

**As Reported by the House Finance Committee**

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**Regular Session**

**2019-2020**

**Sub. H. B. No. 2**

**Representatives Cross, Lepore-Hagan**

**Cosponsors: Representatives DeVitis, Blessing, Carfagna, Edwards, Hambley,  
Miller, A., O'Brien, Perales, Plummer, Roemer, Rogers, West**

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**A BILL**

To amend section 5747.01 and to enact sections 1  
122.178, 122.179, 122.1710, and 122.1711 of the 2  
Revised Code to create the TechCred Program and 3  
the Individual Microcredential Assistance 4  
Program, to develop a grant program to support 5  
industry sector partnerships, and to make an 6  
appropriation. 7

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

**Section 1.** That section 5747.01 be amended and sections 8  
122.178, 122.179, 122.1710, and 122.1711 of the Revised Code be 9  
enacted to read as follows: 10

**Sec. 122.178.** (A) As used in this section, 11  
"microcredential" means an industry-recognized credential or 12  
certificate that an applicant may complete in not more than one 13  
year and that is approved by the chancellor of higher education. 14

(B) There is hereby created the TechCred program to 15  
reimburse employers from appropriations made for that purpose 16  
for training costs for prospective and incumbent employees to 17

earn a microcredential. The development services agency, in 18  
consultation with the governor's office of workforce 19  
transformation and the department of higher education, shall 20  
develop the program. 21

(C) (1) An employer seeking to participate in the program 22  
shall submit an application to the director of development 23  
services during the application period the director establishes 24  
by rule adopted under division (I) of this section. The employer 25  
shall include in the application all of the following 26  
information: 27

(a) Proof that the employer is registered to do business 28  
in this state; 29

(b) Proof that the employer is current on all tax 30  
obligations to the state; 31

(c) Proof that the employer is in compliance with all 32  
environmental regulations applicable to the employer; 33

(d) The name of the training provider from which a 34  
prospective or incumbent employee will receive the training and 35  
earn the microcredential; 36

(e) The cost of the training; 37

(f) The positions for which earning the microcredential 38  
will make a prospective or incumbent employee qualified or the 39  
occupational skill set that the prospective or incumbent 40  
employee will acquire on completing the training; 41

(g) The address of the facility or location at which the 42  
prospective or incumbent employee is expected to be employed 43  
after completing the training; 44

(h) Any other information the director requires. 45

(2) In addition to the information required under division 46  
(C) (1) of this section, an employer seeking to participate in 47  
the program also may submit information regarding the estimated 48  
wage after completing the training and earning the 49  
microcredential or any other information the employer wishes to 50  
provide to the director. 51

(D) (1) The director shall consider all applications 52  
submitted during the application period after the application 53  
period ends. The director shall consider the following factors 54  
in determining whether to approve an application: 55

(a) The duration of the training program; 56

(b) The cost of the training; 57

(c) A prospective or incumbent employee's estimated wage 58  
after completing the training and earning the microcredential; 59

(d) Whether approving an application will promote regional 60  
diversity in apportioning reimbursements uniformly across the 61  
state; 62

(e) Any other factors the director considers relevant in 63  
determining whether to approve an application. 64

(2) The chancellor of higher education shall adopt rules 65  
in accordance with Chapter 119. of the Revised Code to establish 66  
a list of approved training providers in this state and the 67  
microcredentials offered by those providers. The director shall 68  
not approve an application submitted under division (C) of this 69  
section unless the training provider and microcredentials 70  
identified in the application are included in the chancellor's 71  
list. 72

(3) If the director approves an application for 73

participation in the program, the approval is valid for the 74  
fiscal year as designated by the director. An employer that 75  
participates in the program that wishes to participate in the 76  
program in any subsequent fiscal year shall apply to the 77  
director in accordance with division (C) of this section. 78

(4) The director shall not approve an application for 79  
participation in the program if the employer has violated 80  
Chapter 4111. of the Revised Code within the four fiscal years 81  
immediately preceding the date of application. 82

(E)(1) Each participating employer seeking reimbursement 83  
for training costs for a prospective or incumbent employee shall 84  
submit an application to the director that includes all of the 85  
following information for each prospective or incumbent 86  
employee: 87

(a) The prospective or incumbent employee's name and 88  
position, if applicable, at the time of submitting the 89  
application; 90

(b) The actual amount the employer paid to the training 91  
provider for the training; 92

(c) Evidence that the prospective or incumbent employee 93  
earned a microcredential; 94

(d) Evidence that the prospective or incumbent employee is 95  
a resident of this state. 96

(2) The amount of the reimbursement shall be at least five 97  
hundred dollars but not more than two thousand dollars for each 98  
microcredential a prospective or incumbent employee receives. 99

(F) No participating employer shall require a prospective 100  
or incumbent employee who receives a microcredential because the 101

employer participated in and received a reimbursement through 102  
the employer's participation in the TechCred program to accept 103  
or continue employment with the employer. 104

(G) For the purposes of determining regional diversity 105  
under this section, the following constitute the regions of the 106  
state: 107

(1) The counties of Allen, Crawford, Defiance, Fulton, 108  
Hancock, Hardin, Henry, Lucas, Ottawa, Paulding, Putnam, 109  
Sandusky, Seneca, Van Wert, Williams, Wood, and Wyandot are one 110  
region; 111

(2) The counties of Ashland, Ashtabula, Columbiana, 112  
Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, 113  
Portage, Richland, Stark, Summit, Trumbull, Tuscarawas, and 114  
Wayne are one region; 115

(3) The counties of Auglaize, Champaign, Clark, Clinton, 116  
Darke, Fayette, Greene, Mercer, Miami, Montgomery, Preble, and 117  
Shelby are one region; 118

(4) The counties of Delaware, Fairfield, Franklin, Knox, 119  
Licking, Logan, Madison, Marion, Morrow, Pickaway, and Union are 120  
one region; 121

(5) The counties of Adams, Athens, Gallia, Highland, 122  
Hocking, Jackson, Lawrence, Meigs, Pike, Ross, Scioto, and 123  
Vinton are one region; 124

(6) The counties of Belmont, Carroll, Coshocton, Guernsey, 125  
Harrison, Holmes, Jefferson, Monroe, Morgan, Muskingum, Noble, 126  
Perry, and Washington are one region; 127

(7) The counties of Brown, Butler, Clermont, Hamilton, and 128  
Warren are one region. 129

<u>(H) (1) The director shall do both of the following</u>	130
<u>regarding the operation of the program:</u>	131
<u>(a) Create an application to participate in the program</u>	132
<u>and an application for reimbursement;</u>	133
<u>(b) Create an internet web site with the applications for</u>	134
<u>and information regarding the program created in this section.</u>	135
<u>(2) The governor's office of workforce transformation</u>	136
<u>shall include on the office's internet web site either of the</u>	137
<u>following:</u>	138
<u>(a) The applications for and information regarding the</u>	139
<u>program created in this section;</u>	140
<u>(b) An internet link to the internet web site created</u>	141
<u>under division (H) (1) (b) of this section.</u>	142
<u>(I) The director shall adopt rules in accordance with</u>	143
<u>Chapter 119. of the Revised Code to establish an application</u>	144
<u>period during which an employer may submit an application under</u>	145
<u>division (C) of this section.</u>	146
<u>The director may adopt rules in accordance with Chapter</u>	147
<u>119. of the Revised Code regarding the operation of the program</u>	148
<u>as the director considers necessary to administer the program,</u>	149
<u>including establishing priority guidelines for approving</u>	150
<u>applications under division (D) of this section.</u>	151
<b><u>Sec. 122.179. (A) As used in this section:</u></b>	152
<u>"Charitable organization" has the same meaning as in</u>	153
<u>section 1716.01 of the Revised Code.</u>	154
<u>"Independent college or university" means a nonprofit</u>	155
<u>institution of higher education that has a certificate of</u>	156

<u>authorization under Chapter 1713. of the Revised Code.</u>	157
<u>"Industry sector partnership" means a workforce</u>	158
<u>collaborative that organizes key leaders and stakeholders of an</u>	159
<u>industry cluster into a working group that focuses on achieving</u>	160
<u>a shared goal of meeting the industry cluster's human resources</u>	161
<u>needs.</u>	162
<u>"Ohio technical center" has the same meaning as in section</u>	163
<u>3333.94 of the Revised Code.</u>	164
<u>"Regional sector partnership" means a regional or</u>	165
<u>statewide workforce collaborative that organizes multiple</u>	166
<u>industry sector partnerships into a working group that focuses</u>	167
<u>on achieving a shared goal of meeting the human resources needs</u>	168
<u>of a region or statewide.</u>	169
<u>"State board" and "local board" have the same meanings as</u>	170
<u>in section 6301.01 of the Revised Code.</u>	171
<u>"State institution of higher education" has the same</u>	172
<u>meaning as in section 3345.011 of the Revised Code.</u>	173
<u>(B) A collaboration of multiple employers of an industry</u>	174
<u>cluster may organize and lead an industry sector partnership by</u>	175
<u>convening or acting in partnership with representatives of</u>	176
<u>businesses, employers, or other institutions of an industry</u>	177
<u>cluster, including small- and medium-sized employers where</u>	178
<u>practicable, and a collaboration of multiple industry sector</u>	179
<u>partnerships may convene or act in partnership together as a</u>	180
<u>regional sector partnership. An industry sector partnership may</u>	181
<u>include representatives of one or more of the following:</u>	182
<u>(1) A school district;</u>	183
<u>(2) A state institution of higher education;</u>	184

<u>(3) An Ohio technical center;</u>	185
<u>(4) An independent college or university;</u>	186
<u>(5) The state or a local government;</u>	187
<u>(6) A state or local economic or workforce development agency;</u>	188 189
<u>(7) A state board or local board;</u>	190
<u>(8) The department of job and family services;</u>	191
<u>(9) A business, trade, or industry association;</u>	192
<u>(10) A charitable organization;</u>	193
<u>(11) An economic development organization;</u>	194
<u>(12) A nonprofit or community-based organization or intermediary;</u>	195 196
<u>(13) The Ohio state university extension division established under section 3335.16 of the Revised Code or the central state university extension program;</u>	197 198 199
<u>(14) Any other organization that the industry sector partnership considers necessary to further the shared goal of meeting the industry cluster's human resources needs.</u>	200 201 202
<u>(C) The director of development services, in consultation with the governor's office of workforce transformation, shall develop a grant program to support industry sector partnerships and regional sector partnerships. An industry sector partnership or regional sector partnership may use a grant awarded under this section to do any of the following:</u>	203 204 205 206 207 208
<u>(1) Hire employees to coordinate industry sector partnership or regional sector partnership activities;</u>	209 210



(2) Develop curricula or other educational resources to 211  
support the industry sector partnership or regional sector 212  
partnership; 213

(3) Market the industry sector partnership or regional 214  
sector partnership and opportunities the industry sector 215  
partnership or regional sector partnership creates for workforce 216  
development activities; 217

(4) Any other activity the director has approved in rules 218  
adopted under division (E) of this section. 219

(D) The director shall do both of the following: 220

(1) Establish a system for evaluating and scoring grant 221  
applications, which prioritizes collaborative community-based 222  
solutions, including regional sector partnerships; 223

(2) Award a grant to an industry sector partnership or a 224  
regional sector partnership that submits a complete application 225  
for funding describing the activities in division (C) of this 226  
section the partnership will use the funds to support and meets 227  
the scoring criteria established under division (D)(1) of this 228  
section. 229

(E) The director may adopt rules in accordance with 230  
Chapter 119. of the Revised Code as the director considers 231  
necessary to administer the grant program. 232

**Sec. 122.1710. (A) As used in this section:** 233

(1) "Microcredential" has the same meaning as in section 234  
122.178 of the Revised Code. 235

(2) "OhioMeansJobs web site" has the same meaning as in 236  
section 6301.01 of the Revised Code. 237

(B) The individual microcredential assistance program is 238  
hereby created in the development services agency to provide 239  
grants to eligible individuals to pay for the costs of training 240  
to earn a microcredential. 241

(C) An individual seeking to participate in the program 242  
shall submit an application to the director of development 243  
services. The individual shall include in the application all of 244  
the following information: 245

(1) The individual's name and address at which the 246  
individual resides; 247

(2) The name of the individual's employer at the time of 248  
applying, if applicable; 249

(3) Proof that the individual is a resident of this state; 250

(4) Proof of the individual's total income during the 251  
prior calendar year; 252

(5) The name of the microcredential that the individual is 253  
seeking to obtain; 254

(6) The name of the training provider from which the 255  
individual will receive the training to earn the microcredential 256  
and proof that the individual was accepted into the training 257  
provider's program to earn the microcredential; 258

(7) The cost of the training; 259

(8) Any other information the director requires. 260

(D) (1) The director shall consider the following factors 261  
in determining whether to approve an application submitted under 262  
division (C) of this section: 263

(a) The duration of the training program; 264

<u>(b) The cost of the training;</u>	265
<u>(c) Whether approving an application will promote regional diversity in apportioning grants uniformly across the state;</u>	266
	267
<u>(d) The individual's financial need for the grant based on the individual's total income from the prior calendar year.</u>	268
	269
<u>(2) In determining regional diversity under division (D) (1)(c) of this section, the director shall use the regions established under division (G) of section 122.178 of the Revised Code.</u>	270
	271
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	273
<u>(3) The director shall not approve an application submitted under this section unless the training provider and microcredentials identified in the application are included in the list the chancellor of higher education adopts in rules under section 122.178 of the Revised Code.</u>	274
	275
	276
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	278
<u>(E) On receiving an individual's application for a grant, the director shall do either of the following:</u>	279
	280
<u>(1) If the director approves the application, the director shall do both of the following:</u>	281
	282
<u>(a) Notify in writing the individual and the training provider that the director has approved the individual's application for a grant;</u>	283
	284
	285
<u>(b) Disburse a grant directly to the training provider to cover the cost of the training program in an amount that is not less than five hundred dollars nor more than two thousand dollars.</u>	286
	287
	288
	289
<u>(2) If the director denies the application, the director shall notify in writing the individual of the director's denial.</u>	290
	291

(F) If an individual fails to complete the training for 292  
which a grant was disbursed and does not earn a microcredential 293  
from the training provider, the training provider shall refund 294  
the entire grant amount to the director. If the training 295  
provider is a public institution, the training provider shall 296  
forward the name of the individual and the amount of the grant 297  
refunded under this division to the attorney general for 298  
collection under section 131.02 of the Revised Code. If the 299  
training provider is a private institution, after refunding the 300  
grant, the training provider may bring an action in any court of 301  
competent jurisdiction to recover damages equal to the grant 302  
amount disbursed to the training provider. 303

(G) (1) The director shall do all of the following 304  
regarding the operation of the program: 305

(a) Create an application to participate in and receive a 306  
grant for the program; 307

(b) Create an internet web site that allows an individual 308  
to apply to a training provider for acceptance into a 309  
microcredential training program; 310

(c) Create and distribute a survey to each individual who 311  
successfully earned a microcredential because of a grant 312  
disbursed under this section inquiring as to the individual's 313  
occupation and wages at the time of completing the survey. 314

(2) The director shall include all of the following in the 315  
internet web site created under division (G) (1) (b) of this 316  
section: 317

(a) The application for and information regarding the 318  
program created in this section; 319

(b) The list of the approved training providers and 320

<u>microcredentials the chancellor of higher education establishes</u>	321
<u>in rules adopted under section 122.178 of the Revised Code;</u>	322
<u>(c) A database that does all of the following:</u>	323
<u>(i) Allows a user to search for a microcredential by name</u>	324
<u>and produces results that display the training providers that</u>	325
<u>offer training to earn that microcredential and the training</u>	326
<u>provider's address;</u>	327
<u>(ii) Allows a user to search by zip code and produces</u>	328
<u>results that display both the microcredentials offered and</u>	329
<u>training providers located within and near that zip code and</u>	330
<u>allows a user to filter training providers by distance in</u>	331
<u>relation to that zip code;</u>	332
<u>(iii) Allows a user to access a listing of every</u>	333
<u>microcredential offered by each approved training provider.</u>	334
<u>(H) The director shall include on the internet web site</u>	335
<u>maintained by the development services agency, and the</u>	336
<u>governor's office of workforce transformation shall include on</u>	337
<u>the office's internet web site and the OhioMeansJobs web site,</u>	338
<u>either of the following:</u>	339
<u>(1) All of the content available on the internet web site</u>	340
<u>created under division (G) (1) (b) of this section;</u>	341
<u>(2) An internet link to the internet web site created</u>	342
<u>under division (G) (1) (b) of this section.</u>	343
<u>(I) The director may adopt rules in accordance with</u>	344
<u>Chapter 119. of the Revised Code as the director considers</u>	345
<u>necessary to implement this section, including establishing</u>	346
<u>priority guidelines for approving applications under division</u>	347
<u>(D) of this section.</u>	348

(J) Any personal information of an individual included in 349  
an application the director receives in connection with the 350  
individual microcredential assistance program created under this 351  
section is not a public record for purposes of section 149.43 of 352  
the Revised Code. However, the director may use the information 353  
as necessary to complete the reports required under section 354  
122.1711 of the Revised Code. 355

**Sec. 122.1711.** (A) Beginning on the first day of August 356  
immediately following the effective date of this section, and 357  
every August first thereafter, the director of development 358  
services shall submit to the general assembly a written report 359  
that compiles and includes information required in this section 360  
regarding the programs created under sections 122.178, 122.179, 361  
and 122.1710 of the Revised Code. 362

(1) For the TechCred program created under section 122.178 363  
of the Revised Code, the director shall include in the report 364  
required under division (A) of this section all of the following 365  
information: 366

(a) The average per cent rate change of wages during the 367  
previous year, if any, for prospective or incumbent employees 368  
who earned a microcredential categorized by microcredentials 369  
earned in each region and statewide; 370

(b) The average per cent rate change of wages during the 371  
previous years, if any, for prospective or incumbent employees 372  
who earned a microcredential categorized by the region in which 373  
employees reside and statewide; 374

(c) The average annual wages paid to positions for which 375  
holding a microcredential or having the occupational skills 376  
acquired through obtaining a microcredential is required, 377

<u>categorized by each region and statewide;</u>	378
<u>(d) The rate of change during the previous year of</u>	379
<u>unemployment categorized by each region and statewide;</u>	380
<u>(e) A list of the training providers and microcredentials</u>	381
<u>established in rules adopted by the chancellor of higher</u>	382
<u>education under section 122.178 of the Revised Code categorized</u>	383
<u>by each region and statewide;</u>	384
<u>(f) A demographic analysis of employees who earned a</u>	385
<u>microcredential under the TechCred program based on the race and</u>	386
<u>gender of each employee;</u>	387
<u>(g) A demographic analysis of employers who received a</u>	388
<u>reimbursement through the TechCred program based on the race and</u>	389
<u>gender of each employer;</u>	390
<u>(h) Any other information the director wishes to include.</u>	391
<u>(2) For the individual microcredential assistance program</u>	392
<u>created under section 122.1710 of the Revised Code, the director</u>	393
<u>shall include in the report required under division (A) of this</u>	394
<u>section all of the following information:</u>	395
<u>(a) The information required under divisions (A)(1)(a) to</u>	396
<u>(c) of this section, except that the information shall represent</u>	397
<u>the individuals who successfully earned a microcredential</u>	398
<u>through a grant disbursed under the individual microcredential</u>	399
<u>assistance program;</u>	400
<u>(b) A demographic analysis of individuals who earned a</u>	401
<u>microcredential under the individual microcredential assistance</u>	402
<u>program based on the race and gender of each individual;</u>	403
<u>(c) An analysis of the results of the surveys the director</u>	404
<u>distributed under division (G)(1)(c) of section 122.1710 of the</u>	405

<u>Revised Code categorized by each region and statewide;</u>	406
<u>(d) The rate of completion for each approved</u>	407
<u>microcredential categorized by region and statewide;</u>	408
<u>(e) Any other information the director wishes to include.</u>	409
<u>(3) For the grant program to support regional industry</u>	410
<u>sector partnerships created under section 122.179 of the Revised</u>	411
<u>Code, the director shall include in the report required under</u>	412
<u>division (A) of this section all of the following information:</u>	413
<u>(a) A list, categorized by region and statewide, of each</u>	414
<u>industry sector partnership and regional sector partnership to</u>	415
<u>which a grant was awarded under section 122.179 of the Revised</u>	416
<u>Code;</u>	417
<u>(b) A list detailing the member composition of each</u>	418
<u>industry sector partnership and regional sector partnership to</u>	419
<u>which a grant was awarded under section 122.179 of the Revised</u>	420
<u>Code, including each employer and representative of an industry</u>	421
<u>cluster;</u>	422
<u>(c) Information regarding the activities described in</u>	423
<u>division (C) of section 122.179 of the Revised Code for which</u>	424
<u>industry sector partnerships and regional sector partnerships</u>	425
<u>used grants awarded under that section.</u>	426
<u>(B) In reporting on regional information under this</u>	427
<u>section, the director shall use the regions established under</u>	428
<u>section 122.178 of the Revised Code.</u>	429
<u>(C) The director shall market the programs created under</u>	430
<u>sections 122.178, 122.179, and 122.1710 of the Revised Code.</u>	431
<b>Sec. 5747.01.</b> Except as otherwise expressly provided or	432
clearly appearing from the context, any term used in this	433



chapter that is not otherwise defined in this section has the 434  
same meaning as when used in a comparable context in the laws of 435  
the United States relating to federal income taxes or if not 436  
used in a comparable context in those laws, has the same meaning 437  
as in section 5733.40 of the Revised Code. Any reference in this 438  
chapter to the Internal Revenue Code includes other laws of the 439  
United States relating to federal income taxes. 440

As used in this chapter: 441

(A) "Adjusted gross income" or "Ohio adjusted gross 442  
income" means federal adjusted gross income, as defined and used 443  
in the Internal Revenue Code, adjusted as provided in this 444  
section: 445

(1) Add interest or dividends on obligations or securities 446  
of any state or of any political subdivision or authority of any 447  
state, other than this state and its subdivisions and 448  
authorities. 449

(2) Add interest or dividends on obligations of any 450  
authority, commission, instrumentality, territory, or possession 451  
of the United States to the extent that the interest or 452  
dividends are exempt from federal income taxes but not from 453  
state income taxes. 454

(3) Deduct interest or dividends on obligations of the 455  
United States and its territories and possessions or of any 456  
authority, commission, or instrumentality of the United States 457  
to the extent that the interest or dividends are included in 458  
federal adjusted gross income but exempt from state income taxes 459  
under the laws of the United States. 460

(4) Deduct disability and survivor's benefits to the 461  
extent included in federal adjusted gross income. 462

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

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

(7) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal adjusted gross income for the taxable year, had the targeted jobs credit

allowed and determined under sections 38, 51, and 52 of the Internal Revenue Code not been in effect.

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

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

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

(11) (a) Deduct, to the extent not otherwise allowable as a deduction or exclusion in computing federal or Ohio adjusted gross income for the taxable year, the amount the taxpayer paid during the taxable year for medical care insurance and qualified long-term care insurance for the taxpayer, the taxpayer's spouse, and dependents. No deduction for medical care insurance under division (A) (11) of this section shall be allowed either to any taxpayer who is eligible to participate in any subsidized health plan maintained by any employer of the taxpayer or of the taxpayer's spouse, or to any taxpayer who is entitled to, or on application would be entitled to, benefits under part A of Title XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of division (A) (11) (a) of this section, "subsidized health plan" means a health plan for which the employer pays any portion of the plan's cost. The deduction allowed under division (A) (11) (a) of this section

shall be the net of any related premium refunds, related premium 524  
reimbursements, or related insurance premium dividends received 525  
during the taxable year. 526

(b) Deduct, to the extent not otherwise deducted or 527  
excluded in computing federal or Ohio adjusted gross income 528  
during the taxable year, the amount the taxpayer paid during the 529  
taxable year, not compensated for by any insurance or otherwise, 530  
for medical care of the taxpayer, the taxpayer's spouse, and 531  
dependents, to the extent the expenses exceed seven and one-half 532  
per cent of the taxpayer's federal adjusted gross income. 533

(c) Deduct, to the extent not otherwise deducted or 534  
excluded in computing federal or Ohio adjusted gross income, any 535  
amount included in federal adjusted gross income under section 536  
105 or not excluded under section 106 of the Internal Revenue 537  
Code solely because it relates to an accident and health plan 538  
for a person who otherwise would be a "qualifying relative" and 539  
thus a "dependent" under section 152 of the Internal Revenue 540  
Code but for the fact that the person fails to meet the income 541  
and support limitations under section 152(d)(1)(B) and (C) of 542  
the Internal Revenue Code. 543

(d) For purposes of division (A)(11) of this section, 544  
"medical care" has the meaning given in section 213 of the 545  
Internal Revenue Code, subject to the special rules, 546  
limitations, and exclusions set forth therein, and "qualified 547  
long-term care" has the same meaning given in section 7702B(c) 548  
of the Internal Revenue Code. Solely for purposes of divisions 549  
(A)(11)(a) and (c) of this section, "dependent" includes a 550  
person who otherwise would be a "qualifying relative" and thus a 551  
"dependent" under section 152 of the Internal Revenue Code but 552  
for the fact that the person fails to meet the income and 553

support limitations under section 152(d)(1)(B) and (C) of the Internal Revenue Code. 554  
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(12) (a) Deduct any amount included in federal adjusted gross income solely because the amount represents a reimbursement or refund of expenses that in any year the taxpayer had deducted as an itemized deduction pursuant to section 63 of the Internal Revenue Code and applicable United States department of the treasury regulations. The deduction otherwise allowed under division (A)(12)(a) of this section shall be reduced to the extent the reimbursement is attributable to an amount the taxpayer deducted under this section in any taxable year. 556  
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(b) Add any amount not otherwise included in Ohio adjusted gross income for any taxable year to the extent that the amount is attributable to the recovery during the taxable year of any amount deducted or excluded in computing federal or Ohio adjusted gross income in any taxable year. 566  
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(13) Deduct any portion of the deduction described in section 1341(a)(2) of the Internal Revenue Code, for repaying previously reported income received under a claim of right, that meets both of the following requirements: 571  
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(a) It is allowable for repayment of an item that was included in the taxpayer's adjusted gross income for a prior taxable year and did not qualify for a credit under division (A) or (B) of section 5747.05 of the Revised Code for that year; 575  
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(b) It does not otherwise reduce the taxpayer's adjusted gross income for the current or any other taxable year. 579  
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(14) Deduct an amount equal to the deposits made to, and net investment earnings of, a medical savings account during the 581  
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taxable year, in accordance with section 3924.66 of the Revised Code. The deduction allowed by division (A) (14) of this section does not apply to medical savings account deposits and earnings otherwise deducted or excluded for the current or any other taxable year from the taxpayer's federal adjusted gross income.

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

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

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

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

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

(17) Deduct the amount contributed by the taxpayer to an individual development account program established by a county department of job and family services pursuant to sections 329.11 to 329.14 of the Revised Code for the purpose of matching funds deposited by program participants. On request of the tax

commissioner, the taxpayer shall provide any information that, 612  
in the tax commissioner's opinion, is necessary to establish the 613  
amount deducted under division (A) (17) of this section. 614

(18) Beginning in taxable year 2001 but not for any 615  
taxable year beginning after December 31, 2005, if the taxpayer 616  
is married and files a joint return and the combined federal 617  
adjusted gross income of the taxpayer and the taxpayer's spouse 618  
for the taxable year does not exceed one hundred thousand 619  
dollars, or if the taxpayer is single and has a federal adjusted 620  
gross income for the taxable year not exceeding fifty thousand 621  
dollars, deduct amounts paid during the taxable year for 622  
qualified tuition and fees paid to an eligible institution for 623  
the taxpayer, the taxpayer's spouse, or any dependent of the 624  
taxpayer, who is a resident of this state and is enrolled in or 625  
attending a program that culminates in a degree or diploma at an 626  
eligible institution. The deduction may be claimed only to the 627  
extent that qualified tuition and fees are not otherwise 628  
deducted or excluded for any taxable year from federal or Ohio 629  
adjusted gross income. The deduction may not be claimed for 630  
educational expenses for which the taxpayer claims a credit 631  
under section 5747.27 of the Revised Code. 632

(19) Add any reimbursement received during the taxable 633  
year of any amount the taxpayer deducted under division (A) (18) 634  
of this section in any previous taxable year to the extent the 635  
amount is not otherwise included in Ohio adjusted gross income. 636

(20) (a) (i) Subject to divisions (A) (20) (a) (iii), (iv), and 637  
(v) of this section, add five-sixths of the amount of 638  
depreciation expense allowed by subsection (k) of section 168 of 639  
the Internal Revenue Code, including the taxpayer's 640  
proportionate or distributive share of the amount of 641

depreciation expense allowed by that subsection to a pass- 642  
through entity in which the taxpayer has a direct or indirect 643  
ownership interest. 644

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) 645  
of this section, add five-sixths of the amount of qualifying 646  
section 179 depreciation expense, including the taxpayer's 647  
proportionate or distributive share of the amount of qualifying 648  
section 179 depreciation expense allowed to any pass-through 649  
entity in which the taxpayer has a direct or indirect ownership 650  
interest. 651

(iii) Subject to division (A) (20) (a) (v) of this section, 652  
for taxable years beginning in 2012 or thereafter, if the 653  
increase in income taxes withheld by the taxpayer is equal to or 654  
greater than ten per cent of income taxes withheld by the 655  
taxpayer during the taxpayer's immediately preceding taxable 656  
year, "two-thirds" shall be substituted for "five-sixths" for 657  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 658

(iv) Subject to division (A) (20) (a) (v) of this section, 659  
for taxable years beginning in 2012 or thereafter, a taxpayer is 660  
not required to add an amount under division (A) (20) of this 661  
section if the increase in income taxes withheld by the taxpayer 662  
and by any pass-through entity in which the taxpayer has a 663  
direct or indirect ownership interest is equal to or greater 664  
than the sum of (I) the amount of qualifying section 179 665  
depreciation expense and (II) the amount of depreciation expense 666  
allowed to the taxpayer by subsection (k) of section 168 of the 667  
Internal Revenue Code, and including the taxpayer's 668  
proportionate or distributive shares of such amounts allowed to 669  
any such pass-through entities. 670

(v) If a taxpayer directly or indirectly incurs a net 671



operating loss for the taxable year for federal income tax 672  
purposes, to the extent such loss resulted from depreciation 673  
expense allowed by subsection (k) of section 168 of the Internal 674  
Revenue Code and by qualifying section 179 depreciation expense, 675  
"the entire" shall be substituted for "five-sixths of the" for 676  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 677

The tax commissioner, under procedures established by the 678  
commissioner, may waive the add-backs related to a pass-through 679  
entity if the taxpayer owns, directly or indirectly, less than 680  
five per cent of the pass-through entity. 681

(b) Nothing in division (A) (20) of this section shall be 682  
construed to adjust or modify the adjusted basis of any asset. 683

(c) To the extent the add-back required under division (A) 684  
(20) (a) of this section is attributable to property generating 685  
nonbusiness income or loss allocated under section 5747.20 of 686  
the Revised Code, the add-back shall be situated to the same 687  
location as the nonbusiness income or loss generated by the 688  
property for the purpose of determining the credit under 689  
division (A) of section 5747.05 of the Revised Code. Otherwise, 690  
the add-back shall be apportioned, subject to one or more of the 691  
four alternative methods of apportionment enumerated in section 692  
5747.21 of the Revised Code. 693

(d) For the purposes of division (A) (20) (a) (v) of this 694  
section, net operating loss carryback and carryforward shall not 695  
include the allowance of any net operating loss deduction 696  
carryback or carryforward to the taxable year to the extent such 697  
loss resulted from depreciation allowed by section 168(k) of the 698  
Internal Revenue Code and by the qualifying section 179 699  
depreciation expense amount. 700

(e) For the purposes of divisions (A) (20) and (21) of this section:	701 702
(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.	703 704 705
(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.	706 707 708 709 710
(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.	711 712 713 714 715 716 717
(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:	718 719 720
(i) One-fifth of the amount so added for each of the five succeeding taxable years if the amount so added was five-sixths of qualifying section 179 depreciation expense or depreciation expense allowed by subsection (k) of section 168 of the Internal Revenue Code;	721 722 723 724 725
(ii) One-half of the amount so added for each of the two succeeding taxable years if the amount so added was two-thirds of such depreciation expense;	726 727 728
(iii) One-sixth of the amount so added for each of the six	729

succeeding taxable years if the entire amount of such 730  
depreciation expense was so added. 731

(b) If the amount deducted under division (A) (21) (a) of 732  
this section is attributable to an add-back allocated under 733  
division (A) (20) (c) of this section, the amount deducted shall 734  
be situated to the same location. Otherwise, the add-back shall 735  
be apportioned using the apportionment factors for the taxable 736  
year in which the deduction is taken, subject to one or more of 737  
the four alternative methods of apportionment enumerated in 738  
section 5747.21 of the Revised Code. 739

(c) No deduction is available under division (A) (21) (a) of 740  
this section with regard to any depreciation allowed by section 741  
168(k) of the Internal Revenue Code and by the qualifying 742  
section 179 depreciation expense amount to the extent that such 743  
depreciation results in or increases a federal net operating 744  
loss carryback or carryforward. If no such deduction is 745  
available for a taxable year, the taxpayer may carry forward the 746  
amount not deducted in such taxable year to the next taxable 747  
year and add that amount to any deduction otherwise available 748  
under division (A) (21) (a) of this section for that next taxable 749  
year. The carryforward of amounts not so deducted shall continue 750  
until the entire addition required by division (A) (20) (a) of 751  
this section has been deducted. 752

(d) No refund shall be allowed as a result of adjustments 753  
made by division (A) (21) of this section. 754

(22) Deduct, to the extent not otherwise deducted or 755  
excluded in computing federal or Ohio adjusted gross income for 756  
the taxable year, the amount the taxpayer received during the 757  
taxable year as reimbursement for life insurance premiums under 758  
section 5919.31 of the Revised Code. 759

(23) Deduct, to the extent not otherwise deducted or 760  
excluded in computing federal or Ohio adjusted gross income for 761  
the taxable year, the amount the taxpayer received during the 762  
taxable year as a death benefit paid by the adjutant general 763  
under section 5919.33 of the Revised Code. 764

(24) Deduct, to the extent included in federal adjusted 765  
gross income and not otherwise allowable as a deduction or 766  
exclusion in computing federal or Ohio adjusted gross income for 767  
the taxable year, military pay and allowances received by the 768  
taxpayer during the taxable year for active duty service in the 769  
United States army, air force, navy, marine corps, or coast 770  
guard or reserve components thereof or the national guard. The 771  
deduction may not be claimed for military pay and allowances 772  
received by the taxpayer while the taxpayer is stationed in this 773  
state. 774

(25) Deduct, to the extent not otherwise allowable as a 775  
deduction or exclusion in computing federal or Ohio adjusted 776  
gross income for the taxable year and not otherwise compensated 777  
for by any other source, the amount of qualified organ donation 778  
expenses incurred by the taxpayer during the taxable year, not 779  
to exceed ten thousand dollars. A taxpayer may deduct qualified 780  
organ donation expenses only once for all taxable years 781  
beginning with taxable years beginning in 2007. 782

For the purposes of division (A) (25) of this section: 783

(a) "Human organ" means all or any portion of a human 784  
liver, pancreas, kidney, intestine, or lung, and any portion of 785  
human bone marrow. 786

(b) "Qualified organ donation expenses" means travel 787  
expenses, lodging expenses, and wages and salary forgone by a 788

taxpayer in connection with the taxpayer's donation, while 789  
living, of one or more of the taxpayer's human organs to another 790  
human being. 791

(26) Deduct, to the extent not otherwise deducted or 792  
excluded in computing federal or Ohio adjusted gross income for 793  
the taxable year, amounts received by the taxpayer as retired 794  
personnel pay for service in the uniformed services or reserve 795  
components thereof, or the national guard, or received by the 796  
surviving spouse or former spouse of such a taxpayer under the 797  
survivor benefit plan on account of such a taxpayer's death. If 798  
the taxpayer receives income on account of retirement paid under 799  
the federal civil service retirement system or federal employees 800  
retirement system, or under any successor retirement program 801  
enacted by the congress of the United States that is established 802  
and maintained for retired employees of the United States 803  
government, and such retirement income is based, in whole or in 804  
part, on credit for the taxpayer's uniformed service, the 805  
deduction allowed under this division shall include only that 806  
portion of such retirement income that is attributable to the 807  
taxpayer's uniformed service, to the extent that portion of such 808  
retirement income is otherwise included in federal adjusted 809  
gross income and is not otherwise deducted under this section. 810  
Any amount deducted under division (A) (26) of this section is 811  
not included in a taxpayer's adjusted gross income for the 812  
purposes of section 5747.055 of the Revised Code. No amount may 813  
be deducted under division (A) (26) of this section on the basis 814  
of which a credit was claimed under section 5747.055 of the 815  
Revised Code. 816

(27) Deduct, to the extent not otherwise deducted or 817  
excluded in computing federal or Ohio adjusted gross income for 818  
the taxable year, the amount the taxpayer received during the 819

taxable year from the military injury relief fund created in 820  
section 5902.05 of the Revised Code. 821

(28) Deduct, to the extent not otherwise deducted or 822  
excluded in computing federal or Ohio adjusted gross income for 823  
the taxable year, the amount the taxpayer received as a veterans 824  
bonus during the taxable year from the Ohio department of 825  
veterans services as authorized by Section 2r of Article VIII, 826  
Ohio Constitution. 827

(29) Deduct, to the extent not otherwise deducted or 828  
excluded in computing federal or Ohio adjusted gross income for 829  
the taxable year, any income derived from a transfer agreement 830  
or from the enterprise transferred under that agreement under 831  
section 4313.02 of the Revised Code. 832

(30) Deduct, to the extent not otherwise deducted or 833  
excluded in computing federal or Ohio adjusted gross income for 834  
the taxable year, Ohio college opportunity or federal Pell grant 835  
amounts received by the taxpayer or the taxpayer's spouse or 836  
dependent pursuant to section 3333.122 of the Revised Code or 20 837  
U.S.C. 1070a, et seq., and used to pay room or board furnished 838  
by the educational institution for which the grant was awarded 839  
at the institution's facilities, including meal plans 840  
administered by the institution. For the purposes of this 841  
division, receipt of a grant includes the distribution of a 842  
grant directly to an educational institution and the crediting 843  
of the grant to the enrollee's account with the institution. 844

(31) (a) For taxable years beginning in 2015, deduct from 845  
the portion of an individual's adjusted gross income that is 846  
business income, to the extent not otherwise deducted or 847  
excluded in computing federal or Ohio adjusted gross income for 848  
the taxable year, the lesser of the following amounts: 849

(i) Seventy-five per cent of the individual's business income;	850 851
(ii) Ninety-three thousand seven hundred fifty dollars for each spouse if spouses file separate returns under section 5747.08 of the Revised Code or one hundred eighty-seven thousand five hundred dollars for all other individuals.	852 853 854 855
(b) For taxable years beginning in 2016 or thereafter, deduct from the portion of an individual's adjusted gross income that is business income, to the extent not otherwise deducted or excluded in computing federal adjusted gross income for the taxable year, one hundred twenty-five thousand dollars for each spouse if spouses file separate returns under section 5747.08 of the Revised Code or two hundred fifty thousand dollars for all other individuals.	856 857 858 859 860 861 862 863
(32) Deduct, as provided under section 5747.78 of the Revised Code, contributions to ABLE savings accounts made in accordance with sections 113.50 to 113.56 of the Revised Code.	864 865 866
(33) (a) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income during the taxable year, all of the following:	867 868 869
(i) Compensation paid to a qualifying employee described in division (A) (14) (a) of section 5703.94 of the Revised Code to the extent such compensation is for disaster work conducted in this state during a disaster response period pursuant to a qualifying solicitation received by the employee's employer;	870 871 872 873 874
(ii) Compensation paid to a qualifying employee described in division (A) (14) (b) of section 5703.94 of the Revised Code to the extent such compensation is for disaster work conducted in this state by the employee during the disaster response period	875 876 877 878

on critical infrastructure owned or used by the employee's	879
employer;	880
(iii) Income received by an out-of-state disaster business	881
for disaster work conducted in this state during a disaster	882
response period, or, if the out-of-state disaster business is a	883
pass-through entity, a taxpayer's distributive share of the	884
pass-through entity's income from the business conducting	885
disaster work in this state during a disaster response period,	886
if, in either case, the disaster work is conducted pursuant to a	887
qualifying solicitation received by the business.	888
(b) All terms used in division (A) (33) of this section	889
have the same meanings as in section 5703.94 of the Revised	890
Code.	891
<u>(34) Deduct, to the extent not already otherwise allowable</u>	892
<u>as a deduction or exclusion in computing Ohio adjusted gross</u>	893
<u>income for the taxable year, any amount included in the</u>	894
<u>taxpayer's federal adjusted gross income attributable to</u>	895
<u>payments made to cover the cost of a training program for the</u>	896
<u>taxpayer under division (E) of section 122.1710 of the Revised</u>	897
<u>Code.</u>	898
(B) "Business income" means income, including gain or	899
loss, arising from transactions, activities, and sources in the	900
regular course of a trade or business and includes income, gain,	901
or loss from real property, tangible property, and intangible	902
property if the acquisition, rental, management, and disposition	903
of the property constitute integral parts of the regular course	904
of a trade or business operation. "Business income" includes	905
income, including gain or loss, from a partial or complete	906
liquidation of a business, including, but not limited to, gain	907
or loss from the sale or other disposition of goodwill.	908



(C) "Nonbusiness income" means all income other than 909  
business income and may include, but is not limited to, 910  
compensation, rents and royalties from real or tangible personal 911  
property, capital gains, interest, dividends and distributions, 912  
patent or copyright royalties, or lottery winnings, prizes, and 913  
awards. 914

(D) "Compensation" means any form of remuneration paid to 915  
an employee for personal services. 916

(E) "Fiduciary" means a guardian, trustee, executor, 917  
administrator, receiver, conservator, or any other person acting 918  
in any fiduciary capacity for any individual, trust, or estate. 919

(F) "Fiscal year" means an accounting period of twelve 920  
months ending on the last day of any month other than December. 921

(G) "Individual" means any natural person. 922

(H) "Internal Revenue Code" means the "Internal Revenue 923  
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 924

(I) "Resident" means any of the following, provided that 925  
division (I) (3) of this section applies only to taxable years of 926  
a trust beginning in 2002 or thereafter: 927

(1) An individual who is domiciled in this state, subject 928  
to section 5747.24 of the Revised Code; 929

(2) The estate of a decedent who at the time of death was 930  
domiciled in this state. The domicile tests of section 5747.24 931  
of the Revised Code are not controlling for purposes of division 932  
(I) (2) of this section. 933

(3) A trust that, in whole or part, resides in this state. 934  
If only part of a trust resides in this state, the trust is a 935  
resident only with respect to that part. 936

For the purposes of division (I) (3) of this section:	937
(a) A trust resides in this state for the trust's current taxable year to the extent, as described in division (I) (3) (d) of this section, that the trust consists directly or indirectly, in whole or in part, of assets, net of any related liabilities, that were transferred, or caused to be transferred, directly or indirectly, to the trust by any of the following:	938 939 940 941 942 943
(i) A person, a court, or a governmental entity or instrumentality on account of the death of a decedent, but only if the trust is described in division (I) (3) (e) (i) or (ii) of this section;	944 945 946 947
(ii) A person who was domiciled in this state for the purposes of this chapter when the person directly or indirectly transferred assets to an irrevocable trust, but only if at least one of the trust's qualifying beneficiaries is domiciled in this state for the purposes of this chapter during all or some portion of the trust's current taxable year;	948 949 950 951 952 953
(iii) A person who was domiciled in this state for the purposes of this chapter when the trust document or instrument or part of the trust document or instrument became irrevocable, but only if at least one of the trust's qualifying beneficiaries is a resident domiciled in this state for the purposes of this chapter during all or some portion of the trust's current taxable year. If a trust document or instrument became irrevocable upon the death of a person who at the time of death was domiciled in this state for purposes of this chapter, that person is a person described in division (I) (3) (a) (iii) of this section.	954 955 956 957 958 959 960 961 962 963 964
(b) A trust is irrevocable to the extent that the	965

transferor is not considered to be the owner of the net assets 966  
of the trust under sections 671 to 678 of the Internal Revenue 967  
Code. 968

(c) With respect to a trust other than a charitable lead 969  
trust, "qualifying beneficiary" has the same meaning as 970  
"potential current beneficiary" as defined in section 1361(e)(2) 971  
of the Internal Revenue Code, and with respect to a charitable 972  
lead trust "qualifying beneficiary" is any current, future, or 973  
contingent beneficiary, but with respect to any trust 974  
"qualifying beneficiary" excludes a person or a governmental 975  
entity or instrumentality to any of which a contribution would 976  
qualify for the charitable deduction under section 170 of the 977  
Internal Revenue Code. 978

(d) For the purposes of division (I)(3)(a) of this 979  
section, the extent to which a trust consists directly or 980  
indirectly, in whole or in part, of assets, net of any related 981  
liabilities, that were transferred directly or indirectly, in 982  
whole or part, to the trust by any of the sources enumerated in 983  
that division shall be ascertained by multiplying the fair 984  
market value of the trust's assets, net of related liabilities, 985  
by the qualifying ratio, which shall be computed as follows: 986

(i) The first time the trust receives assets, the 987  
numerator of the qualifying ratio is the fair market value of 988  
those assets at that time, net of any related liabilities, from 989  
sources enumerated in division (I)(3)(a) of this section. The 990  
denominator of the qualifying ratio is the fair market value of 991  
all the trust's assets at that time, net of any related 992  
liabilities. 993

(ii) Each subsequent time the trust receives assets, a 994  
revised qualifying ratio shall be computed. The numerator of the 995

revised qualifying ratio is the sum of (1) the fair market value 996  
of the trust's assets immediately prior to the subsequent 997  
transfer, net of any related liabilities, multiplied by the 998  
qualifying ratio last computed without regard to the subsequent 999  
transfer, and (2) the fair market value of the subsequently 1000  
transferred assets at the time transferred, net of any related 1001  
liabilities, from sources enumerated in division (I) (3) (a) of 1002  
this section. The denominator of the revised qualifying ratio is 1003  
the fair market value of all the trust's assets immediately 1004  
after the subsequent transfer, net of any related liabilities. 1005

(iii) Whether a transfer to the trust is by or from any of 1006  
the sources enumerated in division (I) (3) (a) of this section 1007  
shall be ascertained without regard to the domicile of the 1008  
trust's beneficiaries. 1009

(e) For the purposes of division (I) (3) (a) (i) of this 1010  
section: 1011

(i) A trust is described in division (I) (3) (e) (i) of this 1012  
section if the trust is a testamentary trust and the testator of 1013  
that testamentary trust was domiciled in this state at the time 1014  
of the testator's death for purposes of the taxes levied under 1015  
Chapter 5731. of the Revised Code. 1016

(ii) A trust is described in division (I) (3) (e) (ii) of 1017  
this section if the transfer is a qualifying transfer described 1018  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 1019  
trust is an irrevocable inter vivos trust, and at least one of 1020  
the trust's qualifying beneficiaries is domiciled in this state 1021  
for purposes of this chapter during all or some portion of the 1022  
trust's current taxable year. 1023

(f) For the purposes of division (I) (3) (e) (ii) of this 1024

section, a "qualifying transfer" is a transfer of assets, net of 1025  
any related liabilities, directly or indirectly to a trust, if 1026  
the transfer is described in any of the following: 1027

(i) The transfer is made to a trust, created by the 1028  
decedent before the decedent's death and while the decedent was 1029  
domiciled in this state for the purposes of this chapter, and, 1030  
prior to the death of the decedent, the trust became irrevocable 1031  
while the decedent was domiciled in this state for the purposes 1032  
of this chapter. 1033

(ii) The transfer is made to a trust to which the 1034  
decedent, prior to the decedent's death, had directly or 1035  
indirectly transferred assets, net of any related liabilities, 1036  
while the decedent was domiciled in this state for the purposes 1037  
of this chapter, and prior to the death of the decedent the 1038  
trust became irrevocable while the decedent was domiciled in 1039  
this state for the purposes of this chapter. 1040

(iii) The transfer is made on account of a contractual 1041  
relationship existing directly or indirectly between the 1042  
transferor and either the decedent or the estate of the decedent 1043  
at any time prior to the date of the decedent's death, and the 1044  
decedent was domiciled in this state at the time of death for 1045  
purposes of the taxes levied under Chapter 5731. of the Revised 1046  
Code. 1047

(iv) The transfer is made to a trust on account of a 1048  
contractual relationship existing directly or indirectly between 1049  
the transferor and another person who at the time of the 1050  
decedent's death was domiciled in this state for purposes of 1051  
this chapter. 1052

(v) The transfer is made to a trust on account of the will 1053

of a testator who was domiciled in this state at the time of the 1054  
testator's death for purposes of the taxes levied under Chapter 1055  
5731. of the Revised Code. 1056

(vi) The transfer is made to a trust created by or caused 1057  
to be created by a court, and the trust was directly or 1058  
indirectly created in connection with or as a result of the 1059  
death of an individual who, for purposes of the taxes levied 1060  
under Chapter 5731. of the Revised Code, was domiciled in this 1061  
state at the time of the individual's death. 1062

(g) The tax commissioner may adopt rules to ascertain the 1063  
part of a trust residing in this state. 1064

(J) "Nonresident" means an individual or estate that is 1065  
not a resident. An individual who is a resident for only part of 1066  
a taxable year is a nonresident for the remainder of that 1067  
taxable year. 1068

(K) "Pass-through entity" has the same meaning as in 1069  
section 5733.04 of the Revised Code. 1070

(L) "Return" means the notifications and reports required 1071  
to be filed pursuant to this chapter for the purpose of 1072  
reporting the tax due and includes declarations of estimated tax 1073  
when so required. 1074

(M) "Taxable year" means the calendar year or the 1075  
taxpayer's fiscal year ending during the calendar year, or 1076  
fractional part thereof, upon which the adjusted gross income is 1077  
calculated pursuant to this chapter. 1078

(N) "Taxpayer" means any person subject to the tax imposed 1079  
by section 5747.02 of the Revised Code or any pass-through 1080  
entity that makes the election under division (D) of section 1081  
5747.08 of the Revised Code. 1082

(O) "Dependents" means dependents as defined in the 1083  
Internal Revenue Code and as claimed in the taxpayer's federal 1084  
income tax return for the taxable year or which the taxpayer 1085  
would have been permitted to claim had the taxpayer filed a 1086  
federal income tax return. 1087

(P) "Principal county of employment" means, in the case of 1088  
a nonresident, the county within the state in which a taxpayer 1089  
performs services for an employer or, if those services are 1090  
performed in more than one county, the county in which the major 1091  
portion of the services are performed. 1092

(Q) As used in sections 5747.50 to 5747.55 of the Revised 1093  
Code: 1094

(1) "Subdivision" means any county, municipal corporation, 1095  
park district, or township. 1096

(2) "Essential local government purposes" includes all 1097  
functions that any subdivision is required by general law to 1098  
exercise, including like functions that are exercised under a 1099  
charter adopted pursuant to the Ohio Constitution. 1100

(R) "Overpayment" means any amount already paid that 1101  
exceeds the figure determined to be the correct amount of the 1102  
tax. 1103

(S) "Taxable income" or "Ohio taxable income" applies only 1104  
to estates and trusts, and means federal taxable income, as 1105  
defined and used in the Internal Revenue Code, adjusted as 1106  
follows: 1107

(1) Add interest or dividends, net of ordinary, necessary, 1108  
and reasonable expenses not deducted in computing federal 1109  
taxable income, on obligations or securities of any state or of 1110  
any political subdivision or authority of any state, other than 1111

this state and its subdivisions and authorities, but only to the 1112  
extent that such net amount is not otherwise includible in Ohio 1113  
taxable income and is described in either division (S) (1) (a) or 1114  
(b) of this section: 1115

(a) The net amount is not attributable to the S portion of 1116  
an electing small business trust and has not been distributed to 1117  
beneficiaries for the taxable year; 1118

(b) The net amount is attributable to the S portion of an 1119  
electing small business trust for the taxable year. 1120

(2) Add interest or dividends, net of ordinary, necessary, 1121  
and reasonable expenses not deducted in computing federal 1122  
taxable income, on obligations of any authority, commission, 1123  
instrumentality, territory, or possession of the United States 1124  
to the extent that the interest or dividends are exempt from 1125  
federal income taxes but not from state income taxes, but only 1126  
to the extent that such net amount is not otherwise includible 1127  
in Ohio taxable income and is described in either division (S) 1128  
(1) (a) or (b) of this section; 1129

(3) Add the amount of personal exemption allowed to the 1130  
estate pursuant to section 642(b) of the Internal Revenue Code; 1131

(4) Deduct interest or dividends, net of related expenses 1132  
deducted in computing federal taxable income, on obligations of 1133  
the United States and its territories and possessions or of any 1134  
authority, commission, or instrumentality of the United States 1135  
to the extent that the interest or dividends are exempt from 1136  
state taxes under the laws of the United States, but only to the 1137  
extent that such amount is included in federal taxable income 1138  
and is described in either division (S) (1) (a) or (b) of this 1139  
section; 1140



(5) Deduct the amount of wages and salaries, if any, not 1141  
otherwise allowable as a deduction but that would have been 1142  
allowable as a deduction in computing federal taxable income for 1143  
the taxable year, had the targeted jobs credit allowed under 1144  
sections 38, 51, and 52 of the Internal Revenue Code not been in 1145  
effect, but only to the extent such amount relates either to 1146  
income included in federal taxable income for the taxable year 1147  
or to income of the S portion of an electing small business 1148  
trust for the taxable year; 1149

(6) Deduct any interest or interest equivalent, net of 1150  
related expenses deducted in computing federal taxable income, 1151  
on public obligations and purchase obligations, but only to the 1152  
extent that such net amount relates either to income included in 1153  
federal taxable income for the taxable year or to income of the 1154  
S portion of an electing small business trust for the taxable 1155  
year; 1156

(7) Add any loss or deduct any gain resulting from sale, 1157  
exchange, or other disposition of public obligations to the 1158  
extent that such loss has been deducted or such gain has been 1159  
included in computing either federal taxable income or income of 1160  
the S portion of an electing small business trust for the 1161  
taxable year; 1162

(8) Except in the case of the final return of an estate, 1163  
add any amount deducted by the taxpayer on both its Ohio estate 1164  
tax return pursuant to section 5731.14 of the Revised Code, and 1165  
on its federal income tax return in determining federal taxable 1166  
income; 1167

(9) (a) Deduct any amount included in federal taxable 1168  
income solely because the amount represents a reimbursement or 1169  
refund of expenses that in a previous year the decedent had 1170

deducted as an itemized deduction pursuant to section 63 of the 1171  
Internal Revenue Code and applicable treasury regulations. The 1172  
deduction otherwise allowed under division (S)(9)(a) of this 1173  
section shall be reduced to the extent the reimbursement is 1174  
attributable to an amount the taxpayer or decedent deducted 1175  
under this section in any taxable year. 1176

(b) Add any amount not otherwise included in Ohio taxable 1177  
income for any taxable year to the extent that the amount is 1178  
attributable to the recovery during the taxable year of any 1179  
amount deducted or excluded in computing federal or Ohio taxable 1180  
income in any taxable year, but only to the extent such amount 1181  
has not been distributed to beneficiaries for the taxable year. 1182

(10) Deduct any portion of the deduction described in 1183  
section 1341(a)(2) of the Internal Revenue Code, for repaying 1184  
previously reported income received under a claim of right, that 1185  
meets both of the following requirements: 1186

(a) It is allowable for repayment of an item that was 1187  
included in the taxpayer's taxable income or the decedent's 1188  
adjusted gross income for a prior taxable year and did not 1189  
qualify for a credit under division (A) or (B) of section 1190  
5747.05 of the Revised Code for that year. 1191

(b) It does not otherwise reduce the taxpayer's taxable 1192  
income or the decedent's adjusted gross income for the current 1193  
or any other taxable year. 1194

(11) Add any amount claimed as a credit under section 1195  
5747.059 or 5747.65 of the Revised Code to the extent that the 1196  
amount satisfies either of the following: 1197

(a) The amount was deducted or excluded from the 1198  
computation of the taxpayer's federal taxable income as required 1199

to be reported for the taxpayer's taxable year under the 1200  
Internal Revenue Code; 1201

(b) The amount resulted in a reduction in the taxpayer's 1202  
federal taxable income as required to be reported for any of the 1203  
taxpayer's taxable years under the Internal Revenue Code. 1204

(12) Deduct any amount, net of related expenses deducted 1205  
in computing federal taxable income, that a trust is required to 1206  
report as farm income on its federal income tax return, but only 1207  
if the assets of the trust include at least ten acres of land 1208  
satisfying the definition of "land devoted exclusively to 1209  
agricultural use" under section 5713.30 of the Revised Code, 1210  
regardless of whether the land is valued for tax purposes as 1211  
such land under sections 5713.30 to 5713.38 of the Revised Code. 1212  
If the trust is a pass-through entity investor, section 5747.231 1213  
of the Revised Code applies in ascertaining if the trust is 1214  
eligible to claim the deduction provided by division (S)(12) of 1215  
this section in connection with the pass-through entity's farm 1216  
income. 1217

Except for farm income attributable to the S portion of an 1218  
electing small business trust, the deduction provided by 1219  
division (S)(12) of this section is allowed only to the extent 1220  
that the trust has not distributed such farm income. Division 1221  
(S)(12) of this section applies only to taxable years of a trust 1222  
beginning in 2002 or thereafter. 1223

(13) Add the net amount of income described in section 1224  
641(c) of the Internal Revenue Code to the extent that amount is 1225  
not included in federal taxable income. 1226

(14) Add or deduct the amount the taxpayer would be 1227  
required to add or deduct under division (A)(20) or (21) of this 1228

section if the taxpayer's Ohio taxable income were computed in 1229  
the same manner as an individual's Ohio adjusted gross income is 1230  
computed under this section. In the case of a trust, division 1231  
(S) (14) of this section applies only to any of the trust's 1232  
taxable years beginning in 2002 or thereafter. 1233

(T) "School district income" and "school district income 1234  
tax" have the same meanings as in section 5748.01 of the Revised 1235  
Code. 1236

(U) As used in divisions (A) (8), (A) (9), (S) (6), and (S) 1237  
(7) of this section, "public obligations," "purchase 1238  
obligations," and "interest or interest equivalent" have the 1239  
same meanings as in section 5709.76 of the Revised Code. 1240

(V) "Limited liability company" means any limited 1241  
liability company formed under Chapter 1705. of the Revised Code 1242  
or under the laws of any other state. 1243

(W) "Pass-through entity investor" means any person who, 1244  
during any portion of a taxable year of a pass-through entity, 1245  
is a partner, member, shareholder, or equity investor in that 1246  
pass-through entity. 1247

(X) "Banking day" has the same meaning as in section 1248  
1304.01 of the Revised Code. 1249

(Y) "Month" means a calendar month. 1250

(Z) "Quarter" means the first three months, the second 1251  
three months, the third three months, or the last three months 1252  
of the taxpayer's taxable year. 1253

(AA) (1) "Eligible institution" means a state university or 1254  
state institution of higher education as defined in section 1255  
3345.011 of the Revised Code, or a private, nonprofit college, 1256

university, or other post-secondary institution located in this 1257  
state that possesses a certificate of authorization issued by 1258  
the chancellor of higher education pursuant to Chapter 1713. of 1259  
the Revised Code or a certificate of registration issued by the 1260  
state board of career colleges and schools under Chapter 3332. 1261  
of the Revised Code. 1262

(2) "Qualified tuition and fees" means tuition and fees 1263  
imposed by an eligible institution as a condition of enrollment 1264  
or attendance, not exceeding two thousand five hundred dollars 1265  
in each of the individual's first two years of post-secondary 1266  
education. If the individual is a part-time student, "qualified 1267  
tuition and fees" includes tuition and fees paid for the 1268  
academic equivalent of the first two years of post-secondary 1269  
education during a maximum of five taxable years, not exceeding 1270  
a total of five thousand dollars. "Qualified tuition and fees" 1271  
does not include: 1272

(a) Expenses for any course or activity involving sports, 1273  
games, or hobbies unless the course or activity is part of the 1274  
individual's degree or diploma program; 1275

(b) The cost of books, room and board, student activity 1276  
fees, athletic fees, insurance expenses, or other expenses 1277  
unrelated to the individual's academic course of instruction; 1278

(c) Tuition, fees, or other expenses paid or reimbursed 1279  
through an employer, scholarship, grant in aid, or other 1280  
educational benefit program. 1281

(BB) (1) "Modified business income" means the business 1282  
income included in a trust's Ohio taxable income after such 1283  
taxable income is first reduced by the qualifying trust amount, 1284  
if any. 1285

(2) "Qualifying trust amount" of a trust means capital 1286  
gains and losses from the sale, exchange, or other disposition 1287  
of equity or ownership interests in, or debt obligations of, a 1288  
qualifying investee to the extent included in the trust's Ohio 1289  
taxable income, but only if the following requirements are 1290  
satisfied: 1291

(a) The book value of the qualifying investee's physical 1292  
assets in this state and everywhere, as of the last day of the 1293  
qualifying investee's fiscal or calendar year ending immediately 1294  
prior to the date on which the trust recognizes the gain or 1295  
loss, is available to the trust. 1296

(b) The requirements of section 5747.011 of the Revised 1297  
Code are satisfied for the trust's taxable year in which the 1298  
trust recognizes the gain or loss. 1299

Any gain or loss that is not a qualifying trust amount is 1300  
modified business income, qualifying investment income, or 1301  
modified nonbusiness income, as the case may be. 1302

(3) "Modified nonbusiness income" means a trust's Ohio 1303  
taxable income other than modified business income, other than 1304  
the qualifying trust amount, and other than qualifying 1305  
investment income, as defined in section 5747.012 of the Revised 1306  
Code, to the extent such qualifying investment income is not 1307  
otherwise part of modified business income. 1308

(4) "Modified Ohio taxable income" applies only to trusts, 1309  
and means the sum of the amounts described in divisions (BB) (4) 1310  
(a) to (c) of this section: 1311

(a) The fraction, calculated under section 5747.013, and 1312  
applying section 5747.231 of the Revised Code, multiplied by the 1313  
sum of the following amounts: 1314

(i) The trust's modified business income;	1315
(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.	1316 1317 1318 1319 1320
(b) The qualifying trust amount multiplied by a fraction, the numerator of which is the sum of the book value of the qualifying investee's physical assets in this state on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the day on which the trust recognizes the qualifying trust amount, and the denominator of which is the sum of the book value of the qualifying investee's total physical assets everywhere on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the day on which the trust recognizes the qualifying trust amount. If, for a taxable year, the trust recognizes a qualifying trust amount with respect to more than one qualifying investee, the amount described in division (BB) (4) (b) of this section shall equal the sum of the products so computed for each such qualifying investee.	1321 1322 1323 1324 1325 1326 1327 1328 1329 1330 1331 1332 1333 1334 1335
(c) (i) With respect to a trust or portion of a trust that is a resident as ascertained in accordance with division (I) (3) (d) of this section, its modified nonbusiness income.	1336 1337 1338
(ii) With respect to a trust or portion of a trust that is not a resident as ascertained in accordance with division (I) (3) (d) of this section, the amount of its modified nonbusiness income satisfying the descriptions in divisions (B) (2) to (5) of section 5747.20 of the Revised Code, except as otherwise provided in division (BB) (4) (c) (ii) of this section. With	1339 1340 1341 1342 1343 1344

respect to a trust or portion of a trust that is not a resident 1345  
as ascertained in accordance with division (I) (3) (d) of this 1346  
section, the trust's portion of modified nonbusiness income 1347  
recognized from the sale, exchange, or other disposition of a 1348  
debt interest in or equity interest in a section 5747.212 1349  
entity, as defined in section 5747.212 of the Revised Code, 1350  
without regard to division (A) of that section, shall not be 1351  
allocated to this state in accordance with section 5747.20 of 1352  
the Revised Code but shall be apportioned to this state in 1353  
accordance with division (B) of section 5747.212 of the Revised 1354  
Code without regard to division (A) of that section. 1355

If the allocation and apportionment of a trust's income 1356  
under divisions (BB) (4) (a) and (c) of this section do not fairly 1357  
represent the modified Ohio taxable income of the trust in this 1358  
state, the alternative methods described in division (C) of 1359  
section 5747.21 of the Revised Code may be applied in the manner 1360  
and to the same extent provided in that section. 1361

(5) (a) Except as set forth in division (BB) (5) (b) of this 1362  
section, "qualifying investee" means a person in which a trust 1363  
has an equity or ownership interest, or a person or unit of 1364  
government the debt obligations of either of which are owned by 1365  
a trust. For the purposes of division (BB) (2) (a) of this section 1366  
and for the purpose of computing the fraction described in 1367  
division (BB) (4) (b) of this section, all of the following apply: 1368

(i) If the qualifying investee is a member of a qualifying 1369  
controlled group on the last day of the qualifying investee's 1370  
fiscal or calendar year ending immediately prior to the date on 1371  
which the trust recognizes the gain or loss, then "qualifying 1372  
investee" includes all persons in the qualifying controlled 1373  
group on such last day. 1374



(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 1406  
equity of the lower level pass-through entity on each day of the 1407  
upper level pass-through entity's calendar or fiscal year in 1408  
which or with which ends the calendar or fiscal year of the 1409  
lower level pass-through entity and if, based upon clear and 1410  
convincing evidence, complete information about the location and 1411  
cost of the physical assets of the lower pass-through entity is 1412  
not available to the upper level pass-through entity, then 1413  
solely for purposes of ascertaining if a gain or loss 1414  
constitutes a qualifying trust amount, the upper level pass- 1415  
through entity shall be deemed as owning no equity of the lower 1416  
level pass-through entity for each day during the upper level 1417  
pass-through entity's calendar or fiscal year in which or with 1418  
which ends the lower level pass-through entity's calendar or 1419  
fiscal year. Nothing in division (BB) (5) (a) (iii) of this section 1420  
shall be construed to provide for any deduction or exclusion in 1421  
computing any trust's Ohio taxable income. 1422

(b) With respect to a trust that is not a resident for the 1423  
taxable year and with respect to a part of a trust that is not a 1424  
resident for the taxable year, "qualifying investee" for that 1425  
taxable year does not include a C corporation if both of the 1426  
following apply: 1427

(i) During the taxable year the trust or part of the trust 1428  
recognizes a gain or loss from the sale, exchange, or other 1429  
disposition of equity or ownership interests in, or debt 1430  
obligations of, the C corporation. 1431

(ii) Such gain or loss constitutes nonbusiness income. 1432

(6) "Available" means information is such that a person is 1433  
able to learn of the information by the due date plus 1434  
extensions, if any, for filing the return for the taxable year 1435

in which the trust recognizes the gain or loss.	1436
(CC) "Qualifying controlled group" has the same meaning as	1437
in section 5733.04 of the Revised Code.	1438
(DD) "Related member" has the same meaning as in section	1439
5733.042 of the Revised Code.	1440
(EE) (1) For the purposes of division (EE) of this section:	1441
(a) "Qualifying person" means any person other than a	1442
qualifying corporation.	1443
(b) "Qualifying corporation" means any person classified	1444
for federal income tax purposes as an association taxable as a	1445
corporation, except either of the following:	1446
(i) A corporation that has made an election under	1447
subchapter S, chapter one, subtitle A, of the Internal Revenue	1448
Code for its taxable year ending within, or on the last day of,	1449
the investor's taxable year;	1450
(ii) A subsidiary that is wholly owned by any corporation	1451
that has made an election under subchapter S, chapter one,	1452
subtitle A of the Internal Revenue Code for its taxable year	1453
ending within, or on the last day of, the investor's taxable	1454
year.	1455
(2) For the purposes of this chapter, unless expressly	1456
stated otherwise, no qualifying person indirectly owns any asset	1457
directly or indirectly owned by any qualifying corporation.	1458
(FF) For purposes of this chapter and Chapter 5751. of the	1459
Revised Code:	1460
(1) "Trust" does not include a qualified pre-income tax	1461
trust.	1462

(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. 1463  
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(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. 1466  
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(4) A "pre-income tax trust" is a trust that satisfies all of the following requirements: 1477  
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(a) The document or instrument creating the trust was executed by the grantor before January 1, 1972; 1479  
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(b) The trust became irrevocable upon the creation of the trust; and 1481  
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(c) The grantor was domiciled in this state at the time the trust was created. 1483  
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(GG) "Uniformed services" has the same meaning as in 10 U.S.C. 101. 1485  
1486

(HH) "Taxable business income" means the amount by which an individual's business income that is included in federal adjusted gross income exceeds the amount of business income the individual is authorized to deduct under division (A)(31) of this section for the taxable year. 1487  
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(II) "Employer" does not include a franchisor with respect 1492  
to the franchisor's relationship with a franchisee or an 1493  
employee of a franchisee, unless the franchisor agrees to assume 1494  
that role in writing or a court of competent jurisdiction 1495  
determines that the franchisor exercises a type or degree of 1496  
control over the franchisee or the franchisee's employees that 1497  
is not customarily exercised by a franchisor for the purpose of 1498  
protecting the franchisor's trademark, brand, or both. For 1499  
purposes of this division, "franchisor" and "franchisee" have 1500  
the same meanings as in 16 C.F.R. 436.1. 1501

**Section 2.** That existing section 5747.01 of the Revised 1502  
Code is hereby repealed. 1503

**Section 3.** All items in this section are hereby 1504  
appropriated as designated out of any moneys in the state 1505  
treasury to the credit of the designated fund. For all 1506  
appropriations made in this act, those in the first column are 1507  
for fiscal year 2020 and those in the second column are for 1508  
fiscal year 2021. The appropriations made in this act are in 1509  
addition to any other appropriations made for the FY 2020-FY 1510  
2021 biennium. 1511

DEV DEVELOPMENT SERVICES AGENCY 1512

General Revenue Fund 1513

GRF	195553	Industry Sector Partnerships	\$2,500,000	\$2,500,000	1514
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GRF	195556	Microcredential Assistance	\$15,000,000	\$15,000,000	1515
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		Program			1516
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TOTAL GRF General Revenue Fund			\$17,500,000	\$17,500,000	1517
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TOTAL ALL BUDGET FUND GROUPS			\$17,500,000	\$17,500,000	1518
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INDUSTRY SECTOR PARTNERSHIPS	1519
The foregoing appropriation item 195553, Industry Sector Partnerships, shall be used for the grant program described in section 122.179 of the Revised Code.	1520 1521 1522
On July 1, 2020, or as soon as possible thereafter, the Director of Development Services shall certify to the Director of Budget and Management the unexpended, unencumbered balance of the fiscal year 2020 appropriation to the foregoing appropriation item. The certified amount is hereby reappropriated to the foregoing appropriation item in fiscal year 2021.	1523 1524 1525 1526 1527 1528 1529
MICROCREDENTIAL ASSISTANCE PROGRAM	1530
(A) Of the foregoing appropriation item 195556, Microcredential Assistance Program, \$12,300,000 in each fiscal year shall be used for the TechCred Program as described in section 122.178 of the Revised Code, provided that:	1531 1532 1533 1534
(1) Not more than \$4,100,000 in each fiscal year may be awarded to businesses with 50 or fewer employees;	1535 1536
(2) Not more than \$4,100,000 in each fiscal year may be awarded to businesses with between 51 and 200 employees; and	1537 1538
(3) Not more than \$4,100,000 in each fiscal year may be awarded to businesses with 201 or more employees.	1539 1540
(B) In each year of the biennium ending June 30, 2021, if \$4,100,000 in scheduled reimbursements have been approved using funding allocated under one or two of the funding tiers in divisions (A) (1), (2), or (3) of this section and less than \$4,100,000 in scheduled reimbursements have been approved under one or two of the other funding tiers, the Director of	1541 1542 1543 1544 1545 1546

Development Services may request Controlling Board approval to 1547  
reallocate the unused portions to other funding tiers. 1548

(C) Of the foregoing appropriation item 195556, 1549  
Microcredential Assistance Program, \$2,500,000 in each fiscal 1550  
year shall be used for the Individual Microcredential Assistance 1551  
Program as described in section 122.1710 of the Revised Code. 1552

(D) Of the foregoing appropriation item 195556, 1553  
Microcredential Assistance Program, \$200,000 in each fiscal year 1554  
shall be used for marketing the workforce development programs 1555  
offered by the Development Services Agency as described in 1556  
section 122.1711 of the Revised Code. 1557

(E) On July 1, 2020, or as soon as possible thereafter, 1558  
the Director of Development Services shall certify to the 1559  
Director of Budget and Management the unexpended, unencumbered 1560  
balance of the fiscal year 2020 appropriation to the foregoing 1561  
appropriation item. The certified amount is hereby 1562  
reappropriated to the foregoing appropriation item in fiscal 1563  
year 2021, provided that the reappropriated amount is allocated 1564  
for the purposes set forth in divisions (A) (1), (2), (3), (B), 1565  
and (C) of this section. 1566

**Section 4.** Within the limits set forth in this act, the 1567  
Director of Budget and Management shall establish accounts 1568  
indicating the source and amount of funds for each appropriation 1569  
made in this act, and shall determine the form and manner in 1570  
which appropriation accounts shall be maintained. Expenditures 1571  
from appropriations contained in this act shall be accounted for 1572  
as though made in the main operating appropriations act of the 1573  
133rd General Assembly. 1574

The appropriations made in this act are subject to all 1575

provisions of the main operating appropriations act of the 133rd	1576
General Assembly that are generally applicable to such	1577
appropriations.	1578