

As Introduced

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H. B. No. 514

Representatives Cross, Denson

Cosponsors: Representatives Click, Hall, Riedel, White, Creech, Johnson, John, Gross, Lanese, Jones, Plummer, Swearingen, Abrams, Carfagna, Baldrige, Miller, K., Lampton, West, Miller, J., Upchurch, Russo, Leland, Jarrells

A BILL

To amend sections 5703.21, 5747.01, 5747.98, 1
5751.98, and 6301.04 and to enact sections 2
3333.126, 3333.611, 3333.612, 5747.82, 5747.83, 3
and 5751.55 of the Revised Code to authorize tax 4
incentives for higher education intern and 5
graduate wages, to make other changes regarding 6
higher education student financial aid, and to 7
make an appropriation. 8

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

Section 1. That sections 5703.21, 5747.01, 5747.98, 9
5751.98, and 6301.04 be amended and sections 3333.126, 3333.611, 10
3333.612, 5747.82, 5747.83, and 5751.55 of the Revised Code be 11
enacted to read as follows: 12

Sec. 3333.126. (A) As used in this section, "eligible 13
student" means a student to whom all of the following apply: 14

(1) The student is eligible for an Ohio college 15
opportunity grant under section 3333.122 of the Revised Code. 16

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| <u>(2) The student is making progress toward completing the</u> | 17 |
| <u>student's bachelor's degree program.</u> | 18 |
| <u>(3) The student previously completed an associate's degree</u> | 19 |
| <u>program at any of the following:</u> | 20 |
| <u>(a) A community college established under Chapter 3345. of</u> | 21 |
| <u>the Revised Code;</u> | 22 |
| <u>(b) A state community college established under Chapter</u> | 23 |
| <u>3358. of the Revised Code;</u> | 24 |
| <u>(c) A technical college established under Chapter 3357. of</u> | 25 |
| <u>the Revised Code;</u> | 26 |
| <u>(d) A university branch campus;</u> | 27 |
| <u>(e) Central state university;</u> | 28 |
| <u>(f) Shawnee state university;</u> | 29 |
| <u>(g) A private, nonprofit institution of higher education</u> | 30 |
| <u>that holds a certificate of authorization pursuant to Chapter</u> | 31 |
| <u>1713. of the Revised Code that is not the institution at which</u> | 32 |
| <u>the student is enrolled in a bachelor's degree program.</u> | 33 |
| <u>(B) In addition to the Ohio college opportunity grant a</u> | 34 |
| <u>student is awarded under section 3333.122 of the Revised Code,</u> | 35 |
| <u>the chancellor of higher education shall award an eligible</u> | 36 |
| <u>student with a supplemental grant equal to one-half of the</u> | 37 |
| <u>amount the student is awarded under that section.</u> | 38 |
| <u>(C) The supplemental grants shall be subject to the same</u> | 39 |
| <u>requirements as a grant awarded under section 3333.122 of the</u> | 40 |
| <u>Revised Code, including divisions (D)(1) and (E) of that</u> | 41 |
| <u>section.</u> | 42 |
| <u>(D) The chancellor shall adopt rules to implement this</u> | 43 |

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| <u>section.</u> | 44 |
| <u>Sec. 3333.611. (A) As used in this section:</u> | 45 |
| <u>(1) An "eligible applicant" is an individual who satisfies</u> | 46 |
| <u>all of the following conditions:</u> | 47 |
| <u>(a) The individual is not an Ohio resident.</u> | 48 |
| <u>(b) The individual is enrolled in a state university or</u> | 49 |
| <u>college or a nonpublic four-year Ohio institution of higher</u> | 50 |
| <u>education.</u> | 51 |
| <u>(c) The individual is enrolled as an undergraduate or</u> | 52 |
| <u>graduate student in the field of science, technology,</u> | 53 |
| <u>engineering, or mathematics, or in science, technology,</u> | 54 |
| <u>engineering, or mathematics education.</u> | 55 |
| <u>(d) The individual was ranked in the top five per cent of</u> | 56 |
| <u>the individual's high school graduation cohort according to</u> | 57 |
| <u>grade point average.</u> | 58 |
| <u>(2) "Eligible graduate" means an individual who satisfies</u> | 59 |
| <u>all of the following conditions:</u> | 60 |
| <u>(a) The individual graduated from the state university or</u> | 61 |
| <u>college or nonpublic four-year Ohio institution of higher</u> | 62 |
| <u>education in which the individual was enrolled while the</u> | 63 |
| <u>individual was participating in the subprogram.</u> | 64 |
| <u>(b) The individual has outstanding loans that the</u> | 65 |
| <u>individual received under the subprogram.</u> | 66 |
| <u>(c) The individual is making timely payments on those</u> | 67 |
| <u>loans in accordance with the terms of the individual's repayment</u> | 68 |
| <u>schedule.</u> | 69 |
| <u>(B) The chancellor of higher education shall establish and</u> | 70 |

administer, as part of the choose Ohio first scholarship 71
program, a subprogram to make loans of ten thousand dollars to 72
eligible applicants. Eligible applicants shall apply for loans 73
in a form and manner prescribed by the chancellor. The 74
chancellor shall make first-time loans to eligible applicants 75
whom the chancellor approves to participate in the subprogram. 76
The chancellor shall not approve more than one hundred completed 77
applications for first-time loans in an academic year and shall 78
determine a method to select which applications to approve if 79
more than one hundred are submitted. 80

(C) An eligible applicant who receives a first-time loan 81
may apply to the chancellor to receive an additional loan of 82
five thousand dollars for each of the three subsequent academic 83
years. The chancellor shall not make loans to an eligible 84
applicant for more than four academic years. 85

(D) Each eligible applicant who receives a loan under the 86
subprogram shall sign a promissory note payable to the state. 87
The chancellor shall determine the interest rate and period of 88
repayment under the note. 89

(E) The chancellor shall forgive an eligible graduate's 90
obligation to repay the principal and interest on loans received 91
under the subprogram, as follows: 92

(1) If the graduate is an Ohio resident on the date that 93
is one calendar year after the graduate's graduation date, the 94
chancellor shall forgive an amount equal to thirty-three per 95
cent of the graduate's outstanding principal and interest. 96

(2) If the graduate is an Ohio resident on the date that 97
is two calendar years after the graduate's graduation date, the 98
chancellor shall forgive an amount equal to fifty per cent of 99

the graduate's outstanding principal and interest. 100

(3) If the graduate is an Ohio resident on the date that 101
is three calendar years after the graduate's graduation date, 102
the chancellor shall forgive any remaining outstanding principal 103
and interest. 104

(F) It is the intent of the general assembly that the 105
general revenue fund appropriations used to award choose Ohio 106
first scholarships also shall be used to award loans under the 107
subprogram. 108

(G) The chancellor shall adopt rules in accordance with 109
Chapter 119. of the Revised Code to administer the subprogram. 110

Sec. 3333.612. (A) As used in this section: 111

(1) "Intern" means a student who participates in an 112
internship program or a cooperative education program. 113

(2) "Internship program" and "cooperative education 114
program" have the same meanings as in section 3333.71 of the 115
Revised Code. 116

(B) A taxpayer that employs one or more interns may apply 117
to the chancellor of higher education for a tax credit under 118
section 5747.83 or 5751.55 of the Revised Code. The credit shall 119
equal thirty per cent of the wages or salaries paid to each 120
intern during the calendar year. To qualify for the credit, a 121
taxpayer's application must be received by the chancellor after 122
the first day and before the twenty-first day of January of the 123
year following the calendar year in which the wages or salaries 124
are paid. The application shall be made on a form and in the 125
manner prescribed by the chancellor and shall include any 126
information and documentation sufficient to establish that the 127
applicant meets the eligibility criteria prescribed under 128

section 5747.83 or 5751.55 of the Revised Code. 129

(C) If the chancellor determines that the applicant 130
qualifies for a credit under section 5747.83 or 5751.55 of the 131
Revised Code, the chancellor shall issue, within fifteen days 132
after the receipt of a complete application under division (B) 133
of this section, a tax credit certificate to the applicant. The 134
certificate shall be identified with a unique number and shall 135
include the applicant's name, address, federal employer 136
identification number, and the amount of credit the chancellor 137
determines the applicant is eligible to claim under section 138
5747.83 or 5751.55 of the Revised Code. The director shall send 139
a copy of each certificate to the tax commissioner. 140

Sec. 5703.21. (A) Except as provided in divisions (B) and 141
(C) of this section, no agent of the department of taxation, 142
except in the agent's report to the department or when called on 143
to testify in any court or proceeding, shall divulge any 144
information acquired by the agent as to the transactions, 145
property, or business of any person while acting or claiming to 146
act under orders of the department. Whoever violates this 147
provision shall thereafter be disqualified from acting as an 148
officer or employee or in any other capacity under appointment 149
or employment of the department. 150

(B) (1) For purposes of an audit pursuant to section 117.15 151
of the Revised Code, or an audit of the department pursuant to 152
Chapter 117. of the Revised Code, or an audit, pursuant to that 153
chapter, the objective of which is to express an opinion on a 154
financial report or statement prepared or issued pursuant to 155
division (A) (7) or (9) of section 126.21 of the Revised Code, 156
the officers and employees of the auditor of state charged with 157
conducting the audit shall have access to and the right to 158

examine any state tax returns and state tax return information 159
in the possession of the department to the extent that the 160
access and examination are necessary for purposes of the audit. 161
Any information acquired as the result of that access and 162
examination shall not be divulged for any purpose other than as 163
required for the audit or unless the officers and employees are 164
required to testify in a court or proceeding under compulsion of 165
legal process. Whoever violates this provision shall thereafter 166
be disqualified from acting as an officer or employee or in any 167
other capacity under appointment or employment of the auditor of 168
state. 169

(2) For purposes of an internal audit pursuant to section 170
126.45 of the Revised Code, the officers and employees of the 171
office of internal audit in the office of budget and management 172
charged with directing the internal audit shall have access to 173
and the right to examine any state tax returns and state tax 174
return information in the possession of the department to the 175
extent that the access and examination are necessary for 176
purposes of the internal audit. Any information acquired as the 177
result of that access and examination shall not be divulged for 178
any purpose other than as required for the internal audit or 179
unless the officers and employees are required to testify in a 180
court or proceeding under compulsion of legal process. Whoever 181
violates this provision shall thereafter be disqualified from 182
acting as an officer or employee or in any other capacity under 183
appointment or employment of the office of internal audit. 184

(3) As provided by section 6103(d)(2) of the Internal 185
Revenue Code, any federal tax returns or federal tax information 186
that the department has acquired from the internal revenue 187
service, through federal and state statutory authority, may be 188
disclosed to the auditor of state or the office of internal 189

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| audit solely for purposes of an audit of the department. | 190 |
| (4) For purposes of Chapter 3739. of the Revised Code, an agent of the department of taxation may share information with the division of state fire marshal that the agent finds during the course of an investigation. | 191 192 193 194 |
| (C) Division (A) of this section does not prohibit any of the following: | 195 196 |
| (1) Divulging information contained in applications, complaints, and related documents filed with the department under section 5715.27 of the Revised Code or in applications filed with the department under section 5715.39 of the Revised Code; | 197 198 199 200 201 |
| (2) Providing information to the office of child support within the department of job and family services pursuant to section 3125.43 of the Revised Code; | 202 203 204 |
| (3) Disclosing to the motor vehicle repair board any information in the possession of the department that is necessary for the board to verify the existence of an applicant's valid vendor's license and current state tax identification number under section 4775.07 of the Revised Code; | 205 206 207 208 209 |
| (4) Providing information to the administrator of workers' compensation pursuant to sections 4123.271 and 4123.591 of the Revised Code; | 210 211 212 |
| (5) Providing to the attorney general information the department obtains under division (J) of section 1346.01 of the Revised Code; | 213 214 215 |
| (6) Permitting properly authorized officers, employees, or agents of a municipal corporation from inspecting reports or | 216 217 |

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| information pursuant to section 718.84 of the Revised Code or | 218 |
| rules adopted under section 5745.16 of the Revised Code; | 219 |
| (7) Providing information regarding the name, account | 220 |
| number, or business address of a holder of a vendor's license | 221 |
| issued pursuant to section 5739.17 of the Revised Code, a holder | 222 |
| of a direct payment permit issued pursuant to section 5739.031 | 223 |
| of the Revised Code, or a seller having a use tax account | 224 |
| maintained pursuant to section 5741.17 of the Revised Code, or | 225 |
| information regarding the active or inactive status of a | 226 |
| vendor's license, direct payment permit, or seller's use tax | 227 |
| account; | 228 |
| (8) Releasing invoices or invoice information furnished | 229 |
| under section 4301.433 of the Revised Code pursuant to that | 230 |
| section; | 231 |
| (9) Providing to a county auditor notices or documents | 232 |
| concerning or affecting the taxable value of property in the | 233 |
| county auditor's county. Unless authorized by law to disclose | 234 |
| documents so provided, the county auditor shall not disclose | 235 |
| such documents; | 236 |
| (10) Providing to a county auditor sales or use tax return | 237 |
| or audit information under section 333.06 of the Revised Code; | 238 |
| (11) Subject to section 4301.441 of the Revised Code, | 239 |
| disclosing to the appropriate state agency information in the | 240 |
| possession of the department of taxation that is necessary to | 241 |
| verify a permit holder's gallonage or noncompliance with taxes | 242 |
| levied under Chapter 4301. or 4305. of the Revised Code; | 243 |
| (12) Disclosing to the department of natural resources | 244 |
| information in the possession of the department of taxation that | 245 |
| is necessary for the department of taxation to verify the | 246 |

taxpayer's compliance with section 5749.02 of the Revised Code 247
or to allow the department of natural resources to enforce 248
Chapter 1509. of the Revised Code; 249

(13) Disclosing to the department of job and family 250
services, industrial commission, and bureau of workers' 251
compensation information in the possession of the department of 252
taxation solely for the purpose of identifying employers that 253
misclassify employees as independent contractors or that fail to 254
properly report and pay employer tax liabilities. The department 255
of taxation shall disclose only such information that is 256
necessary to verify employer compliance with law administered by 257
those agencies. 258

(14) Disclosing to the Ohio casino control commission 259
information in the possession of the department of taxation that 260
is necessary to verify a casino operator's compliance with 261
section 5747.063 or 5753.02 of the Revised Code and sections 262
related thereto; 263

(15) Disclosing to the state lottery commission 264
information in the possession of the department of taxation that 265
is necessary to verify a lottery sales agent's compliance with 266
section 5747.064 of the Revised Code. 267

(16) Disclosing to the department of development 268
information in the possession of the department of taxation that 269
is necessary to ensure compliance with the laws of this state 270
governing taxation and to verify information reported to the 271
department of development for the purpose of evaluating 272
potential tax credits, tax deductions, grants, or loans. Such 273
information shall not include information received from the 274
internal revenue service the disclosure of which is prohibited 275
by section 6103 of the Internal Revenue Code. No officer, 276

employee, or agent of the department of development shall 277
disclose any information provided to the department of 278
development by the department of taxation under division (C) (16) 279
of this section except when disclosure of the information is 280
necessary for, and made solely for the purpose of facilitating, 281
the evaluation of potential tax credits, tax deductions, grants, 282
or loans. 283

(17) Disclosing to the department of insurance information 284
in the possession of the department of taxation that is 285
necessary to ensure a taxpayer's compliance with the 286
requirements with any tax credit administered by the department 287
of development and claimed by the taxpayer against any tax 288
administered by the superintendent of insurance. No officer, 289
employee, or agent of the department of insurance shall disclose 290
any information provided to the department of insurance by the 291
department of taxation under division (C) (17) of this section. 292

(18) Disclosing to the division of liquor control 293
information in the possession of the department of taxation that 294
is necessary for the division and department to comply with the 295
requirements of sections 4303.26 and 4303.271 of the Revised 296
Code. 297

(19) Disclosing to the department of education, upon that 298
department's request, information in the possession of the 299
department of taxation that is necessary only to verify whether 300
the family income of a student applying for or receiving a 301
scholarship under the educational choice scholarship pilot 302
program is equal to, less than, or greater than the income 303
thresholds prescribed by section 3310.032 of the Revised Code. 304
The department of education shall provide sufficient information 305
about the student and the student's family to enable the 306

department of taxation to make the verification. 307

(20) Disclosing to the Ohio rail development commission 308
information in the possession of the department of taxation that 309
is necessary to ensure compliance with the laws of this state 310
governing taxation and to verify information reported to the 311
commission for the purpose of evaluating potential grants or 312
loans. Such information shall not include information received 313
from the internal revenue service the disclosure of which is 314
prohibited by section 6103 of the Internal Revenue Code. No 315
member, officer, employee, or agent of the Ohio rail development 316
commission shall disclose any information provided to the 317
commission by the department of taxation under division (C) (20) 318
of this section except when disclosure of the information is 319
necessary for, and made solely for the purpose of facilitating, 320
the evaluation of potential grants or loans. 321

(21) Disclosing to the state racing commission information 322
in the possession of the department of taxation that is 323
necessary for verification of compliance with and for 324
enforcement and administration of the taxes levied by Chapter 325
3769. of the Revised Code. Such information shall include 326
information that is necessary for the state racing commission to 327
verify compliance with Chapter 3769. of the Revised Code for the 328
purposes of issuance, denial, suspension, or revocation of a 329
permit pursuant to section 3769.03 or 3769.06 of the Revised 330
Code and related sections. Unless disclosure is otherwise 331
authorized by law, information provided to the state racing 332
commission under this section remains confidential and is not 333
subject to public disclosure pursuant to section 3769.041 of the 334
Revised Code. 335

(22) Disclosing to the state fire marshal information in 336

the possession of the department of taxation that is necessary 337
for the state fire marshal to verify the compliance of a 338
licensed manufacturer of fireworks or a licensed wholesaler of 339
fireworks with section 3743.22 of the Revised Code. No officer, 340
employee, or agent of the state fire marshal shall disclose any 341
information provided to the state fire marshal by the department 342
of taxation under division (C) (22) of this section. 343

(23) Disclosing to the department of higher education 344
information in the possession of the department of taxation that 345
is necessary to verify information reported to the department of 346
higher education for the purpose of evaluating potential tax 347
credits. Such information shall not include information received 348
from the internal revenue service the disclosure of which is 349
prohibited by section 6103 of the Internal Revenue Code. No 350
officer, employee, or agent of the department of higher 351
education shall disclose any information provided to the 352
department of higher education by the department of taxation 353
under division (C) (23) of this section. 354

Sec. 5747.01. Except as otherwise expressly provided or 355
clearly appearing from the context, any term used in this 356
chapter that is not otherwise defined in this section has the 357
same meaning as when used in a comparable context in the laws of 358
the United States relating to federal income taxes or if not 359
used in a comparable context in those laws, has the same meaning 360
as in section 5733.40 of the Revised Code. Any reference in this 361
chapter to the Internal Revenue Code includes other laws of the 362
United States relating to federal income taxes. 363

As used in this chapter: 364

(A) "Adjusted gross income" or "Ohio adjusted gross 365
income" means federal adjusted gross income, as defined and used 366

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| in the Internal Revenue Code, adjusted as provided in this | 367 |
| section: | 368 |
| (1) Add interest or dividends on obligations or securities | 369 |
| of any state or of any political subdivision or authority of any | 370 |
| state, other than this state and its subdivisions and | 371 |
| authorities. | 372 |
| (2) Add interest or dividends on obligations of any | 373 |
| authority, commission, instrumentality, territory, or possession | 374 |
| of the United States to the extent that the interest or | 375 |
| dividends are exempt from federal income taxes but not from | 376 |
| state income taxes. | 377 |
| (3) Deduct interest or dividends on obligations of the | 378 |
| United States and its territories and possessions or of any | 379 |
| authority, commission, or instrumentality of the United States | 380 |
| to the extent that the interest or dividends are included in | 381 |
| federal adjusted gross income but exempt from state income taxes | 382 |
| under the laws of the United States. | 383 |
| (4) Deduct disability and survivor's benefits to the | 384 |
| extent included in federal adjusted gross income. | 385 |
| (5) Deduct the following, to the extent not otherwise | 386 |
| deducted or excluded in computing federal or Ohio adjusted gross | 387 |
| income: | 388 |
| (a) Benefits under Title II of the Social Security Act and | 389 |
| tier 1 railroad retirement; | 390 |
| (b) Railroad retirement benefits, other than tier 1 | 391 |
| railroad retirement benefits, to the extent such amounts are | 392 |
| exempt from state taxation under federal law. | 393 |
| (6) Deduct the amount of wages and salaries, if any, not | 394 |

otherwise allowable as a deduction but that would have been 395
allowable as a deduction in computing federal adjusted gross 396
income for the taxable year, had the work opportunity tax credit 397
allowed and determined under sections 38, 51, and 52 of the 398
Internal Revenue Code not been in effect. 399

(7) Deduct any interest or interest equivalent on public 400
obligations and purchase obligations to the extent that the 401
interest or interest equivalent is included in federal adjusted 402
gross income. 403

(8) Add any loss or deduct any gain resulting from the 404
sale, exchange, or other disposition of public obligations to 405
the extent that the loss has been deducted or the gain has been 406
included in computing federal adjusted gross income. 407

(9) Deduct or add amounts, as provided under section 408
5747.70 of the Revised Code, related to contributions to 409
variable college savings program accounts made or tuition units 410
purchased pursuant to Chapter 3334. of the Revised Code. 411

(10) (a) Deduct, to the extent not otherwise allowable as a 412
deduction or exclusion in computing federal or Ohio adjusted 413
gross income for the taxable year, the amount the taxpayer paid 414
during the taxable year for medical care insurance and qualified 415
long-term care insurance for the taxpayer, the taxpayer's 416
spouse, and dependents. No deduction for medical care insurance 417
under division (A) (10) (a) of this section shall be allowed 418
either to any taxpayer who is eligible to participate in any 419
subsidized health plan maintained by any employer of the 420
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 421
entitled to, or on application would be entitled to, benefits 422
under part A of Title XVIII of the "Social Security Act," 49 423
Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 424

division (A)(10)(a) of this section, "subsidized health plan" 425
means a health plan for which the employer pays any portion of 426
the plan's cost. The deduction allowed under division (A)(10)(a) 427
of this section shall be the net of any related premium refunds, 428
related premium reimbursements, or related insurance premium 429
dividends received during the taxable year. 430

(b) Deduct, to the extent not otherwise deducted or 431
excluded in computing federal or Ohio adjusted gross income 432
during the taxable year, the amount the taxpayer paid during the 433
taxable year, not compensated for by any insurance or otherwise, 434
for medical care of the taxpayer, the taxpayer's spouse, and 435
dependents, to the extent the expenses exceed seven and one-half 436
per cent of the taxpayer's federal adjusted gross income. 437

(c) For purposes of division (A)(10) of this section, 438
"medical care" has the meaning given in section 213 of the 439
Internal Revenue Code, subject to the special rules, 440
limitations, and exclusions set forth therein, and "qualified 441
long-term care" has the same meaning given in section 7702B(c) 442
of the Internal Revenue Code. Solely for purposes of division 443
(A)(10)(a) of this section, "dependent" includes a person who 444
otherwise would be a "qualifying relative" and thus a 445
"dependent" under section 152 of the Internal Revenue Code but 446
for the fact that the person fails to meet the income and 447
support limitations under section 152(d)(1)(B) and (C) of the 448
Internal Revenue Code. 449

(11)(a) Deduct any amount included in federal adjusted 450
gross income solely because the amount represents a 451
reimbursement or refund of expenses that in any year the 452
taxpayer had deducted as an itemized deduction pursuant to 453
section 63 of the Internal Revenue Code and applicable United 454

States department of the treasury regulations. The deduction 455
otherwise allowed under division (A) (11) (a) of this section 456
shall be reduced to the extent the reimbursement is attributable 457
to an amount the taxpayer deducted under this section in any 458
taxable year. 459

(b) Add any amount not otherwise included in Ohio adjusted 460
gross income for any taxable year to the extent that the amount 461
is attributable to the recovery during the taxable year of any 462
amount deducted or excluded in computing federal or Ohio 463
adjusted gross income in any taxable year. 464

(12) Deduct any portion of the deduction described in 465
section 1341(a) (2) of the Internal Revenue Code, for repaying 466
previously reported income received under a claim of right, that 467
meets both of the following requirements: 468

(a) It is allowable for repayment of an item that was 469
included in the taxpayer's adjusted gross income for a prior 470
taxable year and did not qualify for a credit under division (A) 471
or (B) of section 5747.05 of the Revised Code for that year; 472

(b) It does not otherwise reduce the taxpayer's adjusted 473
gross income for the current or any other taxable year. 474

(13) Deduct an amount equal to the deposits made to, and 475
net investment earnings of, a medical savings account during the 476
taxable year, in accordance with section 3924.66 of the Revised 477
Code. The deduction allowed by division (A) (13) of this section 478
does not apply to medical savings account deposits and earnings 479
otherwise deducted or excluded for the current or any other 480
taxable year from the taxpayer's federal adjusted gross income. 481

(14) (a) Add an amount equal to the funds withdrawn from a 482
medical savings account during the taxable year, and the net 483

investment earnings on those funds, when the funds withdrawn 484
were used for any purpose other than to reimburse an account 485
holder for, or to pay, eligible medical expenses, in accordance 486
with section 3924.66 of the Revised Code; 487

(b) Add the amounts distributed from a medical savings 488
account under division (A) (2) of section 3924.68 of the Revised 489
Code during the taxable year. 490

(15) Add any amount claimed as a credit under section 491
5747.059 of the Revised Code to the extent that such amount 492
satisfies either of the following: 493

(a) The amount was deducted or excluded from the 494
computation of the taxpayer's federal adjusted gross income as 495
required to be reported for the taxpayer's taxable year under 496
the Internal Revenue Code; 497

(b) The amount resulted in a reduction of the taxpayer's 498
federal adjusted gross income as required to be reported for any 499
of the taxpayer's taxable years under the Internal Revenue Code. 500

(16) Deduct the amount contributed by the taxpayer to an 501
individual development account program established by a county 502
department of job and family services pursuant to sections 503
329.11 to 329.14 of the Revised Code for the purpose of matching 504
funds deposited by program participants. On request of the tax 505
commissioner, the taxpayer shall provide any information that, 506
in the tax commissioner's opinion, is necessary to establish the 507
amount deducted under division (A) (16) of this section. 508

(17) (a) (i) Subject to divisions (A) (17) (a) (iii), (iv), and 509
(v) of this section, add five-sixths of the amount of 510
depreciation expense allowed by subsection (k) of section 168 of 511
the Internal Revenue Code, including the taxpayer's 512

proportionate or distributive share of the amount of 513
depreciation expense allowed by that subsection to a pass- 514
through entity in which the taxpayer has a direct or indirect 515
ownership interest. 516

(ii) Subject to divisions (A) (17) (a) (iii), (iv), and (v) 517
of this section, add five-sixths of the amount of qualifying 518
section 179 depreciation expense, including the taxpayer's 519
proportionate or distributive share of the amount of qualifying 520
section 179 depreciation expense allowed to any pass-through 521
entity in which the taxpayer has a direct or indirect ownership 522
interest. 523

(iii) Subject to division (A) (17) (a) (v) of this section, 524
for taxable years beginning in 2012 or thereafter, if the 525
increase in income taxes withheld by the taxpayer is equal to or 526
greater than ten per cent of income taxes withheld by the 527
taxpayer during the taxpayer's immediately preceding taxable 528
year, "two-thirds" shall be substituted for "five-sixths" for 529
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 530

(iv) Subject to division (A) (17) (a) (v) of this section, 531
for taxable years beginning in 2012 or thereafter, a taxpayer is 532
not required to add an amount under division (A) (17) of this 533
section if the increase in income taxes withheld by the taxpayer 534
and by any pass-through entity in which the taxpayer has a 535
direct or indirect ownership interest is equal to or greater 536
than the sum of (I) the amount of qualifying section 179 537
depreciation expense and (II) the amount of depreciation expense 538
allowed to the taxpayer by subsection (k) of section 168 of the 539
Internal Revenue Code, and including the taxpayer's 540
proportionate or distributive shares of such amounts allowed to 541
any such pass-through entities. 542

(v) If a taxpayer directly or indirectly incurs a net 543
operating loss for the taxable year for federal income tax 544
purposes, to the extent such loss resulted from depreciation 545
expense allowed by subsection (k) of section 168 of the Internal 546
Revenue Code and by qualifying section 179 depreciation expense, 547
"the entire" shall be substituted for "five-sixths of the" for 548
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 549

The tax commissioner, under procedures established by the 550
commissioner, may waive the add-backs related to a pass-through 551
entity if the taxpayer owns, directly or indirectly, less than 552
five per cent of the pass-through entity. 553

(b) Nothing in division (A) (17) of this section shall be 554
construed to adjust or modify the adjusted basis of any asset. 555

(c) To the extent the add-back required under division (A) 556
(17) (a) of this section is attributable to property generating 557
nonbusiness income or loss allocated under section 5747.20 of 558
the Revised Code, the add-back shall be situated to the same 559
location as the nonbusiness income or loss generated by the 560
property for the purpose of determining the credit under 561
division (A) of section 5747.05 of the Revised Code. Otherwise, 562
the add-back shall be apportioned, subject to one or more of the 563
four alternative methods of apportionment enumerated in section 564
5747.21 of the Revised Code. 565

(d) For the purposes of division (A) (17) (a) (v) of this 566
section, net operating loss carryback and carryforward shall not 567
include the allowance of any net operating loss deduction 568
carryback or carryforward to the taxable year to the extent such 569
loss resulted from depreciation allowed by section 168(k) of the 570
Internal Revenue Code and by the qualifying section 179 571
depreciation expense amount. 572

| | |
|--|---|
| (e) For the purposes of divisions (A) (17) and (18) of this section: | 573 574 |
| (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. | 575 576 577 |
| (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. | 578 579 580 581 582 |
| (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. | 583 584 585 586 587 588 589 |
| (18) (a) If the taxpayer was required to add an amount under division (A) (17) (a) of this section for a taxable year, deduct one of the following: | 590 591 592 |
| (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; | 593 594 595 596 597 |
| (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; | 598 599 600 |
| (iii) One-sixth of the amount so added for each of the six | 601 |

succeeding taxable years if the entire amount of such 602
depreciation expense was so added. 603

(b) If the amount deducted under division (A) (18) (a) of 604
this section is attributable to an add-back allocated under 605
division (A) (17) (c) of this section, the amount deducted shall 606
be situated to the same location. Otherwise, the add-back shall 607
be apportioned using the apportionment factors for the taxable 608
year in which the deduction is taken, subject to one or more of 609
the four alternative methods of apportionment enumerated in 610
section 5747.21 of the Revised Code. 611

(c) No deduction is available under division (A) (18) (a) of 612
this section with regard to any depreciation allowed by section 613
168(k) of the Internal Revenue Code and by the qualifying 614
section 179 depreciation expense amount to the extent that such 615
depreciation results in or increases a federal net operating 616
loss carryback or carryforward. If no such deduction is 617
available for a taxable year, the taxpayer may carry forward the 618
amount not deducted in such taxable year to the next taxable 619
year and add that amount to any deduction otherwise available 620
under division (A) (18) (a) of this section for that next taxable 621
year. The carryforward of amounts not so deducted shall continue 622
until the entire addition required by division (A) (17) (a) of 623
this section has been deducted. 624

(19) Deduct, to the extent not otherwise deducted or 625
excluded in computing federal or Ohio adjusted gross income for 626
the taxable year, the amount the taxpayer received during the 627
taxable year as reimbursement for life insurance premiums under 628
section 5919.31 of the Revised Code. 629

(20) Deduct, to the extent not otherwise deducted or 630
excluded in computing federal or Ohio adjusted gross income for 631

the taxable year, the amount the taxpayer received during the 632
taxable year as a death benefit paid by the adjutant general 633
under section 5919.33 of the Revised Code. 634

(21) Deduct, to the extent included in federal adjusted 635
gross income and not otherwise allowable as a deduction or 636
exclusion in computing federal or Ohio adjusted gross income for 637
the taxable year, military pay and allowances received by the 638
taxpayer during the taxable year for active duty service in the 639
United States army, air force, navy, marine corps, or coast 640
guard or reserve components thereof or the national guard. The 641
deduction may not be claimed for military pay and allowances 642
received by the taxpayer while the taxpayer is stationed in this 643
state. 644

(22) Deduct, to the extent not otherwise allowable as a 645
deduction or exclusion in computing federal or Ohio adjusted 646
gross income for the taxable year and not otherwise compensated 647
for by any other source, the amount of qualified organ donation 648
expenses incurred by the taxpayer during the taxable year, not 649
to exceed ten thousand dollars. A taxpayer may deduct qualified 650
organ donation expenses only once for all taxable years 651
beginning with taxable years beginning in 2007. 652

For the purposes of division (A) (22) of this section: 653

(a) "Human organ" means all or any portion of a human 654
liver, pancreas, kidney, intestine, or lung, and any portion of 655
human bone marrow. 656

(b) "Qualified organ donation expenses" means travel 657
expenses, lodging expenses, and wages and salary forgone by a 658
taxpayer in connection with the taxpayer's donation, while 659
living, of one or more of the taxpayer's human organs to another 660

human being. 661

(23) Deduct, to the extent not otherwise deducted or 662
excluded in computing federal or Ohio adjusted gross income for 663
the taxable year, amounts received by the taxpayer as retired 664
personnel pay for service in the uniformed services or reserve 665
components thereof, or the national guard, or received by the 666
surviving spouse or former spouse of such a taxpayer under the 667
survivor benefit plan on account of such a taxpayer's death. If 668
the taxpayer receives income on account of retirement paid under 669
the federal civil service retirement system or federal employees 670
retirement system, or under any successor retirement program 671
enacted by the congress of the United States that is established 672
and maintained for retired employees of the United States 673
government, and such retirement income is based, in whole or in 674
part, on credit for the taxpayer's uniformed service, the 675
deduction allowed under this division shall include only that 676
portion of such retirement income that is attributable to the 677
taxpayer's uniformed service, to the extent that portion of such 678
retirement income is otherwise included in federal adjusted 679
gross income and is not otherwise deducted under this section. 680
Any amount deducted under division (A) (23) of this section is 681
not included in a taxpayer's adjusted gross income for the 682
purposes of section 5747.055 of the Revised Code. No amount may 683
be deducted under division (A) (23) of this section on the basis 684
of which a credit was claimed under section 5747.055 of the 685
Revised Code. 686

(24) Deduct, to the extent not otherwise deducted or 687
excluded in computing federal or Ohio adjusted gross income for 688
the taxable year, the amount the taxpayer received during the 689
taxable year from the military injury relief fund created in 690
section 5902.05 of the Revised Code. 691

(25) Deduct, to the extent not otherwise deducted or 692
excluded in computing federal or Ohio adjusted gross income for 693
the taxable year, the amount the taxpayer received as a veterans 694
bonus during the taxable year from the Ohio department of 695
veterans services as authorized by Section 2r of Article VIII, 696
Ohio Constitution. 697

(26) Deduct, to the extent not otherwise deducted or 698
excluded in computing federal or Ohio adjusted gross income for 699
the taxable year, any income derived from a transfer agreement 700
or from the enterprise transferred under that agreement under 701
section 4313.02 of the Revised Code. 702

(27) Deduct, to the extent not otherwise deducted or 703
excluded in computing federal or Ohio adjusted gross income for 704
the taxable year, Ohio college opportunity or federal Pell grant 705
amounts received by the taxpayer or the taxpayer's spouse or 706
dependent pursuant to section 3333.122 of the Revised Code or 20 707
U.S.C. 1070a, et seq., and used to pay room or board furnished 708
by the educational institution for which the grant was awarded 709
at the institution's facilities, including meal plans 710
administered by the institution. For the purposes of this 711
division, receipt of a grant includes the distribution of a 712
grant directly to an educational institution and the crediting 713
of the grant to the enrollee's account with the institution. 714

(28) Deduct from the portion of an individual's federal 715
adjusted gross income that is business income, to the extent not 716
otherwise deducted or excluded in computing federal adjusted 717
gross income for the taxable year, one hundred twenty-five 718
thousand dollars for each spouse if spouses file separate 719
returns under section 5747.08 of the Revised Code or two hundred 720
fifty thousand dollars for all other individuals. 721

| | |
|--|--|
| (29) 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. | 722 723 724 |
| (30) (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: | 725 726 727 |
| (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; | 728 729 730 731 732 |
| (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 on critical infrastructure owned or used by the employee's employer; | 733 734 735 736 737 738 |
| (iii) Income received by an out-of-state disaster business for disaster work conducted in this state during a disaster response period, or, if the out-of-state disaster business is a pass-through entity, a taxpayer's distributive share of the pass-through entity's income from the business conducting disaster work in this state during a disaster response period, if, in either case, the disaster work is conducted pursuant to a qualifying solicitation received by the business. | 739 740 741 742 743 744 745 746 |
| (b) All terms used in division (A) (30) of this section have the same meanings as in section 5703.94 of the Revised Code. | 747 748 749 |
| (31) For a taxpayer who is a qualifying Ohio educator, | 750 |

deduct, to the extent not otherwise deducted or excluded in 751
computing federal or Ohio adjusted gross income for the taxable 752
year, the lesser of two hundred fifty dollars or the amount of 753
expenses described in subsections (a) (2) (D) (i) and (ii) of 754
section 62 of the Internal Revenue Code paid or incurred by the 755
taxpayer during the taxpayer's taxable year in excess of the 756
amount the taxpayer is authorized to deduct for that taxable 757
year under subsection (a) (2) (D) of that section. 758

(32) Deduct, to the extent not otherwise deducted or 759
excluded in computing federal or Ohio adjusted gross income for 760
the taxable year, amounts received by the taxpayer as a 761
disability severance payment, computed under 10 U.S.C. 1212, 762
following discharge or release under honorable conditions from 763
the armed forces, as defined by 10 U.S.C. 101. 764

(33) Deduct, to the extent not otherwise deducted or 765
excluded in computing federal adjusted gross income or Ohio 766
adjusted gross income, amounts not subject to tax due to an 767
agreement entered into under division (A) (2) of section 5747.05 768
of the Revised Code. 769

(34) Deduct amounts as provided under section 5747.79 of 770
the Revised Code related to the taxpayer's qualifying capital 771
gains and deductible payroll. 772

To the extent a qualifying capital gain described under 773
division (A) (34) of this section is business income, the 774
taxpayer shall deduct those gains under this division before 775
deducting any such gains under division (A) (28) of this section. 776

(35) (a) For taxable years beginning in or after 2026, 777
deduct, to the extent not otherwise deducted or excluded in 778
computing federal or Ohio adjusted gross income for the taxable 779

year: 780

(i) One hundred per cent of the capital gain received by 781
the taxpayer in the taxable year from a qualifying interest in 782
an Ohio venture capital operating company attributable to the 783
company's investments in Ohio businesses during the period for 784
which the company was an Ohio venture operating company; and 785

(ii) Fifty per cent of the capital gain received by the 786
taxpayer in the taxable year from a qualifying interest in an 787
Ohio venture capital operating company attributable to the 788
company's investments in all other businesses during the period 789
for which the company was an Ohio venture operating company. 790

(b) Add amounts previously deducted by the taxpayer under 791
division (A) (35) (a) of this section if the director of 792
development certifies to the tax commissioner that the 793
requirements for the deduction were not met. 794

(c) All terms used in division (A) (35) of this section 795
have the same meanings as in section 122.851 of the Revised 796
Code. 797

(d) To the extent a capital gain described in division (A) 798
(35) (a) of this section is business income, the taxpayer shall 799
apply that division before applying division (A) (28) of this 800
section. 801

(36) Deduct the amount allowed under section 5747.82 of 802
the Revised Code. To the extent that income qualifies for the 803
deduction under this division and the deduction described in 804
division (A) (28) of this section, the taxpayer shall deduct such 805
income under this division before deducting any such income 806
under division (A) (28) of this section. 807

(B) "Business income" means income, including gain or 808

loss, arising from transactions, activities, and sources in the 809
regular course of a trade or business and includes income, gain, 810
or loss from real property, tangible property, and intangible 811
property if the acquisition, rental, management, and disposition 812
of the property constitute integral parts of the regular course 813
of a trade or business operation. "Business income" includes 814
income, including gain or loss, from a partial or complete 815
liquidation of a business, including, but not limited to, gain 816
or loss from the sale or other disposition of goodwill. 817

(C) "Nonbusiness income" means all income other than 818
business income and may include, but is not limited to, 819
compensation, rents and royalties from real or tangible personal 820
property, capital gains, interest, dividends and distributions, 821
patent or copyright royalties, or lottery winnings, prizes, and 822
awards. 823

(D) "Compensation" means any form of remuneration paid to 824
an employee for personal services. 825

(E) "Fiduciary" means a guardian, trustee, executor, 826
administrator, receiver, conservator, or any other person acting 827
in any fiduciary capacity for any individual, trust, or estate. 828

(F) "Fiscal year" means an accounting period of twelve 829
months ending on the last day of any month other than December. 830

(G) "Individual" means any natural person. 831

(H) "Internal Revenue Code" means the "Internal Revenue 832
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 833

(I) "Resident" means any of the following: 834

(1) An individual who is domiciled in this state, subject 835
to section 5747.24 of the Revised Code; 836

(2) The estate of a decedent who at the time of death was 837
domiciled in this state. The domicile tests of section 5747.24 838
of the Revised Code are not controlling for purposes of division 839
(I) (2) of this section. 840

(3) A trust that, in whole or part, resides in this state. 841
If only part of a trust resides in this state, the trust is a 842
resident only with respect to that part. 843

For the purposes of division (I) (3) of this section: 844

(a) A trust resides in this state for the trust's current 845
taxable year to the extent, as described in division (I) (3) (d) 846
of this section, that the trust consists directly or indirectly, 847
in whole or in part, of assets, net of any related liabilities, 848
that were transferred, or caused to be transferred, directly or 849
indirectly, to the trust by any of the following: 850

(i) A person, a court, or a governmental entity or 851
instrumentality on account of the death of a decedent, but only 852
if the trust is described in division (I) (3) (e) (i) or (ii) of 853
this section; 854

(ii) A person who was domiciled in this state for the 855
purposes of this chapter when the person directly or indirectly 856
transferred assets to an irrevocable trust, but only if at least 857
one of the trust's qualifying beneficiaries is domiciled in this 858
state for the purposes of this chapter during all or some 859
portion of the trust's current taxable year; 860

(iii) A person who was domiciled in this state for the 861
purposes of this chapter when the trust document or instrument 862
or part of the trust document or instrument became irrevocable, 863
but only if at least one of the trust's qualifying beneficiaries 864
is a resident domiciled in this state for the purposes of this 865

chapter during all or some portion of the trust's current 866
taxable year. If a trust document or instrument became 867
irrevocable upon the death of a person who at the time of death 868
was domiciled in this state for purposes of this chapter, that 869
person is a person described in division (I) (3) (a) (iii) of this 870
section. 871

(b) A trust is irrevocable to the extent that the 872
transferor is not considered to be the owner of the net assets 873
of the trust under sections 671 to 678 of the Internal Revenue 874
Code. 875

(c) With respect to a trust other than a charitable lead 876
trust, "qualifying beneficiary" has the same meaning as 877
"potential current beneficiary" as defined in section 1361(e) (2) 878
of the Internal Revenue Code, and with respect to a charitable 879
lead trust "qualifying beneficiary" is any current, future, or 880
contingent beneficiary, but with respect to any trust 881
"qualifying beneficiary" excludes a person or a governmental 882
entity or instrumentality to any of which a contribution would 883
qualify for the charitable deduction under section 170 of the 884
Internal Revenue Code. 885

(d) For the purposes of division (I) (3) (a) of this 886
section, the extent to which a trust consists directly or 887
indirectly, in whole or in part, of assets, net of any related 888
liabilities, that were transferred directly or indirectly, in 889
whole or part, to the trust by any of the sources enumerated in 890
that division shall be ascertained by multiplying the fair 891
market value of the trust's assets, net of related liabilities, 892
by the qualifying ratio, which shall be computed as follows: 893

(i) The first time the trust receives assets, the 894
numerator of the qualifying ratio is the fair market value of 895

those assets at that time, net of any related liabilities, from 896
sources enumerated in division (I) (3) (a) of this section. The 897
denominator of the qualifying ratio is the fair market value of 898
all the trust's assets at that time, net of any related 899
liabilities. 900

(ii) Each subsequent time the trust receives assets, a 901
revised qualifying ratio shall be computed. The numerator of the 902
revised qualifying ratio is the sum of (1) the fair market value 903
of the trust's assets immediately prior to the subsequent 904
transfer, net of any related liabilities, multiplied by the 905
qualifying ratio last computed without regard to the subsequent 906
transfer, and (2) the fair market value of the subsequently 907
transferred assets at the time transferred, net of any related 908
liabilities, from sources enumerated in division (I) (3) (a) of 909
this section. The denominator of the revised qualifying ratio is 910
the fair market value of all the trust's assets immediately 911
after the subsequent transfer, net of any related liabilities. 912

(iii) Whether a transfer to the trust is by or from any of 913
the sources enumerated in division (I) (3) (a) of this section 914
shall be ascertained without regard to the domicile of the 915
trust's beneficiaries. 916

(e) For the purposes of division (I) (3) (a) (i) of this 917
section: 918

(i) A trust is described in division (I) (3) (e) (i) of this 919
section if the trust is a testamentary trust and the testator of 920
that testamentary trust was domiciled in this state at the time 921
of the testator's death for purposes of the taxes levied under 922
Chapter 5731. of the Revised Code. 923

(ii) A trust is described in division (I) (3) (e) (ii) of 924

this section if the transfer is a qualifying transfer described 925
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 926
trust is an irrevocable inter vivos trust, and at least one of 927
the trust's qualifying beneficiaries is domiciled in this state 928
for purposes of this chapter during all or some portion of the 929
trust's current taxable year. 930

(f) For the purposes of division (I) (3) (e) (ii) of this 931
section, a "qualifying transfer" is a transfer of assets, net of 932
any related liabilities, directly or indirectly to a trust, if 933
the transfer is described in any of the following: 934

(i) The transfer is made to a trust, created by the 935
decedent before the decedent's death and while the decedent was 936
domiciled in this state for the purposes of this chapter, and, 937
prior to the death of the decedent, the trust became irrevocable 938
while the decedent was domiciled in this state for the purposes 939
of this chapter. 940

(ii) The transfer is made to a trust to which the 941
decedent, prior to the decedent's death, had directly or 942
indirectly transferred assets, net of any related liabilities, 943
while the decedent was domiciled in this state for the purposes 944
of this chapter, and prior to the death of the decedent the 945
trust became irrevocable while the decedent was domiciled in 946
this state for the purposes of this chapter. 947

(iii) The transfer is made on account of a contractual 948
relationship existing directly or indirectly between the 949
transferor and either the decedent or the estate of the decedent 950
at any time prior to the date of the decedent's death, and the 951
decedent was domiciled in this state at the time of death for 952
purposes of the taxes levied under Chapter 5731. of the Revised 953
Code. 954

(iv) The transfer is made to a trust on account of a 955
contractual relationship existing directly or indirectly between 956
the transferor and another person who at the time of the 957
decedent's death was domiciled in this state for purposes of 958
this chapter. 959

(v) The transfer is made to a trust on account of the will 960
of a testator who was domiciled in this state at the time of the 961
testator's death for purposes of the taxes levied under Chapter 962
5731. of the Revised Code. 963

(vi) The transfer is made to a trust created by or caused 964
to be created by a court, and the trust was directly or 965
indirectly created in connection with or as a result of the 966
death of an individual who, for purposes of the taxes levied 967
under Chapter 5731. of the Revised Code, was domiciled in this 968
state at the time of the individual's death. 969

(g) The tax commissioner may adopt rules to ascertain the 970
part of a trust residing in this state. 971

(J) "Nonresident" means an individual or estate that is 972
not a resident. An individual who is a resident for only part of 973
a taxable year is a nonresident for the remainder of that 974
taxable year. 975

(K) "Pass-through entity" has the same meaning as in 976
section 5733.04 of the Revised Code. 977

(L) "Return" means the notifications and reports required 978
to be filed pursuant to this chapter for the purpose of 979
reporting the tax due and includes declarations of estimated tax 980
when so required. 981

(M) "Taxable year" means the calendar year or the 982
taxpayer's fiscal year ending during the calendar year, or 983

fractional part thereof, upon which the adjusted gross income is 984
calculated pursuant to this chapter. 985

(N) "Taxpayer" means any person subject to the tax imposed 986
by section 5747.02 of the Revised Code or any pass-through 987
entity that makes the election under division (D) of section 988
5747.08 of the Revised Code. 989

(O) "Dependents" means one of the following: 990

(1) For taxable years beginning on or after January 1, 991
2018, and before January 1, 2026, dependents as defined in the 992
Internal Revenue Code; 993

(2) For all other taxable years, dependents as defined in 994
the Internal Revenue Code and as claimed in the taxpayer's 995
federal income tax return for the taxable year or which the 996
taxpayer would have been permitted to claim had the taxpayer 997
filed a federal income tax return. 998

(P) "Principal county of employment" means, in the case of 999
a nonresident, the county within the state in which a taxpayer 1000
performs services for an employer or, if those services are 1001
performed in more than one county, the county in which the major 1002
portion of the services are performed. 1003

(Q) As used in sections 5747.50 to 5747.55 of the Revised 1004
Code: 1005

(1) "Subdivision" means any county, municipal corporation, 1006
park district, or township. 1007

(2) "Essential local government purposes" includes all 1008
functions that any subdivision is required by general law to 1009
exercise, including like functions that are exercised under a 1010
charter adopted pursuant to the Ohio Constitution. 1011

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

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

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

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

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

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

(3) Add the amount of personal exemption allowed to the 1041
estate pursuant to section 642(b) of the Internal Revenue Code; 1042

(4) Deduct interest or dividends, net of related expenses 1043
deducted in computing federal taxable income, on obligations of 1044
the United States and its territories and possessions or of any 1045
authority, commission, or instrumentality of the United States 1046
to the extent that the interest or dividends are exempt from 1047
state taxes under the laws of the United States, but only to the 1048
extent that such amount is included in federal taxable income 1049
and is described in either division (S) (1) (a) or (b) of this 1050
section; 1051

(5) Deduct the amount of wages and salaries, if any, not 1052
otherwise allowable as a deduction but that would have been 1053
allowable as a deduction in computing federal taxable income for 1054
the taxable year, had the work opportunity tax credit allowed 1055
under sections 38, 51, and 52 of the Internal Revenue Code not 1056
been in effect, but only to the extent such amount relates 1057
either to income included in federal taxable income for the 1058
taxable year or to income of the S portion of an electing small 1059
business trust for the taxable year; 1060

(6) Deduct any interest or interest equivalent, net of 1061
related expenses deducted in computing federal taxable income, 1062
on public obligations and purchase obligations, but only to the 1063
extent that such net amount relates either to income included in 1064
federal taxable income for the taxable year or to income of the 1065
S portion of an electing small business trust for the taxable 1066
year; 1067

(7) Add any loss or deduct any gain resulting from sale, 1068
exchange, or other disposition of public obligations to the 1069
extent that such loss has been deducted or such gain has been 1070

included in computing either federal taxable income or income of 1071
the S portion of an electing small business trust for the 1072
taxable year; 1073

(8) Except in the case of the final return of an estate, 1074
add any amount deducted by the taxpayer on both its Ohio estate 1075
tax return pursuant to section 5731.14 of the Revised Code, and 1076
on its federal income tax return in determining federal taxable 1077
income; 1078

(9) (a) Deduct any amount included in federal taxable 1079
income solely because the amount represents a reimbursement or 1080
refund of expenses that in a previous year the decedent had 1081
deducted as an itemized deduction pursuant to section 63 of the 1082
Internal Revenue Code and applicable treasury regulations. The 1083
deduction otherwise allowed under division (S) (9) (a) of this 1084
section shall be reduced to the extent the reimbursement is 1085
attributable to an amount the taxpayer or decedent deducted 1086
under this section in any taxable year. 1087

(b) Add any amount not otherwise included in Ohio taxable 1088
income for any taxable year to the extent that the amount is 1089
attributable to the recovery during the taxable year of any 1090
amount deducted or excluded in computing federal or Ohio taxable 1091
income in any taxable year, but only to the extent such amount 1092
has not been distributed to beneficiaries for the taxable year. 1093

(10) Deduct any portion of the deduction described in 1094
section 1341(a) (2) of the Internal Revenue Code, for repaying 1095
previously reported income received under a claim of right, that 1096
meets both of the following requirements: 1097

(a) It is allowable for repayment of an item that was 1098
included in the taxpayer's taxable income or the decedent's 1099

adjusted gross income for a prior taxable year and did not 1100
qualify for a credit under division (A) or (B) of section 1101
5747.05 of the Revised Code for that year. 1102

(b) It does not otherwise reduce the taxpayer's taxable 1103
income or the decedent's adjusted gross income for the current 1104
or any other taxable year. 1105

(11) Add any amount claimed as a credit under section 1106
5747.059 of the Revised Code to the extent that the amount 1107
satisfies either of the following: 1108

(a) The amount was deducted or excluded from the 1109
computation of the taxpayer's federal taxable income as required 1110
to be reported for the taxpayer's taxable year under the 1111
Internal Revenue Code; 1112

(b) The amount resulted in a reduction in the taxpayer's 1113
federal taxable income as required to be reported for any of the 1114
taxpayer's taxable years under the Internal Revenue Code. 1115

(12) Deduct any amount, net of related expenses deducted 1116
in computing federal taxable income, that a trust is required to 1117
report as farm income on its federal income tax return, but only 1118
if the assets of the trust include at least ten acres of land 1119
satisfying the definition of "land devoted exclusively to 1120
agricultural use" under section 5713.30 of the Revised Code, 1121
regardless of whether the land is valued for tax purposes as 1122
such land under sections 5713.30 to 5713.38 of the Revised Code. 1123
If the trust is a pass-through entity investor, section 5747.231 1124
of the Revised Code applies in ascertaining if the trust is 1125
eligible to claim the deduction provided by division (S)(12) of 1126
this section in connection with the pass-through entity's farm 1127
income. 1128

Except for farm income attributable to the S portion of an 1129
electing small business trust, the deduction provided by 1130
division (S) (12) of this section is allowed only to the extent 1131
that the trust has not distributed such farm income. 1132

(13) Add the net amount of income described in section 1133
641(c) of the Internal Revenue Code to the extent that amount is 1134
not included in federal taxable income. 1135

(14) Add or deduct the amount the taxpayer would be 1136
required to add or deduct under division (A) (17) or (18) of this 1137
section if the taxpayer's Ohio taxable income were computed in 1138
the same manner as an individual's Ohio adjusted gross income is 1139
computed under this section. 1140

(T) "School district income" and "school district income 1141
tax" have the same meanings as in section 5748.01 of the Revised 1142
Code. 1143

(U) As used in divisions (A) (7), (A) (8), (S) (6), and (S) 1144
(7) of this section, "public obligations," "purchase 1145
obligations," and "interest or interest equivalent" have the 1146
same meanings as in section 5709.76 of the Revised Code. 1147

(V) "Limited liability company" means any limited 1148
liability company formed under Chapter 1705. or 1706. of the 1149
Revised Code or under the laws of any other state. 1150

(W) "Pass-through entity investor" means any person who, 1151
during any portion of a taxable year of a pass-through entity, 1152
is a partner, member, shareholder, or equity investor in that 1153
pass-through entity. 1154

(X) "Banking day" has the same meaning as in section 1155
1304.01 of the Revised Code. 1156

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| (Y) "Month" means a calendar month. | 1157 |
| (Z) "Quarter" means the first three months, the second | 1158 |
| three months, the third three months, or the last three months | 1159 |
| of the taxpayer's taxable year. | 1160 |
| (AA) (1) "Modified business income" means the business | 1161 |
| income included in a trust's Ohio taxable income after such | 1162 |
| taxable income is first reduced by the qualifying trust amount, | 1163 |
| if any. | 1164 |
| (2) "Qualifying trust amount" of a trust means capital | 1165 |
| gains and losses from the sale, exchange, or other disposition | 1166 |
| of equity or ownership interests in, or debt obligations of, a | 1167 |
| qualifying investee to the extent included in the trust's Ohio | 1168 |
| taxable income, but only if the following requirements are | 1169 |
| satisfied: | 1170 |
| (a) The book value of the qualifying investee's physical | 1171 |
| assets in this state and everywhere, as of the last day of the | 1172 |
| qualifying investee's fiscal or calendar year ending immediately | 1173 |
| prior to the date on which the trust recognizes the gain or | 1174 |
| loss, is available to the trust. | 1175 |
| (b) The requirements of section 5747.011 of the Revised | 1176 |
| Code are satisfied for the trust's taxable year in which the | 1177 |
| trust recognizes the gain or loss. | 1178 |
| Any gain or loss that is not a qualifying trust amount is | 1179 |
| modified business income, qualifying investment income, or | 1180 |
| modified nonbusiness income, as the case may be. | 1181 |
| (3) "Modified nonbusiness income" means a trust's Ohio | 1182 |
| taxable income other than modified business income, other than | 1183 |
| the qualifying trust amount, and other than qualifying | 1184 |
| investment income, as defined in section 5747.012 of the Revised | 1185 |

Code, to the extent such qualifying investment income is not 1186
otherwise part of modified business income. 1187

(4) "Modified Ohio taxable income" applies only to trusts, 1188
and means the sum of the amounts described in divisions (AA) (4) 1189
(a) to (c) of this section: 1190

(a) The fraction, calculated under section 5747.013, and 1191
applying section 5747.231 of the Revised Code, multiplied by the 1192
sum of the following amounts: 1193

(i) The trust's modified business income; 1194

(ii) The trust's qualifying investment income, as defined 1195
in section 5747.012 of the Revised Code, but only to the extent 1196
the qualifying investment income does not otherwise constitute 1197
modified business income and does not otherwise constitute a 1198
qualifying trust amount. 1199

(b) The qualifying trust amount multiplied by a fraction, 1200
the numerator of which is the sum of the book value of the 1201
qualifying investee's physical assets in this state on the last 1202
day of the qualifying investee's fiscal or calendar year ending 1203
immediately prior to the day on which the trust recognizes the 1204
qualifying trust amount, and the denominator of which is the sum 1205
of the book value of the qualifying investee's total physical 1206
assets everywhere on the last day of the qualifying investee's 1207
fiscal or calendar year ending immediately prior to the day on 1208
which the trust recognizes the qualifying trust amount. If, for 1209
a taxable year, the trust recognizes a qualifying trust amount 1210
with respect to more than one qualifying investee, the amount 1211
described in division (AA) (4) (b) of this section shall equal the 1212
sum of the products so computed for each such qualifying 1213
investee. 1214

(c) (i) With respect to a trust or portion of a trust that 1215
is a resident as ascertained in accordance with division (I) (3) 1216
(d) of this section, its modified nonbusiness income. 1217

(ii) With respect to a trust or portion of a trust that is 1218
not a resident as ascertained in accordance with division (I) (3) 1219
(d) of this section, the amount of its modified nonbusiness 1220
income satisfying the descriptions in divisions (B) (2) to (5) of 1221
section 5747.20 of the Revised Code, except as otherwise 1222
provided in division (AA) (4) (c) (ii) of this section. With 1223
respect to a trust or portion of a trust that is not a resident 1224
as ascertained in accordance with division (I) (3) (d) of this 1225
section, the trust's portion of modified nonbusiness income 1226
recognized from the sale, exchange, or other disposition of a 1227
debt interest in or equity interest in a section 5747.212 1228
entity, as defined in section 5747.212 of the Revised Code, 1229
without regard to division (A) of that section, shall not be 1230
allocated to this state in accordance with section 5747.20 of 1231
the Revised Code but shall be apportioned to this state in 1232
accordance with division (B) of section 5747.212 of the Revised 1233
Code without regard to division (A) of that section. 1234

If the allocation and apportionment of a trust's income 1235
under divisions (AA) (4) (a) and (c) of this section do not fairly 1236
represent the modified Ohio taxable income of the trust in this 1237
state, the alternative methods described in division (C) of 1238
section 5747.21 of the Revised Code may be applied in the manner 1239
and to the same extent provided in that section. 1240

(5) (a) Except as set forth in division (AA) (5) (b) of this 1241
section, "qualifying investee" means a person in which a trust 1242
has an equity or ownership interest, or a person or unit of 1243
government the debt obligations of either of which are owned by 1244

a trust. For the purposes of division (AA) (2) (a) of this section 1245
and for the purpose of computing the fraction described in 1246
division (AA) (4) (b) of this section, all of the following apply: 1247

(i) If the qualifying investee is a member of a qualifying 1248
controlled group on the last day of the qualifying investee's 1249
fiscal or calendar year ending immediately prior to the date on 1250
which the trust recognizes the gain or loss, then "qualifying 1251
investee" includes all persons in the qualifying controlled 1252
group on such last day. 1253

(ii) If the qualifying investee, or if the qualifying 1254
investee and any members of the qualifying controlled group of 1255
which the qualifying investee is a member on the last day of the 1256
qualifying investee's fiscal or calendar year ending immediately 1257
prior to the date on which the trust recognizes the gain or 1258
loss, separately or cumulatively own, directly or indirectly, on 1259
the last day of the qualifying investee's fiscal or calendar 1260
year ending immediately prior to the date on which the trust 1261
recognizes the qualifying trust amount, more than fifty per cent 1262
of the equity of a pass-through entity, then the qualifying 1263
investee and the other members are deemed to own the 1264
proportionate share of the pass-through entity's physical assets 1265
which the pass-through entity directly or indirectly owns on the 1266
last day of the pass-through entity's calendar or fiscal year 1267
ending within or with the last day of the qualifying investee's 1268
fiscal or calendar year ending immediately prior to the date on 1269
which the trust recognizes the qualifying trust amount. 1270

(iii) For the purposes of division (AA) (5) (a) (iii) of this 1271
section, "upper level pass-through entity" means a pass-through 1272
entity directly or indirectly owning any equity of another pass- 1273
through entity, and "lower level pass-through entity" means that 1274

other pass-through entity. 1275

An upper level pass-through entity, whether or not it is 1276
also a qualifying investee, is deemed to own, on the last day of 1277
the upper level pass-through entity's calendar or fiscal year, 1278
the proportionate share of the lower level pass-through entity's 1279
physical assets that the lower level pass-through entity 1280
directly or indirectly owns on the last day of the lower level 1281
pass-through entity's calendar or fiscal year ending within or 1282
with the last day of the upper level pass-through entity's 1283
fiscal or calendar year. If the upper level pass-through entity 1284
directly and indirectly owns less than fifty per cent of the 1285
equity of the lower level pass-through entity on each day of the 1286
upper level pass-through entity's calendar or fiscal year in 1287
which or with which ends the calendar or fiscal year of the 1288
lower level pass-through entity and if, based upon clear and 1289
convincing evidence, complete information about the location and 1290
cost of the physical assets of the lower pass-through entity is 1291
not available to the upper level pass-through entity, then 1292
solely for purposes of ascertaining if a gain or loss 1293
constitutes a qualifying trust amount, the upper level pass- 1294
through entity shall be deemed as owning no equity of the lower 1295
level pass-through entity for each day during the upper level 1296
pass-through entity's calendar or fiscal year in which or with 1297
which ends the lower level pass-through entity's calendar or 1298
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 1299
shall be construed to provide for any deduction or exclusion in 1300
computing any trust's Ohio taxable income. 1301

(b) With respect to a trust that is not a resident for the 1302
taxable year and with respect to a part of a trust that is not a 1303
resident for the taxable year, "qualifying investee" for that 1304
taxable year does not include a C corporation if both of the 1305

following apply: 1306

(i) During the taxable year the trust or part of the trust 1307
recognizes a gain or loss from the sale, exchange, or other 1308
disposition of equity or ownership interests in, or debt 1309
obligations of, the C corporation. 1310

(ii) Such gain or loss constitutes nonbusiness income. 1311

(6) "Available" means information is such that a person is 1312
able to learn of the information by the due date plus 1313
extensions, if any, for filing the return for the taxable year 1314
in which the trust recognizes the gain or loss. 1315

(BB) "Qualifying controlled group" has the same meaning as 1316
in section 5733.04 of the Revised Code. 1317

(CC) "Related member" has the same meaning as in section 1318
5733.042 of the Revised Code. 1319

(DD) (1) For the purposes of division (DD) of this section: 1320

(a) "Qualifying person" means any person other than a 1321
qualifying corporation. 1322

(b) "Qualifying corporation" means any person classified 1323
for federal income tax purposes as an association taxable as a 1324
corporation, except either of the following: 1325

(i) A corporation that has made an election under 1326
subchapter S, chapter one, subtitle A, of the Internal Revenue 1327
Code for its taxable year ending within, or on the last day of, 1328
the investor's taxable year; 1329

(ii) A subsidiary that is wholly owned by any corporation 1330
that has made an election under subchapter S, chapter one, 1331
subtitle A of the Internal Revenue Code for its taxable year 1332

ending within, or on the last day of, the investor's taxable 1333
year. 1334

(2) For the purposes of this chapter, unless expressly 1335
stated otherwise, no qualifying person indirectly owns any asset 1336
directly or indirectly owned by any qualifying corporation. 1337

(EE) For purposes of this chapter and Chapter 5751. of the 1338
Revised Code: 1339

(1) "Trust" does not include a qualified pre-income tax 1340
trust. 1341

(2) A "qualified pre-income tax trust" is any pre-income 1342
tax trust that makes a qualifying pre-income tax trust election 1343
as described in division (EE)(3) of this section. 1344

(3) A "qualifying pre-income tax trust election" is an 1345
election by a pre-income tax trust to subject to the tax imposed 1346
by section 5751.02 of the Revised Code the pre-income tax trust 1347
and all pass-through entities of which the trust owns or 1348
controls, directly, indirectly, or constructively through 1349
related interests, five per cent or more of the ownership or 1350
equity interests. The trustee shall notify the tax commissioner 1351
in writing of the election on or before April 15, 2006. The 1352
election, if timely made, shall be effective on and after 1353
January 1, 2006, and shall apply for all tax periods and tax 1354
years until revoked by the trustee of the trust. 1355

(4) A "pre-income tax trust" is a trust that satisfies all 1356
of the following requirements: 1357

(a) The document or instrument creating the trust was 1358
executed by the grantor before January 1, 1972; 1359

(b) The trust became irrevocable upon the creation of the 1360

trust; and 1361

(c) The grantor was domiciled in this state at the time 1362
the trust was created. 1363

(FF) "Uniformed services" has the same meaning as in 10 1364
U.S.C. 101. 1365

(GG) "Taxable business income" means the amount by which 1366
an individual's business income that is included in federal 1367
adjusted gross income exceeds the amount of business income the 1368
individual is authorized to deduct under division (A) (28) of 1369
this section for the taxable year. 1370

(HH) "Employer" does not include a franchisor with respect 1371
to the franchisor's relationship with a franchisee or an 1372
employee of a franchisee, unless the franchisor agrees to assume 1373
that role in writing or a court of competent jurisdiction 1374
determines that the franchisor exercises a type or degree of 1375
control over the franchisee or the franchisee's employees that 1376
is not customarily exercised by a franchisor for the purpose of 1377
protecting the franchisor's trademark, brand, or both. For 1378
purposes of this division, "franchisor" and "franchisee" have 1379
the same meanings as in 16 C.F.R. 436.1. 1380

(II) "Modified adjusted gross income" means Ohio adjusted 1381
gross income plus any amount deducted under divisions (A) (28) 1382
and (34) of this section for the taxable year. 1383

(JJ) "Qualifying Ohio educator" means an individual who, 1384
for a taxable year, qualifies as an eligible educator, as that 1385
term is defined in section 62 of the Internal Revenue Code, and 1386
who holds a certificate, license, or permit described in Chapter 1387
3319. or section 3301.071 of the Revised Code. 1388

Sec. 5747.82. (A) As used in this section, "institution of 1389

higher education" means all of the following: 1390

(1) A state institution of higher education, as defined in 1391
section 3345.011 of the Revised Code; 1392

(2) An institution authorized by the department of higher 1393
education under Chapter 1713. of the Revised Code to grant 1394
degrees and that is accredited by the appropriate regional and 1395
professional accrediting associations within whose jurisdiction 1396
it falls; 1397

(3) A private career school holding program authorizations 1398
issued by the state board of career colleges and schools under 1399
division (C) of section 3332.05 of the Revised Code; 1400

(4) A private institution exempt from regulation under 1401
Chapter 3332. of the Revised Code as prescribed in section 1402
3333.046 of the Revised Code. 1403

(B) (1) An individual who graduates on or after January 1, 1404
2023, from an institution of higher education with a 1405
baccalaureate degree or a more advanced degree, as specified in 1406
rules adopted by the chancellor of higher education under 1407
division (D) of this section, may deduct the following from the 1408
individual's federal adjusted gross income to the extent such 1409
items are not otherwise deducted or excluded in computing 1410
federal or Ohio adjusted gross income for the taxable year: the 1411
individual's wages, salaries, tips, deferred compensation, and 1412
other employee compensation, and net earnings from self- 1413
employment as defined in section 1402(a) of the Internal Revenue 1414
Code. 1415

(2) Subject to division (C) of this section, the deduction 1416
may be made for the individual's taxable year that includes the 1417
date of graduation and the ensuing two taxable years or for the 1418

taxable year immediately following the taxable year that 1419
includes the date of graduation and the ensuing two taxable 1420
years. Except as provided in division (C) of this section, if a 1421
taxpayer does not claim the deduction for either the taxable 1422
year that includes the date of the individual's graduation or 1423
the immediately following taxable year, the taxpayer may not 1424
claim the deduction for any of the two taxable years thereafter. 1425
Evidence of graduation shall be retained for inspection by the 1426
tax commissioner until the expiration of four years after the 1427
end of the last taxable year the deduction is made. An 1428
individual may not claim a deduction under this section for more 1429
than a total of three taxable years, regardless of the number of 1430
qualifying degrees the individual obtains. 1431

(C) An individual who is allowed a deduction under 1432
division (A) (36) of section 5747.01 of the Revised Code may 1433
elect to defer the deduction for each taxable year that includes 1434
a date on which the individual is enrolled full time in an 1435
institution of higher education to pursue a more advanced 1436
degree, as specified in rules adopted by the chancellor of 1437
higher education under division (D) of this section. Evidence of 1438
such enrollment shall be retained for inspection by the tax 1439
commissioner until the expiration of four years after the end of 1440
the last taxable year the deduction is made. 1441

(D) The chancellor of higher education shall identify 1442
institutions of higher education for the purpose of this section 1443
and provide a list of such institutions to the tax commissioner. 1444
The chancellor shall adopt rules in accordance with Chapter 119. 1445
of the Revised Code specifying the advanced degrees that qualify 1446
for the purpose of calculating or deferring the deduction 1447
authorized under division (A) (36) of section 5747.01 of the 1448
Revised Code. 1449

Sec. 5747.83. Terms used in this section have the same 1450
meanings as in section 5751.55 of the Revised Code. 1451

There is hereby allowed a refundable credit against the 1452
tax imposed by section 5747.02 of the Revised Code for a 1453
taxpayer that employs one or more interns. The credit shall 1454
equal the dollar amount indicated on the certificate issued by 1455
the chancellor of higher education under section 3333.612 of the 1456
Revised Code. The credit shall be claimed for the taxpayer's 1457
taxable year that includes the last day of the calendar year 1458
preceding the year in which the certificate is issued. 1459

The taxpayer shall claim the credit in the order required 1460
by section 5747.98 of the Revised Code. Any credit amount in 1461
excess of the taxpayer's tax liability, after allowing for any 1462
other credits preceding the credit in that order, shall be 1463
refunded to the taxpayer. 1464

The tax commissioner may request that a taxpayer claiming 1465
a credit under this section furnish information as is necessary 1466
to support the claim for the credit under this section, and no 1467
credit shall be allowed unless the requested information is 1468
provided. 1469

No credit shall be allowed under this section for wages or 1470
salaries paid to one or more interns if those wages or salaries 1471
are the basis of credit claimed under section 5751.55 of the 1472
Revised Code. 1473

Sec. 5747.98. (A) To provide a uniform procedure for 1474
calculating a taxpayer's aggregate tax liability under section 1475
5747.02 of the Revised Code, a taxpayer shall claim any credits 1476
to which the taxpayer is entitled in the following order: 1477

Either the retirement income credit under division (B) of 1478

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| section 5747.055 of the Revised Code or the lump sum retirement | 1479 |
| income credits under divisions (C), (D), and (E) of that | 1480 |
| section; | 1481 |
| Either the senior citizen credit under division (F) of | 1482 |
| section 5747.055 of the Revised Code or the lump sum | 1483 |
| distribution credit under division (G) of that section; | 1484 |
| The dependent care credit under section 5747.054 of the | 1485 |
| Revised Code; | 1486 |
| The credit for displaced workers who pay for job training | 1487 |
| under section 5747.27 of the Revised Code; | 1488 |
| The campaign contribution credit under section 5747.29 of | 1489 |
| the Revised Code; | 1490 |
| The twenty-dollar personal exemption credit under section | 1491 |
| 5747.022 of the Revised Code; | 1492 |
| The joint filing credit under division (G) of section | 1493 |
| 5747.05 of the Revised Code; | 1494 |
| The earned income credit under section 5747.71 of the | 1495 |
| Revised Code; | 1496 |
| The nonrefundable credit for education expenses under | 1497 |
| section 5747.72 of the Revised Code; | 1498 |
| The nonrefundable credit for donations to scholarship | 1499 |
| granting organizations under section 5747.73 of the Revised | 1500 |
| Code; | 1501 |
| The nonrefundable credit for tuition paid to a | 1502 |
| nonchartered nonpublic school under section 5747.75 of the | 1503 |
| Revised Code; | 1504 |
| The credit for adoption of a minor child under section | 1505 |

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| 5747.37 of the Revised Code; | 1506 |
| The nonrefundable job retention credit under division (B) | 1507 |
| of section 5747.058 of the Revised Code; | 1508 |
| The enterprise zone credit under section 5709.66 of the | 1509 |
| Revised Code; | 1510 |
| The credit for purchases of qualifying grape production | 1511 |
| property under section 5747.28 of the Revised Code; | 1512 |
| The small business investment credit under section 5747.81 | 1513 |
| of the Revised Code; | 1514 |
| The nonrefundable lead abatement credit under section | 1515 |
| 5747.26 of the Revised Code; | 1516 |
| The opportunity zone investment credit under section | 1517 |
| 122.84 of the Revised Code; | 1518 |
| The enterprise zone credits under section 5709.65 of the | 1519 |
| Revised Code; | 1520 |
| The research and development credit under section 5747.331 | 1521 |
| of the Revised Code; | 1522 |
| The credit for rehabilitating a historic building under | 1523 |
| section 5747.76 of the Revised Code; | 1524 |
| The nonresident credit under division (A) of section | 1525 |
| 5747.05 of the Revised Code; | 1526 |
| The credit for a resident's out-of-state income under | 1527 |
| division (B) of section 5747.05 of the Revised Code; | 1528 |
| The refundable motion picture and Broadway theatrical | 1529 |
| production credit under section 5747.66 of the Revised Code; | 1530 |
| The refundable jobs creation credit or job retention | 1531 |

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| credit under division (A) of section 5747.058 of the Revised Code; | 1532 1533 |
| The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code; | 1534 1535 |
| The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code; | 1536 1537 1538 |
| The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code; | 1539 1540 1541 |
| The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code; | 1542 1543 |
| <u>The refundable credit for intern wages and salaries under section 5747.83 of the Revised Code.</u> | 1544 1545 |
| (B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the taxpayer's aggregate amount of tax due under section 5747.02 of the Revised Code, after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year. | 1546 1547 1548 1549 1550 1551 1552 1553 1554 1555 1556 |
| <u>Sec. 5751.55. (A) As used in this section:</u> | 1557 |
| <u>(1) "Intern" means a student that participates in an internship program or a cooperative education program.</u> | 1558 1559 |

(2) "Internship program" and "cooperative education program" have the same meanings as in section 3333.71 of the Revised Code. 1560
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(B) There is hereby allowed a refundable credit against the tax imposed by section 5751.02 of the Revised Code for a taxpayer that employs one or more interns. The credit shall equal the dollar amount indicated on the certificate issued by the chancellor of higher education under section 3333.612 of the Revised Code. The credit shall be claimed for the tax period that includes the last day of the calendar year preceding the year in which the certificate is issued. 1563
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The taxpayer shall claim the credit in the order required by section 5751.98 of the Revised Code. Any credit amount in excess of the taxpayer's tax liability, after allowing for any other credits preceding the credit in that order, shall be refunded to the taxpayer. 1571
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The tax commissioner may request that a taxpayer claiming a credit under this section furnish information as is necessary to support the claim for the credit under this section, and no credit shall be allowed unless the requested information is provided. 1576
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No credit shall be allowed under this section for wages or salaries paid to one or more interns if those wages or salaries are the basis of credit claimed under section 5747.83 of the Revised Code. 1581
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Sec. 5751.98. (A) To provide a uniform procedure for calculating the amount of tax due under this chapter, a taxpayer shall claim any credits to which it is entitled in the following order: 1585
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| The nonrefundable jobs retention credit under division (B) of section 5751.50 of the Revised Code; | 1589 1590 |
| The nonrefundable credit for qualified research expenses under division (B) of section 5751.51 of the Revised Code; | 1591 1592 |
| The nonrefundable credit for a borrower's qualified research and development loan payments under division (B) of section 5751.52 of the Revised Code; | 1593 1594 1595 |
| The nonrefundable credit for calendar years 2010 to 2029 for unused net operating losses under division (B) of section 5751.53 of the Revised Code; | 1596 1597 1598 |
| The refundable motion picture and Broadway theatrical production credit under section 5751.54 of the Revised Code; | 1599 1600 |
| The refundable jobs creation credit or job retention credit under division (A) of section 5751.50 of the Revised Code; | 1601 1602 1603 |
| <u>The refundable credit for intern wages and salaries under section 5751.55 of the Revised Code;</u> | 1604 1605 |
| The refundable credit for calendar year 2030 for unused net operating losses under division (C) of section 5751.53 of the Revised Code. | 1606 1607 1608 |
| (B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a tax period shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating the credit. | 1609 1610 1611 1612 1613 1614 |
| Sec. 6301.04. (A) The governor shall establish a state board. The state board shall consist of the following members: | 1615 1616 |

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| (1) The governor; | 1617 |
| (2) Two members of the house of representatives, appointed by the speaker of the house of representatives; | 1618 1619 |
| (3) Two members of the senate, appointed by the president of the senate; | 1620 1621 |
| (4) Members required under section 101(b)(1)(C) of the Workforce Innovation and Opportunity Act, 29 U.S.C. 3111(b)(1) (C); | 1622 1623 1624 |
| (5) <u>An employee of the department of higher education,</u> <u>appointed by the governor;</u> | 1625 1626 |
| <u>(6) Any additional members appointed by the governor.</u> | 1627 |
| (B) The governor shall appoint members to the board, who serve at the governor's pleasure, to perform duties under the Workforce Innovation and Opportunity Act, as authorized by the governor. | 1628 1629 1630 1631 |
| (C) The board is not subject to sections 101.82 to 101.87 of the Revised Code. | 1632 1633 |
| (D) All state agencies engaged in workforce development activities shall assist the board in the performance of its duties. | 1634 1635 1636 |
| (E) The board shall have the power and authority to do all of the following: | 1637 1638 |
| (1) Develop, implement, and modify the state workforce development plan; | 1639 1640 |
| (2) Review statewide workforce policies and programs and recommendations on actions to be taken by the state to align workforce development programs to support a comprehensive and | 1641 1642 1643 |

streamlined workforce development system; 1644

(3) Recommend measures for the development and continuous 1645
improvement of the workforce development system in the state, 1646
including updating comprehensive state performance 1647
accountability measures, also known as workforce success 1648
measures; 1649

(4) Continue to identify and disseminate information on 1650
promising practices in the area of workforce development; 1651

(5) Perform other related work that is required of the 1652
board by the Workforce Innovation and Opportunity Act or 1653
requested by the governor. 1654

Section 2. That existing sections 5703.21, 5747.01, 1655
5747.98, 5751.98, and 6301.04 of the Revised Code are hereby 1656
repealed. 1657

Section 3. The Chancellor of Higher Education shall review 1658
the rules regarding Ohio residency for state subsidy and tuition 1659
surcharge purposes adopted pursuant to section 3333.31 of the 1660
Revised Code. In conducting that review, the Chancellor shall 1661
determine how to streamline and improve those rules to make it 1662
easier for a student who is not a resident of Ohio to establish 1663
Ohio residency for state subsidy and tuition surcharge purposes. 1664
Based on that review, the Chancellor shall update the rules 1665
adopted under section 3333.31 of the Revised Code. 1666

Section 4. The enactment by this act of sections 5747.83 1667
and 5751.55 of the Revised Code applies to wages or salaries 1668
paid to interns on or after January 1, 2023. 1669

Section 5. All items in this act are hereby appropriated 1670
as designated out of any moneys in the state treasury to the 1671
credit of the designated fund. For all operating appropriations 1672

made in this act, those in the first column are for fiscal year 1673
 2022 and those in the second column are for fiscal year 2023. 1674
 The operating appropriations made in this act are in addition to 1675
 any other operating appropriations made for the FY 2022-FY 2023 1676
 biennium. 1677

Section 6. 1678

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| A | BOR DEPARTMENT OF HIGHER EDUCATION | | | | |
| B | General Revenue Fund | | | | |
| C | GRF | 235496 | Ohio College Opportunity Grant Supplement | \$100,000 | \$100,000 |
| D | TOTAL GRF General Revenue Fund | | | \$100,000 | \$100,000 |
| E | TOTAL ALL BUDGET FUND GROUPS | | | \$100,000 | \$100,000 |

OHIO COLLEGE OPPORTUNITY GRANT SUPPLEMENT 1680

The foregoing appropriation item 235496, Ohio College 1681
 Opportunity Grant Supplement, shall be distributed by the 1682
 Chancellor of Higher Education pursuant to section 3333.126 of 1683
 the Revised Code. 1684

Section 7. Within the limits set forth in this act, the 1685
 Director of Budget and Management shall establish accounts 1686
 indicating the source and amount of funds for each appropriation 1687
 made in this act, and shall determine the form and manner in 1688
 which appropriation accounts shall be maintained. Expenditures 1689

from operating appropriations contained in this act shall be 1690
accounted for as though made in H.B. 110 of the 134th General 1691
Assembly. The operating appropriations made in this act are 1692
subject to all provisions of H.B. 110 of the 134th General 1693
Assembly that are generally applicable to such appropriations. 1694

Section 8. Section 5703.21 of the Revised Code is 1695
presented in this act as a composite of the section as amended 1696
by H.B. 74, H.B. 110, and H.B. 172 of the 134th General Assembly 1697
and H.B. 166 of the 133rd General Assembly. The General 1698
Assembly, applying the principle stated in division (B) of 1699
section 1.52 of the Revised Code that amendments are to be 1700
harmonized if reasonably capable of simultaneous operation, 1701
finds that the composite is the resulting version of the section 1702
in effect prior to the effective date of the section as 1703
presented in this act. 1704