

S. B. No. 201

As Introduced

_____ moved to amend as follows:

In line 2032, delete "Provide" and insert "Annually provide"

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In line 2053, after "relevant" insert ";

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(10) Annually certify to the administrator that all client
employer federal payroll taxes have been timely and
appropriately paid, and on request of the administrator, provide
proof of payment"

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After line 2145, insert:

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"(L) The use of a client employer's tax identification
number for federal payroll tax purposes as required under
division (C) of this section shall not be construed to absolve
the alternate employer organization of any responsibilities or
liabilities applicable to an alternative employer organization,
including those under federal law."

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In line 2328, after "(K)" insert "An alternate employer organization
may not own or co-own an affiliated professional employer organization or
alternate employer organization.

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(L)"

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After line 2330, insert: 18

"(M) (1) An alternate employer organization may assist a 19
client employer in procuring a health benefit plan as a broker 20
or otherwise, but shall not act as the employer or sponsor of a 21
health benefit plan. 22

(2) As used in this division: 23

(a) "Health benefit plan" means a policy, contract, 24
certificate, agreement, or other program offered to provide, 25
deliver, arrange for, pay for, or reimburse any of the costs of 26
health care services, including benefit plans marketed in the 27
individual or group market by all associations, whether bona 28
fide or non-bona fide. "Health benefit plan" also means a 29
limited benefit plan. 30

(b) "Health care services" has the same meaning as in 31
section 3922.01 of the Revised Code." 32

Delete lines 2930 through 3236 33

After line 3236, insert: 34

"Sec. 5733.40. As used in sections 5733.40 and 5733.41 35
and Chapter 5747. of the Revised Code: 36

(A) (1) "Adjusted qualifying amount" means either of the 37
following: 38

(a) The sum of each qualifying investor's distributive 39
share of the income, gain, expense, or loss of a qualifying 40
pass-through entity for the qualifying taxable year of the 41
qualifying pass-through entity multiplied by the apportionment 42
fraction defined in division (B) of this section, subject to 43
section 5733.401 of the Revised Code and divisions (A) (2) to (7) 44

of this section; 45

(b) The sum of each qualifying beneficiary's share of the 46
qualifying net income and qualifying net gain distributed by a 47
qualifying trust for the qualifying taxable year of the 48
qualifying trust multiplied by the apportionment fraction 49
defined in division (B) of this section, subject to section 50
5733.401 of the Revised Code and divisions (A) (2) to (7) of this 51
section. 52

(2) The sum shall exclude any amount which, pursuant to 53
the Constitution of the United States, the Constitution of Ohio, 54
or any federal law is not subject to a tax on or measured by net 55
income. 56

(3) For the purposes of Chapters 5733. and 5747. of the 57
Revised Code, the profit or net income of the qualifying entity 58
shall be increased by disallowing all amounts representing 59
expenses, other than amounts described in division (A) (7) of 60
this section, that the qualifying entity paid to or incurred 61
with respect to direct or indirect transactions with one or more 62
related members, excluding the cost of goods sold calculated in 63
accordance with section 263A of the Internal Revenue Code and 64
United States department of the treasury regulations issued 65
thereunder. Nothing in division (A) (3) of this section shall be 66
construed to limit solely to this chapter the application of 67
section 263A of the Internal Revenue Code and United States 68
department of the treasury regulations issued thereunder. 69

(4) For the purposes of Chapters 5733. and 5747. of the 70
Revised Code, the profit or net income of the qualifying entity 71
shall be increased by disallowing all recognized losses, other 72
than losses from sales of inventory the cost of which is 73
calculated in accordance with section 263A of the Internal 74

Revenue Code and United States department of the treasury 75
regulations issued thereunder, with respect to all direct or 76
indirect transactions with one or more related members. For the 77
purposes of Chapters 5733. and 5747. of the Revised Code, losses 78
from the sales of such inventory shall be allowed only to the 79
extent calculated in accordance with section 482 of the Internal 80
Revenue Code and United States department of the treasury 81
regulations issued thereunder. Nothing in division (A)(4) of 82
this section shall be construed to limit solely to this section 83
the application of section 263A and section 482 of the Internal 84
Revenue Code and United States department of the treasury 85
regulations issued thereunder. 86

(5) The sum shall be increased or decreased by an amount 87
equal to the qualifying investor's or qualifying beneficiary's 88
distributive or proportionate share of the amount that the 89
qualifying entity would be required to add or deduct under 90
divisions (A)(17) and (18) of section 5747.01 of the Revised 91
Code if the qualifying entity were a taxpayer for the purposes 92
of Chapter 5747. of the Revised Code. 93

(6) The sum shall be computed without regard to section 94
5733.051 or division (D) of section 5733.052 of the Revised 95
Code. 96

(7) For the purposes of Chapters 5733. and 5747. of the 97
Revised Code, guaranteed payments or compensation paid to 98
investors by a qualifying entity that is not subject to the tax 99
imposed by section 5733.06 of the Revised Code shall be 100
considered a distributive share of income of the qualifying 101
entity. Division (A)(7) of this section applies only to such 102
payments or such compensation paid to an investor who at any 103
time during the qualifying entity's taxable year holds at least 104

a twenty per cent direct or indirect interest in the profits or
capital of the qualifying entity. For the purposes of this
division, guaranteed payments and compensation shall be
considered to be paid to an investor by a qualifying entity if
the qualifying entity in which the investor holds at least a
twenty per cent direct or indirect interest is a client employer
of a professional employer organization or alternate employer
organization, as those terms are defined in section 4125.01 or
4133.01 of the Revised Code, as applicable, and the guaranteed
payments or compensation are paid to the investor by that
professional employer organization or alternate employer
organization.

(B) "Apportionment fraction" means:

(1) With respect to a qualifying pass-through entity other
than a financial institution, the fraction calculated pursuant
to division (B) (2) of section 5733.05 of the Revised Code as if
the qualifying pass-through entity were a corporation subject to
the tax imposed by section 5733.06 of the Revised Code;

(2) With respect to a qualifying pass-through entity that
is a financial institution, the fraction calculated pursuant to
division (C) of section 5733.056 of the Revised Code as if the
qualifying pass-through entity were a financial institution
subject to the tax imposed by section 5733.06 of the Revised
Code~~;~~;

(3) With respect to a qualifying trust, the fraction
calculated pursuant to division (B) (2) of section 5733.05 of the
Revised Code as if the qualifying trust were a corporation
subject to the tax imposed by section 5733.06 of the Revised
Code, except that the property, payroll, and sales fractions
shall be calculated by including in the numerator and

denominator of the fractions only the property, payroll, and 135
sales, respectively, directly related to the production of 136
income or gain from acquisition, ownership, use, maintenance, 137
management, or disposition of tangible personal property located 138
in this state at any time during the qualifying trust's 139
qualifying taxable year or of real property located in this 140
state. 141

(C) "Qualifying beneficiary" means any individual that, 142
during the qualifying taxable year of a qualifying trust, is a 143
beneficiary of that trust, but does not include an individual 144
who is a resident taxpayer for the purposes of Chapter 5747. of 145
the Revised Code for the entire qualifying taxable year of the 146
qualifying trust. 147

(D) "Fiscal year" means an accounting period ending on any 148
day other than the thirty-first day of December. 149

(E) "Individual" means a natural person. 150

(F) "Month" means a calendar month. 151

(G) "Distributive share" includes the sum of the income, 152
gain, expense, or loss of a disregarded entity or qualified 153
subchapter S subsidiary. 154

(H) "Investor" means any person that, during any portion 155
of a taxable year of a qualifying pass-through entity, is a 156
partner, member, shareholder, or investor in that qualifying 157
pass-through entity. 158

(I) Except as otherwise provided in section 5733.402 or 159
5747.401 of the Revised Code, "qualifying investor" means any 160
investor except those described in divisions (I)(1) to (9) of 161
this section. 162

(1) An investor satisfying one of the descriptions under 163
section 501(a) or (c) of the Internal Revenue Code, a 164
partnership with equity securities registered with the United 165
States securities and exchange commission under section 12 of 166
the "Securities Exchange Act of 1934," as amended, or an 167
investor described in division (F) of section 3334.01, or 168
division (A) or (C) of section 5733.09 of the Revised Code for 169
the entire qualifying taxable year of the qualifying pass- 170
through entity. 171

(2) An investor who is either an individual or an estate 172
and is a resident taxpayer for the purposes of section 5747.01 173
of the Revised Code for the entire qualifying taxable year of 174
the qualifying pass-through entity. 175

(3) An investor who is an individual for whom the 176
qualifying pass-through entity makes a good faith and reasonable 177
effort to comply fully and timely with the filing and payment 178
requirements set forth in division (D) of section 5747.08 of the 179
Revised Code and section 5747.09 of the Revised Code with 180
respect to the individual's adjusted qualifying amount for the 181
entire qualifying taxable year of the qualifying pass-through 182
entity. 183

(4) An investor that is another qualifying pass-through 184
entity having only investors described in division (I)(1), (2), 185
(3), or (6) of this section during the three-year period 186
beginning twelve months prior to the first day of the qualifying 187
taxable year of the qualifying pass-through entity. 188

(5) An investor that is another pass-through entity having 189
no investors other than individuals and estates during the 190
qualifying taxable year of the qualifying pass-through entity in 191
which it is an investor, and that makes a good faith and 192

reasonable effort to comply fully and timely with the filing and 193
payment requirements set forth in division (D) of section 194
5747.08 of the Revised Code and section 5747.09 of the Revised 195
Code with respect to investors that are not resident taxpayers 196
of this state for the purposes of Chapter 5747. of the Revised 197
Code for the entire qualifying taxable year of the qualifying 198
pass-through entity in which it is an investor. 199

(6) An investor that is treated as a C corporation for 200
federal income tax purposes for the entire qualifying taxable 201
year of the qualifying pass-through entity in which it is an 202
investor. 203

(7) An investor other than an individual that satisfies 204
all the following: 205

(a) The investor submits a written statement to the 206
qualifying pass-through entity stating that the investor 207
irrevocably agrees that the investor has nexus with this state 208
under the Constitution of the United States and is subject to 209
and liable for the tax calculated under division (A) or (B) of 210
section 5733.06 of the Revised Code with respect to the 211
investor's adjusted qualifying amount for the entire qualifying 212
taxable year of the qualifying pass-through entity. The 213
statement is subject to the penalties of perjury, shall be 214
retained by the qualifying pass-through entity for no fewer than 215
seven years, and shall be delivered to the tax commissioner upon 216
request. 217

(b) The investor makes a good faith and reasonable effort 218
to comply timely and fully with all the reporting and payment 219
requirements set forth in Chapter 5733. of the Revised Code with 220
respect to the investor's adjusted qualifying amount for the 221
entire qualifying taxable year of the qualifying pass-through 222

entity. 223

(c) Neither the investor nor the qualifying pass-through 224
entity in which it is an investor, before, during, or after the 225
qualifying pass-through entity's qualifying taxable year, 226
carries out any transaction or transactions with one or more 227
related members of the investor or the qualifying pass-through 228
entity resulting in a reduction or deferral of tax imposed by 229
Chapter 5733. of the Revised Code with respect to all or any 230
portion of the investor's adjusted qualifying amount for the 231
qualifying pass-through entity's taxable year, or that 232
constitute a sham, lack economic reality, or are part of a 233
series of transactions the form of which constitutes a step 234
transaction or transactions or does not reflect the substance of 235
those transactions. 236

(8) Any other investor that the tax commissioner may 237
designate by rule. The tax commissioner may adopt rules 238
including a rule defining "qualifying investor" or "qualifying 239
beneficiary" and governing the imposition of the withholding tax 240
imposed by section 5747.41 of the Revised Code with respect to 241
an individual who is a resident taxpayer for the purposes of 242
Chapter 5747. of the Revised Code for only a portion of the 243
qualifying taxable year of the qualifying entity. 244

(9) An investor that is a trust or fund the beneficiaries 245
of which, during the qualifying taxable year of the qualifying 246
pass-through entity, are limited to the following: 247

(a) A person that is or may be the beneficiary of a trust 248
subject to Subchapter D of Chapter 1 of Subtitle A of the 249
Internal Revenue Code. 250

(b) A person that is or may be the beneficiary of or the 251

recipient of payments from a trust or fund that is a nuclear 252
decommissioning reserve fund, a designated settlement fund, or 253
any other trust or fund established to resolve and satisfy 254
claims that may otherwise be asserted by the beneficiary or a 255
member of the beneficiary's family. Sections 267(c)(4), 468A(e), 256
and 468B(d)(2) of the Internal Revenue Code apply to the 257
determination of whether such a person satisfies division (I)(9) 258
of this section. 259

(c) A person who is or may be the beneficiary of a trust 260
that, under its governing instrument, is not required to 261
distribute all of its income currently. Division (I)(9)(c) of 262
this section applies only if the trust, prior to the due date 263
for filing the qualifying pass-through entity's return for taxes 264
imposed by section 5733.41 and sections 5747.41 to 5747.453 of 265
the Revised Code, irrevocably agrees in writing that for the 266
taxable year during or for which the trust distributes any of 267
its income to any of its beneficiaries, the trust is a 268
qualifying trust and will pay the estimated tax, and will 269
withhold and pay the withheld tax, as required under sections 270
5747.40 to 5747.453 of the Revised Code. 271

For the purposes of division (I)(9) of this section, a 272
trust or fund shall be considered to have a beneficiary other 273
than persons described under divisions (I)(9)(a) to (c) of this 274
section if a beneficiary would not qualify under those divisions 275
under the doctrines of "economic reality," "sham transaction," 276
"step doctrine," or "substance over form." A trust or fund 277
described in division (I)(9) of this section bears the burden of 278
establishing by a preponderance of the evidence that any 279
transaction giving rise to the tax benefits provided under 280
division (I)(9) of this section does not have as a principal 281
purpose a claim of those tax benefits. Nothing in this section 282

shall be construed to limit solely to this section the 283
application of the doctrines referred to in this paragraph. 284

(J) "Qualifying net gain" means any recognized net gain 285
with respect to the acquisition, ownership, use, maintenance, 286
management, or disposition of tangible personal property located 287
in this state at any time during a trust's qualifying taxable 288
year or real property located in this state. 289

(K) "Qualifying net income" means any recognized income, 290
net of related deductible expenses, other than distributions 291
deductions with respect to the acquisition, ownership, use, 292
maintenance, management, or disposition of tangible personal 293
property located in this state at any time during the trust's 294
qualifying taxable year or real property located in this state. 295

(L) "Qualifying entity" means a qualifying pass-through 296
entity or a qualifying trust. 297

(M) "Qualifying trust" means a trust subject to subchapter 298
J of the Internal Revenue Code that, during any portion of the 299
trust's qualifying taxable year, has income or gain from the 300
acquisition, management, ownership, use, or disposition of 301
tangible personal property located in this state at any time 302
during the trust's qualifying taxable year or real property 303
located in this state. "Qualifying trust" does not include a 304
person described in section 501(c) of the Internal Revenue Code 305
or a person described in division (C) of section 5733.09 of the 306
Revised Code. 307

(N) "Qualifying pass-through entity" means a pass-through 308
entity as defined in section 5733.04 of the Revised Code, 309
excluding: a person described in section 501(c) of the Internal 310
Revenue Code; a partnership with equity securities registered 311

with the United States securities and exchange commission under 312
section 12 of the Securities Exchange Act of 1934, as amended; 313
or a person described in division (C) of section 5733.09 of the 314
Revised Code. 315

(O) "Quarter" means the first three months, the second 316
three months, the third three months, or the last three months 317
of a qualifying entity's qualifying taxable year. 318

(P) "Related member" has the same meaning as in division 319
(A) (6) of section 5733.042 of the Revised Code without regard to 320
division (B) of that section. However, for the purposes of 321
divisions (A) (3) and (4) of this section only, "related member" 322
has the same meaning as in division (A) (6) of section 5733.042 323
of the Revised Code without regard to division (B) of that 324
section, but shall be applied by substituting "forty per cent" 325
for "twenty per cent" wherever "twenty per cent" appears in 326
division (A) of that section. 327

(Q) "Return" or "report" means the notifications and 328
reports required to be filed pursuant to sections 5747.42 to 329
5747.45 of the Revised Code for the purpose of reporting the tax 330
imposed under section 5733.41 or 5747.41 of the Revised Code, 331
and included declarations of estimated tax when so required. 332

(R) "Qualifying taxable year" means the calendar year or 333
the qualifying entity's fiscal year ending during the calendar 334
year, or fractional part thereof, for which the adjusted 335
qualifying amount is calculated pursuant to sections 5733.40 and 336
5733.41 or sections 5747.40 to 5747.453 of the Revised Code." 337

Delete lines 3237 through 3569 338

After line 3569, insert: 339

"Sec. 5747.07. (A) As used in this section:	340
(1) "Partial weekly withholding period" means a period	341
during which an employer directly, indirectly, or constructively	342
pays compensation to, or credits compensation to the benefit of,	343
an employee, and that consists of a consecutive Saturday,	344
Sunday, Monday, and Tuesday or a consecutive Wednesday,	345
Thursday, and Friday. There are two partial weekly withholding	346
periods each week, except that a partial weekly withholding	347
period cannot extend from one calendar year into the next	348
calendar year; if the first day of January falls on a day other	349
than Saturday or Wednesday, the partial weekly withholding	350
period ends on the thirty-first day of December and there are	351
three partial weekly withholding periods during that week.	352
(2) "Undeposited taxes" means the taxes an employer is	353
required to deduct and withhold from an employee's compensation	354
pursuant to section 5747.06 of the Revised Code that have not	355
been remitted to the tax commissioner pursuant to this section	356
or to the treasurer of state pursuant to section 5747.072 of the	357
Revised Code.	358
(3) A "week" begins on Saturday and concludes at the end	359
of the following Friday.	360
(4) "Client employer," "professional" <u>Professional</u>	361
employer organization," "professional employer organization	362
agreement," and "professional employer organization reporting	363
entity" have the same meanings as in section 4125.01 of the	364
Revised Code.	365
(5) <u>"Alternate employer organization" and "alternate</u>	366
<u>employer organization agreement" have the same meanings as in</u>	367
<u>section 4133.01 of the Revised Code.</u>	368

(6) "Client employer" has the same meaning as in section 369
4125.01 of the Revised Code in the context of a professional 370
employer organization or a professional employer organization 371
reporting entity, or the same meaning as in section 4133.01 of 372
the Revised Code in the context of an alternate employer 373
organization. 374

(B) Except as provided in divisions (C) and (D) of this 375
section and in division (A) of section 5747.072 of the Revised 376
Code, every employer required to deduct and withhold any amount 377
under section 5747.06 of the Revised Code shall file a return 378
and shall pay the amount required by law as follows: 379

(1) An employer who accumulates or is required to 380
accumulate undeposited taxes of one hundred thousand dollars or 381
more during a partial weekly withholding period shall make the 382
payment of the undeposited taxes by the close of the first 383
banking day after the day on which the accumulation reaches one 384
hundred thousand dollars. If required under division (I) of this 385
section, the payment shall be made by electronic funds transfer 386
under section 5747.072 of the Revised Code. 387

(2) Except as required by division (B) (1) of this section, 388
an employer whose actual or required payments under this section 389
were at least eighty-four thousand dollars during the twelve- 390
month period ending on the thirtieth day of June of the 391
preceding calendar year shall make the payment of undeposited 392
taxes within three banking days after the close of a partial 393
weekly withholding period during which the employer was required 394
to deduct and withhold any amount under this chapter. If 395
required under division (I) of this section, the payment shall 396
be made by electronic funds transfer under section 5747.072 of 397
the Revised Code. 398

(3) Except as required by divisions (B)(1) and (2) of this section, if an employer's actual or required payments were more than two thousand dollars during the twelve-month period ending on the thirtieth day of June of the preceding calendar year, the employer shall make the payment of undeposited taxes for each month during which they were required to be withheld no later than fifteen days following the last day of that month. The employer shall file the return prescribed by the tax commissioner with the payment.

(4) Except as required by divisions (B)(1), (2), and (3) of this section, an employer shall make the payment of undeposited taxes for each calendar quarter during which they were required to be withheld no later than the last day of the month following the last day of March, June, September, and December each year. The employer shall file the return prescribed by the tax commissioner with the payment.

(C) The return and payment schedules prescribed by divisions (B)(1) and (2) of this section do not apply to the return and payment of undeposited school district income taxes arising from taxes levied pursuant to Chapter 5748. of the Revised Code. Undeposited school district income taxes shall be returned and paid pursuant to divisions (B)(3) and (4) of this section, as applicable.

(D)(1) The requirements of division (B) of this section are met if the amount paid is not less than ninety-five per cent of the actual tax withheld or required to be withheld for the prior quarterly, monthly, or partial weekly withholding period, and the underpayment is not due to willful neglect. Any underpayment of withheld tax shall be paid within thirty days of the date on which the withheld tax was due without regard to

division (D) (1) of this section. An employer described in 429
division (B) (1) or (2) of this section shall make the payment by 430
electronic funds transfer under section 5747.072 of the Revised 431
Code. 432

(2) If the tax commissioner believes that quarterly or 433
monthly payments would result in a delay that might jeopardize 434
the remittance of withholding payments, the commissioner may 435
order that the payments be made weekly, or more frequently if 436
necessary, and the payments shall be made no later than three 437
banking days following the close of the period for which the 438
jeopardy order is made. An order requiring weekly or more 439
frequent payments shall be delivered to the employer personally 440
or by certified mail and remains in effect until the 441
commissioner notifies the employer to the contrary. 442

(3) If compelling circumstances exist concerning the 443
remittance of undeposited taxes, the commissioner may order the 444
employer to make payments under any of the payment schedules 445
under division (B) of this section. The order shall be delivered 446
to the employer personally or by certified mail and shall remain 447
in effect until the commissioner notifies the employer to the 448
contrary. For purposes of division (D) (3) of this section, 449
"compelling circumstances" exist if either or both of the 450
following are true: 451

(a) Based upon annualization of payments made or required 452
to be made during the preceding calendar year and during the 453
current calendar year, the employer would be required for the 454
next calendar year to make payments under division (B) (2) of 455
this section. 456

(b) Based upon annualization of payments made or required 457
to be made during the current calendar year, the employer would 458

be required for the next calendar year to make payments under 459
division (B) (2) of this section. 460

(E) (1) An employer described in division (B) (1) or (2) of 461
this section shall file, not later than the last day of the 462
month following the end of each calendar quarter, a return 463
covering, but not limited to, both the actual amount deducted 464
and withheld and the amount required to be deducted and withheld 465
for the tax imposed under section 5747.02 of the Revised Code 466
during each partial weekly withholding period or portion of a 467
partial weekly withholding period during that quarter. The 468
employer shall file the quarterly return even if the aggregate 469
amount required to be deducted and withheld for the quarter is 470
zero dollars. At the time of filing the return, the employer 471
shall pay any amounts of undeposited taxes for the quarter, 472
whether actually deducted and withheld or required to be 473
deducted and withheld, that have not been previously paid. If 474
required under division (I) of this section, the payment shall 475
be made by electronic funds transfer. The tax commissioner shall 476
prescribe the form and other requirements of the quarterly 477
return. 478

(2) In addition to other returns required to be filed and 479
payments required to be made under this section, every employer 480
required to deduct and withhold taxes shall file, not later than 481
the thirty-first day of January of each year, an annual return 482
covering, but not limited to, both the aggregate amount deducted 483
and withheld and the aggregate amount required to be deducted 484
and withheld during the entire preceding year for the tax 485
imposed under section 5747.02 of the Revised Code and for each 486
tax imposed under Chapter 5748. of the Revised Code. At the time 487
of filing that return, the employer shall pay over any amounts 488
of undeposited taxes for the preceding year, whether actually 489

deducted and withheld or required to be deducted and withheld, 490
that have not been previously paid. The employer shall make the 491
annual report, to each employee and to the tax commissioner, of 492
the compensation paid and each tax withheld, as the commissioner 493
by rule may prescribe. 494

Each employer required to deduct and withhold any tax is 495
liable for the payment of that amount required to be deducted 496
and withheld, whether or not the tax has in fact been withheld, 497
unless the failure to withhold was based upon the employer's 498
good faith in reliance upon the statement of the employee as to 499
liability, and the amount shall be deemed to be a special fund 500
in trust for the general revenue fund. 501

(F) Each employer shall file with the employer's annual 502
return the following items of information on employees for whom 503
withholding is required under section 5747.06 of the Revised 504
Code: 505

(1) The full name of each employee, the employee's 506
address, the employee's school district of residence, and in the 507
case of a nonresident employee, the employee's principal county 508
of employment; 509

(2) The social security number of each employee; 510

(3) The total amount of compensation paid before any 511
deductions to each employee for the period for which the annual 512
return is made; 513

(4) The amount of the tax imposed by section 5747.02 of 514
the Revised Code and the amount of each tax imposed under 515
Chapter 5748. of the Revised Code withheld from the compensation 516
of the employee for the period for which the annual return is 517
made. The commissioner may extend upon good cause the period for 518

filing any notice or return required to be filed under this 519
section and may adopt rules relating to extensions of time. If 520
the extension results in an extension of time for the payment of 521
the amounts withheld with respect to which the return is filed, 522
the employer shall pay, at the time the amount withheld is paid, 523
an amount of interest computed at the rate per annum prescribed 524
by section 5703.47 of the Revised Code on that amount withheld, 525
from the day that amount was originally required to be paid to 526
the day of actual payment or to the day an assessment is issued 527
under section 5747.13 of the Revised Code, whichever occurs 528
first. 529

(5) In addition to all other interest charges and 530
penalties imposed, all amounts of taxes withheld or required to 531
be withheld and remaining unpaid after the day the amounts are 532
required to be paid shall bear interest from the date prescribed 533
for payment at the rate per annum prescribed by section 5703.47 534
of the Revised Code on the amount unpaid, in addition to the 535
amount withheld, until paid or until the day an assessment is 536
issued under section 5747.13 of the Revised Code, whichever 537
occurs first. 538

(G) An employee of a corporation, limited liability 539
company, or business trust having control or supervision of or 540
charged with the responsibility of filing the report and making 541
payment, or an officer, member, manager, or trustee of a 542
corporation, limited liability company, or business trust who is 543
responsible for the execution of the corporation's, limited 544
liability company's, or business trust's fiscal 545
responsibilities, shall be personally liable for failure to file 546
the report or pay the tax due as required by this section. The 547
dissolution, termination, or bankruptcy of a corporation, 548
limited liability company, or business trust does not discharge 549

a responsible officer's, member's, manager's, employee's, or 550
trustee's liability for a failure of the corporation, limited 551
liability company, or business trust to file returns or pay tax 552
due. 553

(H) If an employer required to deduct and withhold income 554
tax from compensation and to pay that tax to the state under 555
sections 5747.06 and 5747.07 of the Revised Code sells the 556
employer's business or stock of merchandise or quits the 557
employer's business, the taxes required to be deducted and 558
withheld and paid to the state pursuant to those sections prior 559
to that time, together with any interest and penalties imposed 560
on those taxes, become due and payable immediately, and that 561
person shall make a final return within fifteen days after the 562
date of selling or quitting business. The employer's successor 563
shall withhold a sufficient amount of the purchase money to 564
cover the amount of the taxes, interest, and penalties due and 565
unpaid, until the former owner produces a receipt from the tax 566
commissioner showing that the taxes, interest, and penalties 567
have been paid or a certificate indicating that no such taxes 568
are due. If the purchaser of the business or stock of 569
merchandise fails to withhold purchase money, the purchaser 570
shall be personally liable for the payment of the taxes, 571
interest, and penalties accrued and unpaid during the operation 572
of the business by the former owner. If the amount of taxes, 573
interest, and penalties outstanding at the time of the purchase 574
exceeds the total purchase money, the tax commissioner in the 575
commissioner's discretion may adjust the liability of the seller 576
or the responsibility of the purchaser to pay that liability to 577
maximize the collection of withholding tax revenue. 578

(I) An employer whose actual or required payments under 579
this section exceeded eighty-four thousand dollars during the 580

twelve-month period ending on the thirtieth day of June of the 581
preceding calendar year shall make all payments required by this 582
section for the year by electronic funds transfer under section 583
5747.072 of the Revised Code. 584

(J) (1) Every professional employer organization ~~and every,~~ 585
professional employer organization reporting entity, and 586
alternate employer organization shall file a report with the tax 587
commissioner within thirty days after commencing business in 588
this state that includes all of the following information: 589

(a) The name, address, number the employer receives from 590
the secretary of state to do business in this state, if 591
applicable, and federal employer identification number of each 592
client employer of the ~~professional employer organization or~~ 593
~~professional employer organization reporting entity;~~ 594

(b) The date that each client employer became a client of 595
the ~~professional employer organization or professional employer-~~ 596
~~organization reporting entity;~~ 597

(c) The names and mailing addresses of the chief executive 598
officer and the chief financial officer of each client employer 599
for taxation of the client employer. 600

(2) Beginning with the calendar quarter ending after a 601
professional employer organization ~~or,~~ professional employer 602
organization reporting entity, or alternate employer 603
organization files the report required under division (J) (1) of 604
this section, and every calendar quarter thereafter, the 605
~~professional employer organization or the professional employer-~~ 606
~~organization reporting entity~~ shall file an updated report with 607
the tax commissioner. The ~~professional employer organization or~~ 608
~~professional employer organization reporting entity~~ shall file 609

the updated report not later than the last day of the month 610
following the end of the calendar quarter and shall include all 611
of the following information in the report: 612

(a) If an entity became a client employer of the 613
professional employer organization ~~or,~~ professional employer 614
organization reporting entity, or alternate employer 615
organization at any time during the calendar quarter, all of the 616
information required under division (J) (1) of this section for 617
each new client employer; 618

(b) If an entity terminated the professional employer 619
organization agreement or the alternate employer organization 620
agreement between the entity and the professional employer 621
~~organization or,~~ professional employer organization reporting 622
~~entity and the entity,~~ or alternate employer organization, as 623
applicable, at any time during the calendar quarter, the 624
information described in division (J) (1) (a) of this section for 625
that entity, the date during the calendar quarter that the 626
entity ceased being a client of the ~~professional employer~~ 627
~~organization or professional employer organization~~ reporting 628
entity, if applicable, or the date the entity ceased business 629
operations in this state, if applicable; 630

(c) If the name or mailing address of the chief executive 631
officer or the chief financial officer of a client employer has 632
changed since the professional employer organization ~~or,~~ 633
professional employer organization reporting entity, or 634
alternate employer organization previously submitted a report 635
under division (J) (1) or (2) of this section, the updated name 636
or mailing address, or both, of the chief executive officer or 637
the chief financial officer, as applicable; 638

(d) If none of the events described in divisions (J) (2) (a) 639

to (c) of this section occurred during the calendar quarter, a statement of that fact."

Delete lines 3570 through 4351

After line 4351, insert:

"Sec. 5751.01. As used in this chapter:

(A) "Person" means, but is not limited to, individuals, combinations of individuals of any form, receivers, assignees, trustees in bankruptcy, firms, companies, joint-stock companies, business trusts, estates, partnerships, limited liability partnerships, limited liability companies, associations, joint ventures, clubs, societies, for-profit corporations, S corporations, qualified subchapter S subsidiaries, qualified subchapter S trusts, trusts, entities that are disregarded for federal income tax purposes, and any other entities.

(B) "Consolidated elected taxpayer" means a group of two or more persons treated as a single taxpayer for purposes of this chapter as the result of an election made under section 5751.011 of the Revised Code.

(C) "Combined taxpayer" means a group of two or more persons treated as a single taxpayer for purposes of this chapter under section 5751.012 of the Revised Code.

(D) "Taxpayer" means any person, or any group of persons in the case of a consolidated elected taxpayer or combined taxpayer treated as one taxpayer, required to register or pay tax under this chapter. "Taxpayer" does not include excluded persons.

(E) "Excluded person" means any of the following:

(1) Any person with not more than one hundred fifty

thousand dollars of taxable gross receipts during the calendar 668
year. Division (E) (1) of this section does not apply to a person 669
that is a member of a consolidated elected taxpayer; 670

(2) A public utility that paid the excise tax imposed by 671
section 5727.24 or 5727.30 of the Revised Code based on one or 672
more measurement periods that include the entire tax period 673
under this chapter, except that a public utility that is a 674
combined company is a taxpayer with regard to the following 675
gross receipts: 676

(a) Taxable gross receipts directly attributed to a public 677
utility activity, but not directly attributed to an activity 678
that is subject to the excise tax imposed by section 5727.24 or 679
5727.30 of the Revised Code; 680

(b) Taxable gross receipts that cannot be directly 681
attributed to any activity, multiplied by a fraction whose 682
numerator is the taxable gross receipts described in division 683
(E) (2) (a) of this section and whose denominator is the total 684
taxable gross receipts that can be directly attributed to any 685
activity; 686

(c) Except for any differences resulting from the use of 687
an accrual basis method of accounting for purposes of 688
determining gross receipts under this chapter and the use of the 689
cash basis method of accounting for purposes of determining 690
gross receipts under section 5727.24 of the Revised Code, the 691
gross receipts directly attributed to the activity of a natural 692
gas company shall be determined in a manner consistent with 693
division (D) of section 5727.03 of the Revised Code. 694

As used in division (E) (2) of this section, "combined 695
company" and "public utility" have the same meanings as in 696

section 5727.01 of the Revised Code. 697

(3) A financial institution, as defined in section 5726.01 698
of the Revised Code, that paid the tax imposed by section 699
5726.02 of the Revised Code based on one or more taxable years 700
that include the entire tax period under this chapter; 701

(4) A person directly or indirectly owned by one or more 702
financial institutions, as defined in section 5726.01 of the 703
Revised Code, that paid the tax imposed by section 5726.02 of 704
the Revised Code based on one or more taxable years that include 705
the entire tax period under this chapter. 706

For the purposes of division (E) (4) of this section, a 707
person owns another person under the following circumstances: 708

(a) In the case of corporations issuing capital stock, one 709
corporation owns another corporation if it owns fifty per cent 710
or more of the other corporation's capital stock with current 711
voting rights; 712

(b) In the case of a limited liability company, one person 713
owns the company if that person's membership interest, as 714
defined in section 1705.01 of the Revised Code, is fifty per 715
cent or more of the combined membership interests of all persons 716
owning such interests in the company; 717

(c) In the case of a partnership, trust, or other 718
unincorporated business organization other than a limited 719
liability company, one person owns the organization if, under 720
the articles of organization or other instrument governing the 721
affairs of the organization, that person has a beneficial 722
interest in the organization's profits, surpluses, losses, or 723
distributions of fifty per cent or more of the combined 724
beneficial interests of all persons having such an interest in 725

the organization. 726

(5) A domestic insurance company or foreign insurance 727
company, as defined in section 5725.01 of the Revised Code, that 728
paid the insurance company premiums tax imposed by section 729
5725.18 or Chapter 5729. of the Revised Code, or an unauthorized 730
insurance company whose gross premiums are subject to tax under 731
section 3905.36 of the Revised Code based on one or more 732
measurement periods that include the entire tax period under 733
this chapter; 734

(6) A person that solely facilitates or services one or 735
more securitizations of phase-in-recovery property pursuant to a 736
final financing order as those terms are defined in section 737
4928.23 of the Revised Code. For purposes of this division, 738
"securitization" means transferring one or more assets to one or 739
more persons and then issuing securities backed by the right to 740
receive payment from the asset or assets so transferred. 741

(7) Except as otherwise provided in this division, a pre- 742
income tax trust as defined in section 5747.01 of the Revised 743
Code and any pass-through entity of which such pre-income tax 744
trust owns or controls, directly, indirectly, or constructively 745
through related interests, more than five per cent of the 746
ownership or equity interests. If the pre-income tax trust has 747
made a qualifying pre-income tax trust election under division 748
(EE) of section 5747.01 of the Revised Code, then the trust and 749
the pass-through entities of which it owns or controls, 750
directly, indirectly, or constructively through related 751
interests, more than five per cent of the ownership or equity 752
interests, shall not be excluded persons for purposes of the tax 753
imposed under section 5751.02 of the Revised Code. 754

(8) Nonprofit organizations or the state and its agencies, 755

instrumentalities, or political subdivisions.	756
(F) Except as otherwise provided in divisions (F) (2), (3),	757
and (4) of this section, "gross receipts" means the total amount	758
realized by a person, without deduction for the cost of goods	759
sold or other expenses incurred, that contributes to the	760
production of gross income of the person, including the fair	761
market value of any property and any services received, and any	762
debt transferred or forgiven as consideration.	763
(1) The following are examples of gross receipts:	764
(a) Amounts realized from the sale, exchange, or other	765
disposition of the taxpayer's property to or with another;	766
(b) Amounts realized from the taxpayer's performance of	767
services for another;	768
(c) Amounts realized from another's use or possession of	769
the taxpayer's property or capital;	770
(d) Any combination of the foregoing amounts.	771
(2) "Gross receipts" excludes the following amounts:	772
(a) Interest income except interest on credit sales;	773
(b) Dividends and distributions from corporations, and	774
distributive or proportionate shares of receipts and income from	775
a pass-through entity as defined under section 5733.04 of the	776
Revised Code;	777
(c) Receipts from the sale, exchange, or other disposition	778
of an asset described in section 1221 or 1231 of the Internal	779
Revenue Code, without regard to the length of time the person	780
held the asset. Notwithstanding section 1221 of the Internal	781
Revenue Code, receipts from hedging transactions also are	782

excluded to the extent the transactions are entered into 783
primarily to protect a financial position, such as managing the 784
risk of exposure to (i) foreign currency fluctuations that 785
affect assets, liabilities, profits, losses, equity, or 786
investments in foreign operations; (ii) interest rate 787
fluctuations; or (iii) commodity price fluctuations. As used in 788
division (F)(2)(c) of this section, "hedging transaction" has 789
the same meaning as used in section 1221 of the Internal Revenue 790
Code and also includes transactions accorded hedge accounting 791
treatment under statement of financial accounting standards 792
number 133 of the financial accounting standards board. For the 793
purposes of division (F)(2)(c) of this section, the actual 794
transfer of title of real or tangible personal property to 795
another entity is not a hedging transaction. 796

(d) Proceeds received attributable to the repayment, 797
maturity, or redemption of the principal of a loan, bond, mutual 798
fund, certificate of deposit, or marketable instrument; 799

(e) The principal amount received under a repurchase 800
agreement or on account of any transaction properly 801
characterized as a loan to the person; 802

(f) Contributions received by a trust, plan, or other 803
arrangement, any of which is described in section 501(a) of the 804
Internal Revenue Code, or to which Title 26, Subtitle A, Chapter 805
1, Subchapter (D) of the Internal Revenue Code applies; 806

(g) Compensation, whether current or deferred, and whether 807
in cash or in kind, received or to be received by an employee, 808
former employee, or the employee's legal successor for services 809
rendered to or for an employer, including reimbursements 810
received by or for an individual for medical or education 811
expenses, health insurance premiums, or employee expenses, or on 812

account of a dependent care spending account, legal services	813
plan, any cafeteria plan described in section 125 of the	814
Internal Revenue Code, or any similar employee reimbursement;	815
(h) Proceeds received from the issuance of the taxpayer's	816
own stock, options, warrants, puts, or calls, or from the sale	817
of the taxpayer's treasury stock;	818
(i) Proceeds received on the account of payments from	819
insurance policies, except those proceeds received for the loss	820
of business revenue;	821
(j) Gifts or charitable contributions received; membership	822
dues received by trade, professional, homeowners', or	823
condominium associations; and payments received for educational	824
courses, meetings, meals, or similar payments to a trade,	825
professional, or other similar association; and fundraising	826
receipts received by any person when any excess receipts are	827
donated or used exclusively for charitable purposes;	828
(k) Damages received as the result of litigation in excess	829
of amounts that, if received without litigation, would be gross	830
receipts;	831
(l) Property, money, and other amounts received or	832
acquired by an agent on behalf of another in excess of the	833
agent's commission, fee, or other remuneration;	834
(m) Tax refunds, other tax benefit recoveries, and	835
reimbursements for the tax imposed under this chapter made by	836
entities that are part of the same combined taxpayer or	837
consolidated elected taxpayer group, and reimbursements made by	838
entities that are not members of a combined taxpayer or	839
consolidated elected taxpayer group that are required to be made	840
for economic parity among multiple owners of an entity whose tax	841

obligation under this chapter is required to be reported and	842
paid entirely by one owner, pursuant to the requirements of	843
sections 5751.011 and 5751.012 of the Revised Code;	844
(n) Pension reversions;	845
(o) Contributions to capital;	846
(p) Sales or use taxes collected as a vendor or an out-of-	847
state seller on behalf of the taxing jurisdiction from a	848
consumer or other taxes the taxpayer is required by law to	849
collect directly from a purchaser and remit to a local, state,	850
or federal tax authority;	851
(q) In the case of receipts from the sale of cigarettes,	852
tobacco products, or vapor products by a wholesale dealer,	853
retail dealer, distributor, manufacturer, vapor distributor, or	854
seller, all as defined in section 5743.01 of the Revised Code,	855
an amount equal to the federal and state excise taxes paid by	856
any person on or for such cigarettes, tobacco products, or vapor	857
products under subtitle E of the Internal Revenue Code or	858
Chapter 5743. of the Revised Code;	859
(r) In the case of receipts from the sale, transfer,	860
exchange, or other disposition of motor fuel as "motor fuel" is	861
defined in section 5736.01 of the Revised Code, an amount equal	862
to the value of the motor fuel, including federal and state	863
motor fuel excise taxes and receipts from billing or invoicing	864
the tax imposed under section 5736.02 of the Revised Code to	865
another person;	866
(s) In the case of receipts from the sale of beer or	867
intoxicating liquor, as defined in section 4301.01 of the	868
Revised Code, by a person holding a permit issued under Chapter	869
4301. or 4303. of the Revised Code, an amount equal to federal	870

and state excise taxes paid by any person on or for such beer or 871
intoxicating liquor under subtitle E of the Internal Revenue 872
Code or Chapter 4301. or 4305. of the Revised Code; 873

(t) Receipts realized by a new motor vehicle dealer or 874
used motor vehicle dealer, as defined in section 4517.01 of the 875
Revised Code, from the sale or other transfer of a motor 876
vehicle, as defined in that section, to another motor vehicle 877
dealer for the purpose of resale by the transferee motor vehicle 878
dealer, but only if the sale or other transfer was based upon 879
the transferee's need to meet a specific customer's preference 880
for a motor vehicle; 881

(u) Receipts from a financial institution described in 882
division (E) (3) of this section for services provided to the 883
financial institution in connection with the issuance, 884
processing, servicing, and management of loans or credit 885
accounts, if such financial institution and the recipient of 886
such receipts have at least fifty per cent of their ownership 887
interests owned or controlled, directly or constructively 888
through related interests, by common owners; 889

(v) Receipts realized from administering anti-neoplastic 890
drugs and other cancer chemotherapy, biologicals, therapeutic 891
agents, and supportive drugs in a physician's office to patients 892
with cancer; 893

(w) Funds received or used by a mortgage broker that is 894
not a dealer in intangibles, other than fees or other 895
consideration, pursuant to a table-funding mortgage loan or 896
warehouse-lending mortgage loan. Terms used in division (F) (2) 897
(w) of this section have the same meanings as in section 1322.01 898
of the Revised Code, except "mortgage broker" means a person 899
assisting a buyer in obtaining a mortgage loan for a fee or 900

other consideration paid by the buyer or a lender, or a person 901
engaged in table-funding or warehouse-lending mortgage loans 902
that are first lien mortgage loans. 903

(x) Property, money, and other amounts received by a 904
professional employer organization, as defined in section 905
4125.01 of the Revised Code, or an alternate employer 906
organization, as defined in section 4133.01 of the Revised Code, 907
from a client employer, as defined in ~~that section~~ either of 908
those sections as applicable, in excess of the administrative 909
fee charged by the professional employer organization or the 910
alternate employer organization to the client employer; 911

(y) In the case of amounts retained as commissions by a 912
permit holder under Chapter 3769. of the Revised Code, an amount 913
equal to the amounts specified under that chapter that must be 914
paid to or collected by the tax commissioner as a tax and the 915
amounts specified under that chapter to be used as purse money; 916

(z) Qualifying distribution center receipts as determined 917
under section 5751.40 of the Revised Code. 918

(aa) Receipts of an employer from payroll deductions 919
relating to the reimbursement of the employer for advancing 920
moneys to an unrelated third party on an employee's behalf; 921

(bb) Cash discounts allowed and taken; 922

(cc) Returns and allowances; 923

(dd) Bad debts from receipts on the basis of which the tax 924
imposed by this chapter was paid in a prior quarterly tax 925
payment period. For the purpose of this division, "bad debts" 926
means any debts that have become worthless or uncollectible 927
between the preceding and current quarterly tax payment periods, 928

have been uncollected for at least six months, and that may be 929
claimed as a deduction under section 166 of the Internal Revenue 930
Code and the regulations adopted under that section, or that 931
could be claimed as such if the taxpayer kept its accounts on 932
the accrual basis. "Bad debts" does not include repossessed 933
property, uncollectible amounts on property that remains in the 934
possession of the taxpayer until the full purchase price is 935
paid, or expenses in attempting to collect any account 936
receivable or for any portion of the debt recovered; 937

(ee) Any amount realized from the sale of an account 938
receivable to the extent the receipts from the underlying 939
transaction giving rise to the account receivable were included 940
in the gross receipts of the taxpayer; 941

(ff) Any receipts directly attributed to a transfer 942
agreement or to the enterprise transferred under that agreement 943
under section 4313.02 of the Revised Code. 944

(gg) Qualified uranium receipts as determined under 945
section 5751.41 of the Revised Code. 946

(hh) In the case of amounts collected by a licensed casino 947
operator from casino gaming, amounts in excess of the casino 948
operator's gross casino revenue. In this division, "casino 949
operator" and "casino gaming" have the meanings defined in 950
section 3772.01 of the Revised Code, and "gross casino revenue" 951
has the meaning defined in section 5753.01 of the Revised Code. 952

(ii) Receipts realized from the sale of agricultural 953
commodities by an agricultural commodity handler, both as 954
defined in section 926.01 of the Revised Code, that is licensed 955
by the director of agriculture to handle agricultural 956
commodities in this state. 957

(jj) Qualifying integrated supply chain receipts as 958
determined under section 5751.42 of the Revised Code. 959

(kk) In the case of a railroad company described in 960
division (D) (9) of section 5727.01 of the Revised Code that 961
purchases dyed diesel fuel directly from a supplier as defined 962
by section 5736.01 of the Revised Code, an amount equal to the 963
product of the number of gallons of dyed diesel fuel purchased 964
directly from such a supplier multiplied by the average 965
wholesale price for a gallon of diesel fuel as determined under 966
section 5736.02 of the Revised Code for the period during which 967
the fuel was purchased multiplied by a fraction, the numerator 968
of which equals the rate of tax levied by section 5736.02 of the 969
Revised Code less the rate of tax computed in section 5751.03 of 970
the Revised Code, and the denominator of which equals the rate 971
of tax computed in section 5751.03 of the Revised Code. 972

(ll) Receipts realized by an out-of-state disaster 973
business from disaster work conducted in this state during a 974
disaster response period pursuant to a qualifying solicitation 975
received by the business. Terms used in division (F) (2) (ll) of 976
this section have the same meanings as in section 5703.94 of the 977
Revised Code. 978

(mm) Any receipts for which the tax imposed by this 979
chapter is prohibited by the constitution or laws of the United 980
States or the constitution of this state. 981

(3) In the case of a taxpayer when acting as a real estate 982
broker, "gross receipts" includes only the portion of any fee 983
for the service of a real estate broker, or service of a real 984
estate salesperson associated with that broker, that is retained 985
by the broker and not paid to an associated real estate 986
salesperson or another real estate broker. For the purposes of 987

this division, "real estate broker" and "real estate	988
salesperson" have the same meanings as in section 4735.01 of the	989
Revised Code.	990
(4) A taxpayer's method of accounting for gross receipts	991
for a tax period shall be the same as the taxpayer's method of	992
accounting for federal income tax purposes for the taxpayer's	993
federal taxable year that includes the tax period. If a	994
taxpayer's method of accounting for federal income tax purposes	995
changes, its method of accounting for gross receipts under this	996
chapter shall be changed accordingly.	997
(G) "Taxable gross receipts" means gross receipts sitused	998
to this state under section 5751.033 of the Revised Code.	999
(H) A person has "substantial nexus with this state" if	1000
any of the following applies. The person:	1001
(1) Owns or uses a part or all of its capital in this	1002
state;	1003
(2) Holds a certificate of compliance with the laws of	1004
this state authorizing the person to do business in this state;	1005
(3) Has bright-line presence in this state;	1006
(4) Otherwise has nexus with this state to an extent that	1007
the person can be required to remit the tax imposed under this	1008
chapter under the Constitution of the United States.	1009
(I) A person has "bright-line presence" in this state for	1010
a reporting period and for the remaining portion of the calendar	1011
year if any of the following applies. The person:	1012
(1) Has at any time during the calendar year property in	1013
this state with an aggregate value of at least fifty thousand	1014
dollars. For the purpose of division (I)(1) of this section,	1015

owned property is valued at original cost and rented property is	1016
valued at eight times the net annual rental charge.	1017
(2) Has during the calendar year payroll in this state of	1018
at least fifty thousand dollars. Payroll in this state includes	1019
all of the following:	1020
(a) Any amount subject to withholding by the person under	1021
section 5747.06 of the Revised Code;	1022
(b) Any other amount the person pays as compensation to an	1023
individual under the supervision or control of the person for	1024
work done in this state; and	1025
(c) Any amount the person pays for services performed in	1026
this state on its behalf by another.	1027
(3) Has during the calendar year taxable gross receipts of	1028
at least five hundred thousand dollars.	1029
(4) Has at any time during the calendar year within this	1030
state at least twenty-five per cent of the person's total	1031
property, total payroll, or total gross receipts.	1032
(5) Is domiciled in this state as an individual or for	1033
corporate, commercial, or other business purposes.	1034
(J) "Tangible personal property" has the same meaning as	1035
in section 5739.01 of the Revised Code.	1036
(K) "Internal Revenue Code" means the Internal Revenue	1037
Code of 1986, 100 Stat. 2085, 26 U.S.C. 1, as amended. Any term	1038
used in this chapter that is not otherwise defined has the same	1039
meaning as when used in a comparable context in the laws of the	1040
United States relating to federal income taxes unless a	1041
different meaning is clearly required. Any reference in this	1042
chapter to the Internal Revenue Code includes other laws of the	1043

United States relating to federal income taxes.	1044
(L) "Calendar quarter" means a three-month period ending	1045
on the thirty-first day of March, the thirtieth day of June, the	1046
thirtieth day of September, or the thirty-first day of December.	1047
(M) "Tax period" means the calendar quarter or calendar	1048
year on the basis of which a taxpayer is required to pay the tax	1049
imposed under this chapter.	1050
(N) "Calendar year taxpayer" means a taxpayer for which	1051
the tax period is a calendar year.	1052
(O) "Calendar quarter taxpayer" means a taxpayer for which	1053
the tax period is a calendar quarter.	1054
(P) "Agent" means a person authorized by another person to	1055
act on its behalf to undertake a transaction for the other,	1056
including any of the following:	1057
(1) A person receiving a fee to sell financial	1058
instruments;	1059
(2) A person retaining only a commission from a	1060
transaction with the other proceeds from the transaction being	1061
remitted to another person;	1062
(3) A person issuing licenses and permits under section	1063
1533.13 of the Revised Code;	1064
(4) A lottery sales agent holding a valid license issued	1065
under section 3770.05 of the Revised Code;	1066
(5) A person acting as an agent of the division of liquor	1067
control under section 4301.17 of the Revised Code.	1068
(Q) "Received" includes amounts accrued under the accrual	1069
method of accounting.	1070

(R) "Reporting person" means a person in a consolidated
elected taxpayer or combined taxpayer group that is designated
by that group to legally bind the group for all filings and tax
liabilities and to receive all legal notices with respect to
matters under this chapter, or, for the purposes of section
5751.04 of the Revised Code, a separate taxpayer that is not a
member of such a group."

The motion was _____ agreed to.

SYNOPSIS

Alternate employer organizations

R.C. 4133.03, 4133.07, 5733.40, 5747.07, and 5751.01

Requires an AEO, created under the bill, to annually
certify to the Administrator of Workers' Compensation that all
client employer federal payroll taxes have been timely and
appropriately paid, and on request of the Administrator, provide
proof of payment.

Requires an AEO to annually provide written notice to each
worksite employee it assigns to perform services to a client
employer of the relationship between and the responsibilities of
the AEO and the client employer.

Specifies that the use of a client employer's tax
identification number for federal payroll tax purposes as
required under the bill shall not be construed to absolve the
AEO of any responsibilities or liabilities applicable to an AEO,
including those under federal law.

Prohibits an AEO from owning or co-owning an affiliated	1095
professional employer organization or AEO.	1096
Prohibits an AEO from sponsoring or acting as the employer	1097
of a health benefit plan.	1098
Allows an AEO to assist a client employer in procuring a	1099
health benefit plan as a broker or otherwise.	1100
Updates Revised Code sections that have been amended since	1101
the bill's introduction.	1102