school district income 916  
tax" have the same meanings as in section 5748.01 of the Revised 917  
Code. 918

(U) As used in divisions (A) (8), (A) (9), (S) (6), and (S) 919  
(7) of this section, "public obligations," "purchase 920  
obligations," and "interest or interest equivalent" have the 921  
same meanings as in section 5709.76 of the Revised Code. 922

(V) "Limited liability company" means any limited 923  
liability company formed under Chapter 1705. of the Revised Code 924  
or under the laws of any other state. 925

(W) "Pass-through entity investor" means any person who, 926

during any portion of a taxable year of a pass-through entity, 927  
is a partner, member, shareholder, or equity investor in that 928  
pass-through entity. 929

(X) "Banking day" has the same meaning as in section 930  
1304.01 of the Revised Code. 931

(Y) "Month" means a calendar month. 932

(Z) "Quarter" means the first three months, the second 933  
three months, the third three months, or the last three months 934  
of the taxpayer's taxable year. 935

(AA) (1) "Eligible institution" means a state university or 936  
state institution of higher education as defined in section 937  
3345.011 of the Revised Code, or a private, nonprofit college, 938  
university, or other post-secondary institution located in this 939  
state that possesses a certificate of authorization issued by 940  
the chancellor of higher education pursuant to Chapter 1713. of 941  
the Revised Code or a certificate of registration issued by the 942  
state board of career colleges and schools under Chapter 3332. 943  
of the Revised Code. 944

(2) "Qualified tuition and fees" means tuition and fees 945  
imposed by an eligible institution as a condition of enrollment 946  
or attendance, not exceeding two thousand five hundred dollars 947  
in each of the individual's first two years of post-secondary 948  
education. If the individual is a part-time student, "qualified 949  
tuition and fees" includes tuition and fees paid for the 950  
academic equivalent of the first two years of post-secondary 951  
education during a maximum of five taxable years, not exceeding 952  
a total of five thousand dollars. "Qualified tuition and fees" 953  
does not include: 954

(a) Expenses for any course or activity involving sports, 955

games, or hobbies unless the course or activity is part of the individual's degree or diploma program;	956 957
(b) The cost of books, room and board, student activity fees, athletic fees, insurance expenses, or other expenses unrelated to the individual's academic course of instruction;	958 959 960
(c) Tuition, fees, or other expenses paid or reimbursed through an employer, scholarship, grant in aid, or other educational benefit program.	961 962 963
(BB) (1) "Modified business income" means the business income included in a trust's Ohio taxable income after such taxable income is first reduced by the qualifying trust amount, if any.	964 965 966 967
(2) "Qualifying trust amount" of a trust means capital gains and losses from the sale, exchange, or other disposition of equity or ownership interests in, or debt obligations of, a qualifying investee to the extent included in the trust's Ohio taxable income, but only if the following requirements are satisfied:	968 969 970 971 972 973
(a) The book value of the qualifying investee's physical assets in this state and everywhere, as of the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss, is available to the trust.	974 975 976 977 978
(b) The requirements of section 5747.011 of the Revised Code are satisfied for the trust's taxable year in which the trust recognizes the gain or loss.	979 980 981
Any gain or loss that is not a qualifying trust amount is modified business income, qualifying investment income, or modified nonbusiness income, as the case may be.	982 983 984

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

(4) "Modified Ohio taxable income" applies only to trusts, and means the sum of the amounts described in divisions (BB) (4) (a) to (c) of this section:

(a) The fraction, calculated under section 5747.013, and applying section 5747.231 of the Revised Code, multiplied by the sum of the following amounts:

(i) The trust's modified business income;

(ii) The trust's qualifying investment income, as defined in section 5747.012 of the Revised Code, but only to the extent the qualifying investment income does not otherwise constitute modified business income and does not otherwise constitute a qualifying trust amount.

(b) The qualifying trust amount multiplied by a fraction, the numerator of which is the sum of the book value of the qualifying investee's physical assets in this state on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the day on which the trust recognizes the qualifying trust amount, and the denominator of which is the sum of the book value of the qualifying investee's total physical assets everywhere on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the day on which the trust recognizes the qualifying trust amount. If, for a taxable year, the trust recognizes a qualifying trust amount

with respect to more than one qualifying investee, the amount 1014  
described in division (BB) (4) (b) of this section shall equal the 1015  
sum of the products so computed for each such qualifying 1016  
investee. 1017

(c) (i) With respect to a trust or portion of a trust that 1018  
is a resident as ascertained in accordance with division (I) (3) 1019  
(d) of this section, its modified nonbusiness income. 1020

(ii) With respect to a trust or portion of a trust that is 1021  
not a resident as ascertained in accordance with division (I) (3) 1022  
(d) of this section, the amount of its modified nonbusiness 1023  
income satisfying the descriptions in divisions (B) (2) to (5) of 1024  
section 5747.20 of the Revised Code, except as otherwise 1025  
provided in division (BB) (4) (c) (ii) of this section. With 1026  
respect to a trust or portion of a trust that is not a resident 1027  
as ascertained in accordance with division (I) (3) (d) of this 1028  
section, the trust's portion of modified nonbusiness income 1029  
recognized from the sale, exchange, or other disposition of a 1030  
debt interest in or equity interest in a section 5747.212 1031  
entity, as defined in section 5747.212 of the Revised Code, 1032  
without regard to division (A) of that section, shall not be 1033  
allocated to this state in accordance with section 5747.20 of 1034  
the Revised Code but shall be apportioned to this state in 1035  
accordance with division (B) of section 5747.212 of the Revised 1036  
Code without regard to division (A) of that section. 1037

If the allocation and apportionment of a trust's income 1038  
under divisions (BB) (4) (a) and (c) of this section do not fairly 1039  
represent the modified Ohio taxable income of the trust in this 1040  
state, the alternative methods described in division (C) of 1041  
section 5747.21 of the Revised Code may be applied in the manner 1042  
and to the same extent provided in that section. 1043

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

(i) If the qualifying investee is a member of a qualifying controlled group on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss, then "qualifying investee" includes all persons in the qualifying controlled group on such last day.

(ii) If the qualifying investee, or if the qualifying investee and any members of the qualifying controlled group of which the qualifying investee is a member on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss, separately or cumulatively own, directly or indirectly, on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the qualifying trust amount, more than fifty per cent of the equity of a pass-through entity, then the qualifying investee and the other members are deemed to own the proportionate share of the pass-through entity's physical assets which the pass-through entity directly or indirectly owns on the last day of the pass-through entity's calendar or fiscal year ending within or with the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the qualifying trust amount.

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

An upper level pass-through entity, whether or not it is also a qualifying investee, is deemed to own, on the last day of the upper level pass-through entity's calendar or fiscal year, the proportionate share of the lower level pass-through entity's physical assets that the lower level pass-through entity directly or indirectly owns on the last day of the lower level pass-through entity's calendar or fiscal year ending within or with the last day of the upper level pass-through entity's fiscal or calendar year. If the upper level pass-through entity directly and indirectly owns less than fifty per cent of the equity of the lower level pass-through entity on each day of the upper level pass-through entity's calendar or fiscal year in which or with which ends the calendar or fiscal year of the lower level pass-through entity and if, based upon clear and convincing evidence, complete information about the location and cost of the physical assets of the lower pass-through entity is not available to the upper level pass-through entity, then solely for purposes of ascertaining if a gain or loss constitutes a qualifying trust amount, the upper level pass-through entity shall be deemed as owning no equity of the lower level pass-through entity for each day during the upper level pass-through entity's calendar or fiscal year in which or with which ends the lower level pass-through entity's calendar or fiscal year. Nothing in division (BB) (5) (a) (iii) of this section shall be construed to provide for any deduction or exclusion in computing any trust's Ohio taxable income.

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

(i) During the taxable year the trust or part of the trust recognizes a gain or loss from the sale, exchange, or other disposition of equity or ownership interests in, or debt obligations of, the C corporation.

(ii) Such gain or loss constitutes nonbusiness income.

(6) "Available" means information is such that a person is able to learn of the information by the due date plus extensions, if any, for filing the return for the taxable year in which the trust recognizes the gain or loss.

(CC) "Qualifying controlled group" has the same meaning as in section 5733.04 of the Revised Code.

(DD) "Related member" has the same meaning as in section 5733.042 of the Revised Code.

(EE) (1) For the purposes of division (EE) of this section:

(a) "Qualifying person" means any person other than a qualifying corporation.

(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:

(i) A corporation that has made an election under subchapter S, chapter one, subtitle A, of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year;

(ii) A subsidiary that is wholly owned by any corporation 1133  
that has made an election under subchapter S, chapter one, 1134  
subtitle A of the Internal Revenue Code for its taxable year 1135  
ending within, or on the last day of, the investor's taxable 1136  
year. 1137

(2) For the purposes of this chapter, unless expressly 1138  
stated otherwise, no qualifying person indirectly owns any asset 1139  
directly or indirectly owned by any qualifying corporation. 1140

(FF) For purposes of this chapter and Chapter 5751. of the 1141  
Revised Code: 1142

(1) "Trust" does not include a qualified pre-income tax 1143  
trust. 1144

(2) A "qualified pre-income tax trust" is any pre-income 1145  
tax trust that makes a qualifying pre-income tax trust election 1146  
as described in division (FF)(3) of this section. 1147

(3) A "qualifying pre-income tax trust election" is an 1148  
election by a pre-income tax trust to subject to the tax imposed 1149  
by section 5751.02 of the Revised Code the pre-income tax trust 1150  
and all pass-through entities of which the trust owns or 1151  
controls, directly, indirectly, or constructively through 1152  
related interests, five per cent or more of the ownership or 1153  
equity interests. The trustee shall notify the tax commissioner 1154  
in writing of the election on or before April 15, 2006. The 1155  
election, if timely made, shall be effective on and after 1156  
January 1, 2006, and shall apply for all tax periods and tax 1157  
years until revoked by the trustee of the trust. 1158

(4) A "pre-income tax trust" is a trust that satisfies all 1159  
of the following requirements: 1160

(a) The document or instrument creating the trust was 1161

executed by the grantor before January 1, 1972; 1162

(b) The trust became irrevocable upon the creation of the 1163  
trust; and 1164

(c) The grantor was domiciled in this state at the time 1165  
the trust was created. 1166

(GG) "Uniformed services" has the same meaning as in 10 1167  
U.S.C. 101. 1168

(HH) "Taxable business income" means the amount by which 1169  
an individual's business income that is included in federal 1170  
adjusted gross income exceeds the amount of business income the 1171  
individual is authorized to deduct under division (A) (31) of 1172  
this section for the taxable year. 1173

Sec. 5747.014. (A) As used in this section and division 1174  
(A) (33) of section 5747.01 of the Revised Code, "physician" 1175  
means an individual who holds a valid license to practice 1176  
medicine and surgery or osteopathic medicine and surgery issued 1177  
under Chapter 4731. of the Revised Code. 1178

(B) A physician may deduct, in computing Ohio adjusted 1179  
gross income for a taxable year, an amount equal to the product 1180  
obtained by multiplying one hundred twenty-five dollars by the 1181  
number of hours the physician provides medical care during the 1182  
taxable year to patients through or on behalf of a nonprofit 1183  
faith-based entity that provides drug addiction services, 1184  
certified under section 5119.36 of the Revised Code, excluding 1185  
any such hour for which the physician is compensated or 1186  
reimbursed. The amount deducted for a taxable year may not 1187  
exceed ten thousand dollars. 1188

(C) A physician who claims a deduction under this section 1189  
and division (A) (33) of section 5747.01 of the Revised Code 1190

shall submit, along with the return required under section 1191  
5747.08 of the Revised Code, a written statement from the 1192  
nonprofit faith-based entity confirming the number of hours the 1193  
physician provided uncompensated and unreimbursed medical care 1194  
to patients during the taxable year through or on behalf of the 1195  
nonprofit faith-based entity. A physician may not claim the 1196  
deduction without first obtaining such a statement. 1197

(D) The tax commissioner may adopt rules for the 1198  
administration of this section including rules governing 1199  
documents, records, or other information physicians claiming the 1200  
deduction shall provide to the commissioner. 1201

**Section 2.** That existing section 5747.01 of the Revised 1202  
Code is hereby repealed. 1203

**Section 3.** The Department of Mental Health and Addiction 1204  
Services shall expend \$50,000 in fiscal year 2018 and \$50,000 in 1205  
fiscal year 2019 for the Faith-Based Substance Abuse Curricula 1206  
Grant Program established by section 5119.63 of the Revised 1207  
Code. The Department shall also expend \$40,000 in fiscal year 1208  
2018 and \$40,000 in fiscal year 2019 for the Faith-Based 1209  
Substance Abuse Transportation Assistance Grant Program 1210  
established in section 5119.64 of the Revised Code. The 1211  
Department shall use any available appropriations contained in 1212  
Am. Sub. H.B. 49 of the 132nd General Assembly as the source of 1213  
funding for these two programs. 1214

**Section 4.** All items in this section are hereby 1215  
appropriated as designated out of any moneys in the state 1216  
treasury to the credit of the designated fund. For all 1217  
appropriations made in this act, those in the first column are 1218  
for fiscal year 2018 and those in the second column are for 1219  
fiscal year 2019. The appropriations made in this act are in 1220

addition to any other appropriations made for the FY 2018-FY	1221
2019 biennium.	1222
MHA DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES	1223
General Revenue Fund	1224
GRF 336421 Continuum of Care Services\$1,000,000 \$1,000,000	1225
TOTAL GRF General Revenue Fund \$1,000,000\$1,000,000	1226
TOTAL ALL BUDGET FUND GROUPS \$1,000,000\$1,000,000	1227
CONTINUUM OF CARE SERVICES	1228
The foregoing appropriation item 336421, Continuum of Care	1229
Services, shall be used for the Faith-Based Substance Abuse	1230
Rehabilitation Facility Grant Program established in section	1231
5119.65 of the Revised Code.	1232
<b>Section 5.</b> Within the limits set forth in this act, the	1233
Director of Budget and Management shall establish accounts	1234
indicating the source and amount of funds for each appropriation	1235
made in this act, and shall determine the form and manner in	1236
which appropriation accounts shall be maintained. Expenditures	1237
from appropriations contained in this act shall be accounted for	1238
as though made in Am. Sub. H.B. 49 of the 132nd General	1239
Assembly.	1240
The appropriations made in this act are subject to all	1241
provisions of Am. Sub. H.B. 49 of the 132nd General Assembly	1242
that are generally applicable to such appropriations.	1243
<b>Section 6.</b> The amendment or enactment by this act of	1244
sections 5747.01 and 5747.014 of the Revised Code applies to	1245
taxable years beginning on or after January 1, 2018.	1246