

**As Reported by the Senate Ways and Means Committee**

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**Sub. H. B. No. 515**

**Representatives Hoops, Riedel**

**Cosponsors: Representatives Stoltzfus, Stewart, Schmidt, Seitz, Baldrige, Callender, Carruthers, Fraizer, Galonski, Ghanbari, Ginter, Grendell, Gross, Hall, Hillyer, Holmes, Johnson, Jones, Kick, Lampton, Lanese, LaRe, Manning, McClain, Miller, J., Miller, K., Oelslager, Pavliga, Plummer, Ray, Richardson, Roemer, Stein, Swearingen**

**Senators Schuring, Roegner**

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**A BILL**

To amend sections 5747.01, 5753.01, and 5753.04 of  
the Revised Code to exempt from income tax  
certain gains from the sale of an ownership  
interest in a business and to modify the tax  
laws governing sports gaming.

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

**Section 1.** That sections 5747.01, 5753.01, and 5753.04 of  
the Revised Code be amended to read as follows:

**Sec. 5747.01.** Except as otherwise expressly provided or  
clearly appearing from the context, any term used in this  
chapter that is not otherwise defined in this section has the  
same meaning as when used in a comparable context in the laws of  
the United States relating to federal income taxes or if not  
used in a comparable context in those laws, has the same meaning  
as in section 5733.40 of the Revised Code. Any reference in this

chapter to the Internal Revenue Code includes other laws of the 15  
United States relating to federal income taxes. 16

As used in this chapter: 17

(A) "Adjusted gross income" or "Ohio adjusted gross 18  
income" means federal adjusted gross income, as defined and used 19  
in the Internal Revenue Code, adjusted as provided in this 20  
section: 21

(1) Add interest or dividends on obligations or securities 22  
of any state or of any political subdivision or authority of any 23  
state, other than this state and its subdivisions and 24  
authorities. 25

(2) Add interest or dividends on obligations of any 26  
authority, commission, instrumentality, territory, or possession 27  
of the United States to the extent that the interest or 28  
dividends are exempt from federal income taxes but not from 29  
state income taxes. 30

(3) Deduct interest or dividends on obligations of the 31  
United States and its territories and possessions or of any 32  
authority, commission, or instrumentality of the United States 33  
to the extent that the interest or dividends are included in 34  
federal adjusted gross income but exempt from state income taxes 35  
under the laws of the United States. 36

(4) Deduct disability and survivor's benefits to the 37  
extent included in federal adjusted gross income. 38

(5) Deduct the following, to the extent not otherwise 39  
deducted or excluded in computing federal or Ohio adjusted gross 40  
income: 41

(a) Benefits under Title II of the Social Security Act and 42

tier 1 railroad retirement;	43
(b) Railroad retirement benefits, other than tier 1	44
railroad retirement benefits, to the extent such amounts are	45
exempt from state taxation under federal law.	46
(6) Deduct the amount of wages and salaries, if any, not	47
otherwise allowable as a deduction but that would have been	48
allowable as a deduction in computing federal adjusted gross	49
income for the taxable year, had the work opportunity tax credit	50
allowed and determined under sections 38, 51, and 52 of the	51
Internal Revenue Code not been in effect.	52
(7) Deduct any interest or interest equivalent on public	53
obligations and purchase obligations to the extent that the	54
interest or interest equivalent is included in federal adjusted	55
gross income.	56
(8) Add any loss or deduct any gain resulting from the	57
sale, exchange, or other disposition of public obligations to	58
the extent that the loss has been deducted or the gain has been	59
included in computing federal adjusted gross income.	60
(9) Deduct or add amounts, as provided under section	61
5747.70 of the Revised Code, related to contributions to	62
variable college savings program accounts made or tuition units	63
purchased pursuant to Chapter 3334. of the Revised Code.	64
(10) (a) Deduct, to the extent not otherwise allowable as a	65
deduction or exclusion in computing federal or Ohio adjusted	66
gross income for the taxable year, the amount the taxpayer paid	67
during the taxable year for medical care insurance and qualified	68
long-term care insurance for the taxpayer, the taxpayer's	69
spouse, and dependents. No deduction for medical care insurance	70
under division (A) (10) (a) of this section shall be allowed	71

either to any taxpayer who is eligible to participate in any 72  
subsidized health plan maintained by any employer of the 73  
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 74  
entitled to, or on application would be entitled to, benefits 75  
under part A of Title XVIII of the "Social Security Act," 49 76  
Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 77  
division (A)(10)(a) of this section, "subsidized health plan" 78  
means a health plan for which the employer pays any portion of 79  
the plan's cost. The deduction allowed under division (A)(10)(a) 80  
of this section shall be the net of any related premium refunds, 81  
related premium reimbursements, or related insurance premium 82  
dividends received during the taxable year. 83

(b) Deduct, to the extent not otherwise deducted or 84  
excluded in computing federal or Ohio adjusted gross income 85  
during the taxable year, the amount the taxpayer paid during the 86  
taxable year, not compensated for by any insurance or otherwise, 87  
for medical care of the taxpayer, the taxpayer's spouse, and 88  
dependents, to the extent the expenses exceed seven and one-half 89  
per cent of the taxpayer's federal adjusted gross income. 90

(c) For purposes of division (A)(10) of this section, 91  
"medical care" has the meaning given in section 213 of the 92  
Internal Revenue Code, subject to the special rules, 93  
limitations, and exclusions set forth therein, and "qualified 94  
long-term care" has the same meaning given in section 7702B(c) 95  
of the Internal Revenue Code. Solely for purposes of division 96  
(A)(10)(a) of this section, "dependent" includes a person who 97  
otherwise would be a "qualifying relative" and thus a 98  
"dependent" under section 152 of the Internal Revenue Code but 99  
for the fact that the person fails to meet the income and 100  
support limitations under section 152(d)(1)(B) and (C) of the 101  
Internal Revenue Code. 102

(11) (a) Deduct any amount included in federal adjusted 103  
gross income solely because the amount represents a 104  
reimbursement or refund of expenses that in any year the 105  
taxpayer had deducted as an itemized deduction pursuant to 106  
section 63 of the Internal Revenue Code and applicable United 107  
States department of the treasury regulations. The deduction 108  
otherwise allowed under division (A) (11) (a) of this section 109  
shall be reduced to the extent the reimbursement is attributable 110  
to an amount the taxpayer deducted under this section in any 111  
taxable year. 112

(b) Add any amount not otherwise included in Ohio adjusted 113  
gross income for any taxable year to the extent that the amount 114  
is attributable to the recovery during the taxable year of any 115  
amount deducted or excluded in computing federal or Ohio 116  
adjusted gross income in any taxable year. 117

(12) Deduct any portion of the deduction described in 118  
section 1341(a) (2) of the Internal Revenue Code, for repaying 119  
previously reported income received under a claim of right, that 120  
meets both of the following requirements: 121

(a) It is allowable for repayment of an item that was 122  
included in the taxpayer's adjusted gross income for a prior 123  
taxable year and did not qualify for a credit under division (A) 124  
or (B) of section 5747.05 of the Revised Code for that year; 125

(b) It does not otherwise reduce the taxpayer's adjusted 126  
gross income for the current or any other taxable year. 127

(13) Deduct an amount equal to the deposits made to, and 128  
net investment earnings of, a medical savings account during the 129  
taxable year, in accordance with section 3924.66 of the Revised 130  
Code. The deduction allowed by division (A) (13) of this section 131

does not apply to medical savings account deposits and earnings 132  
otherwise deducted or excluded for the current or any other 133  
taxable year from the taxpayer's federal adjusted gross income. 134

(14) (a) Add an amount equal to the funds withdrawn from a 135  
medical savings account during the taxable year, and the net 136  
investment earnings on those funds, when the funds withdrawn 137  
were used for any purpose other than to reimburse an account 138  
holder for, or to pay, eligible medical expenses, in accordance 139  
with section 3924.66 of the Revised Code; 140

(b) Add the amounts distributed from a medical savings 141  
account under division (A) (2) of section 3924.68 of the Revised 142  
Code during the taxable year. 143

(15) Add any amount claimed as a credit under section 144  
5747.059 of the Revised Code to the extent that such amount 145  
satisfies either of the following: 146

(a) The amount was deducted or excluded from the 147  
computation of the taxpayer's federal adjusted gross income as 148  
required to be reported for the taxpayer's taxable year under 149  
the Internal Revenue Code; 150

(b) The amount resulted in a reduction of the taxpayer's 151  
federal adjusted gross income as required to be reported for any 152  
of the taxpayer's taxable years under the Internal Revenue Code. 153

(16) Deduct the amount contributed by the taxpayer to an 154  
individual development account program established by a county 155  
department of job and family services pursuant to sections 156  
329.11 to 329.14 of the Revised Code for the purpose of matching 157  
funds deposited by program participants. On request of the tax 158  
commissioner, the taxpayer shall provide any information that, 159  
in the tax commissioner's opinion, is necessary to establish the 160

amount deducted under division (A) (16) of this section. 161

(17) (a) (i) Subject to divisions (A) (17) (a) (iii), (iv), and 162  
(v) of this section, add five-sixths of the amount of 163  
depreciation expense allowed by subsection (k) of section 168 of 164  
the Internal Revenue Code, including the taxpayer's 165  
proportionate or distributive share of the amount of 166  
depreciation expense allowed by that subsection to a pass- 167  
through entity in which the taxpayer has a direct or indirect 168  
ownership interest. 169

(ii) Subject to divisions (A) (17) (a) (iii), (iv), and (v) 170  
of this section, add five-sixths of the amount of qualifying 171  
section 179 depreciation expense, including the taxpayer's 172  
proportionate or distributive share of the amount of qualifying 173  
section 179 depreciation expense allowed to any pass-through 174  
entity in which the taxpayer has a direct or indirect ownership 175  
interest. 176

(iii) Subject to division (A) (17) (a) (v) of this section, 177  
for taxable years beginning in 2012 or thereafter, if the 178  
increase in income taxes withheld by the taxpayer is equal to or 179  
greater than ten per cent of income taxes withheld by the 180  
taxpayer during the taxpayer's immediately preceding taxable 181  
year, "two-thirds" shall be substituted for "five-sixths" for 182  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 183

(iv) Subject to division (A) (17) (a) (v) of this section, 184  
for taxable years beginning in 2012 or thereafter, a taxpayer is 185  
not required to add an amount under division (A) (17) of this 186  
section if the increase in income taxes withheld by the taxpayer 187  
and by any pass-through entity in which the taxpayer has a 188  
direct or indirect ownership interest is equal to or greater 189  
than the sum of (I) the amount of qualifying section 179 190

depreciation expense and (II) the amount of depreciation expense 191  
allowed to the taxpayer by subsection (k) of section 168 of the 192  
Internal Revenue Code, and including the taxpayer's 193  
proportionate or distributive shares of such amounts allowed to 194  
any such pass-through entities. 195

(v) If a taxpayer directly or indirectly incurs a net 196  
operating loss for the taxable year for federal income tax 197  
purposes, to the extent such loss resulted from depreciation 198  
expense allowed by subsection (k) of section 168 of the Internal 199  
Revenue Code and by qualifying section 179 depreciation expense, 200  
"the entire" shall be substituted for "five-sixths of the" for 201  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 202

The tax commissioner, under procedures established by the 203  
commissioner, may waive the add-backs related to a pass-through 204  
entity if the taxpayer owns, directly or indirectly, less than 205  
five per cent of the pass-through entity. 206

(b) Nothing in division (A) (17) of this section shall be 207  
construed to adjust or modify the adjusted basis of any asset. 208

(c) To the extent the add-back required under division (A) 209  
(17) (a) of this section is attributable to property generating 210  
nonbusiness income or loss allocated under section 5747.20 of 211  
the Revised Code, the add-back shall be situated to the same 212  
location as the nonbusiness income or loss generated by the 213  
property for the purpose of determining the credit under 214  
division (A) of section 5747.05 of the Revised Code. Otherwise, 215  
the add-back shall be apportioned, subject to one or more of the 216  
four alternative methods of apportionment enumerated in section 217  
5747.21 of the Revised Code. 218

(d) For the purposes of division (A) (17) (a) (v) of this 219



section, net operating loss carryback and carryforward shall not 220  
include the allowance of any net operating loss deduction 221  
carryback or carryforward to the taxable year to the extent such 222  
loss resulted from depreciation allowed by section 168(k) of the 223  
Internal Revenue Code and by the qualifying section 179 224  
depreciation expense amount. 225

(e) For the purposes of divisions (A) (17) and (18) of this 226  
section: 227

(i) "Income taxes withheld" means the total amount 228  
withheld and remitted under sections 5747.06 and 5747.07 of the 229  
Revised Code by an employer during the employer's taxable year. 230

(ii) "Increase in income taxes withheld" means the amount 231  
by which the amount of income taxes withheld by an employer 232  
during the employer's current taxable year exceeds the amount of 233  
income taxes withheld by that employer during the employer's 234  
immediately preceding taxable year. 235

(iii) "Qualifying section 179 depreciation expense" means 236  
the difference between (I) the amount of depreciation expense 237  
directly or indirectly allowed to a taxpayer under section 179 238  
of the Internal Revised Code, and (II) the amount of 239  
depreciation expense directly or indirectly allowed to the 240  
taxpayer under section 179 of the Internal Revenue Code as that 241  
section existed on December 31, 2002. 242

(18) (a) If the taxpayer was required to add an amount 243  
under division (A) (17) (a) of this section for a taxable year, 244  
deduct one of the following: 245

(i) One-fifth of the amount so added for each of the five 246  
succeeding taxable years if the amount so added was five-sixths 247  
of qualifying section 179 depreciation expense or depreciation 248

expense allowed by subsection (k) of section 168 of the Internal Revenue Code;	249 250
(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;	251 252 253
(iii) One-sixth of the amount so added for each of the six succeeding taxable years if the entire amount of such depreciation expense was so added.	254 255 256
(b) If the amount deducted under division (A) (18) (a) of this section is attributable to an add-back allocated under division (A) (17) (c) of this section, the amount deducted shall be situated to the same location. Otherwise, the add-back shall be apportioned using the apportionment factors for the taxable year in which the deduction is taken, subject to one or more of the four alternative methods of apportionment enumerated in section 5747.21 of the Revised Code.	257 258 259 260 261 262 263 264
(c) No deduction is available under division (A) (18) (a) of this section with regard to any depreciation allowed by section 168(k) of the Internal Revenue Code and by the qualifying section 179 depreciation expense amount to the extent that such depreciation results in or increases a federal net operating loss carryback or carryforward. If no such deduction is available for a taxable year, the taxpayer may carry forward the amount not deducted in such taxable year to the next taxable year and add that amount to any deduction otherwise available under division (A) (18) (a) of this section for that next taxable year. The carryforward of amounts not so deducted shall continue until the entire addition required by division (A) (17) (a) of this section has been deducted.	265 266 267 268 269 270 271 272 273 274 275 276 277

(19) Deduct, to the extent not otherwise deducted or 278  
excluded in computing federal or Ohio adjusted gross income for 279  
the taxable year, the amount the taxpayer received during the 280  
taxable year as reimbursement for life insurance premiums under 281  
section 5919.31 of the Revised Code. 282

(20) Deduct, to the extent not otherwise deducted or 283  
excluded in computing federal or Ohio adjusted gross income for 284  
the taxable year, the amount the taxpayer received during the 285  
taxable year as a death benefit paid by the adjutant general 286  
under section 5919.33 of the Revised Code. 287

(21) Deduct, to the extent included in federal adjusted 288  
gross income and not otherwise allowable as a deduction or 289  
exclusion in computing federal or Ohio adjusted gross income for 290  
the taxable year, military pay and allowances received by the 291  
taxpayer during the taxable year for active duty service in the 292  
United States army, air force, navy, marine corps, or coast 293  
guard or reserve components thereof or the national guard. The 294  
deduction may not be claimed for military pay and allowances 295  
received by the taxpayer while the taxpayer is stationed in this 296  
state. 297

(22) Deduct, to the extent not otherwise allowable as a 298  
deduction or exclusion in computing federal or Ohio adjusted 299  
gross income for the taxable year and not otherwise compensated 300  
for by any other source, the amount of qualified organ donation 301  
expenses incurred by the taxpayer during the taxable year, not 302  
to exceed ten thousand dollars. A taxpayer may deduct qualified 303  
organ donation expenses only once for all taxable years 304  
beginning with taxable years beginning in 2007. 305

For the purposes of division (A) (22) of this section: 306

(a) "Human organ" means all or any portion of a human 307  
liver, pancreas, kidney, intestine, or lung, and any portion of 308  
human bone marrow. 309

(b) "Qualified organ donation expenses" means travel 310  
expenses, lodging expenses, and wages and salary forgone by a 311  
taxpayer in connection with the taxpayer's donation, while 312  
living, of one or more of the taxpayer's human organs to another 313  
human being. 314

(23) Deduct, to the extent not otherwise deducted or 315  
excluded in computing federal or Ohio adjusted gross income for 316  
the taxable year, amounts received by the taxpayer as retired 317  
personnel pay for service in the uniformed services or reserve 318  
components thereof, or the national guard, or received by the 319  
surviving spouse or former spouse of such a taxpayer under the 320  
survivor benefit plan on account of such a taxpayer's death. If 321  
the taxpayer receives income on account of retirement paid under 322  
the federal civil service retirement system or federal employees 323  
retirement system, or under any successor retirement program 324  
enacted by the congress of the United States that is established 325  
and maintained for retired employees of the United States 326  
government, and such retirement income is based, in whole or in 327  
part, on credit for the taxpayer's uniformed service, the 328  
deduction allowed under this division shall include only that 329  
portion of such retirement income that is attributable to the 330  
taxpayer's uniformed service, to the extent that portion of such 331  
retirement income is otherwise included in federal adjusted 332  
gross income and is not otherwise deducted under this section. 333  
Any amount deducted under division (A) (23) of this section is 334  
not included in a taxpayer's adjusted gross income for the 335  
purposes of section 5747.055 of the Revised Code. No amount may 336  
be deducted under division (A) (23) of this section on the basis 337

of which a credit was claimed under section 5747.055 of the Revised Code. 338  
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(24) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income for the taxable year, the amount the taxpayer received during the taxable year from the military injury relief fund created in section 5902.05 of the Revised Code. 340  
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(25) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income for the taxable year, the amount the taxpayer received as a veterans bonus during the taxable year from the Ohio department of veterans services as authorized by Section 2r of Article VIII, Ohio Constitution. 345  
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(26) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income for the taxable year, any income derived from a transfer agreement or from the enterprise transferred under that agreement under section 4313.02 of the Revised Code. 351  
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(27) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income for the taxable year, Ohio college opportunity or federal Pell grant amounts received by the taxpayer or the taxpayer's spouse or dependent pursuant to section 3333.122 of the Revised Code or 20 U.S.C. 1070a, et seq., and used to pay room or board furnished by the educational institution for which the grant was awarded at the institution's facilities, including meal plans administered by the institution. For the purposes of this division, receipt of a grant includes the distribution of a grant directly to an educational institution and the crediting of the grant to the enrollee's account with the institution. 356  
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(28) Deduct from the portion of an individual's federal	368
adjusted gross income that is business income, to the extent not	369
otherwise deducted or excluded in computing federal adjusted	370
gross income for the taxable year, one hundred twenty-five	371
thousand dollars for each spouse if spouses file separate	372
returns under section 5747.08 of the Revised Code or two hundred	373
fifty thousand dollars for all other individuals.	374
(29) Deduct, as provided under section 5747.78 of the	375
Revised Code, contributions to ABLE savings accounts made in	376
accordance with sections 113.50 to 113.56 of the Revised Code.	377
(30) (a) Deduct, to the extent not otherwise deducted or	378
excluded in computing federal or Ohio adjusted gross income	379
during the taxable year, all of the following:	380
(i) Compensation paid to a qualifying employee described	381
in division (A) (14) (a) of section 5703.94 of the Revised Code to	382
the extent such compensation is for disaster work conducted in	383
this state during a disaster response period pursuant to a	384
qualifying solicitation received by the employee's employer;	385
(ii) Compensation paid to a qualifying employee described	386
in division (A) (14) (b) of section 5703.94 of the Revised Code to	387
the extent such compensation is for disaster work conducted in	388
this state by the employee during the disaster response period	389
on critical infrastructure owned or used by the employee's	390
employer;	391
(iii) Income received by an out-of-state disaster business	392
for disaster work conducted in this state during a disaster	393
response period, or, if the out-of-state disaster business is a	394
pass-through entity, a taxpayer's distributive share of the	395
pass-through entity's income from the business conducting	396

disaster work in this state during a disaster response period, 397  
if, in either case, the disaster work is conducted pursuant to a 398  
qualifying solicitation received by the business. 399

(b) All terms used in division (A) (30) of this section 400  
have the same meanings as in section 5703.94 of the Revised 401  
Code. 402

(31) For a taxpayer who is a qualifying Ohio educator, 403  
deduct, to the extent not otherwise deducted or excluded in 404  
computing federal or Ohio adjusted gross income for the taxable 405  
year, the lesser of two hundred fifty dollars or the amount of 406  
expenses described in subsections (a) (2) (D) (i) and (ii) of 407  
section 62 of the Internal Revenue Code paid or incurred by the 408  
taxpayer during the taxpayer's taxable year in excess of the 409  
amount the taxpayer is authorized to deduct for that taxable 410  
year under subsection (a) (2) (D) of that section. 411

(32) Deduct, to the extent not otherwise deducted or 412  
excluded in computing federal or Ohio adjusted gross income for 413  
the taxable year, amounts received by the taxpayer as a 414  
disability severance payment, computed under 10 U.S.C. 1212, 415  
following discharge or release under honorable conditions from 416  
the armed forces, as defined by 10 U.S.C. 101. 417

(33) Deduct, to the extent not otherwise deducted or 418  
excluded in computing federal adjusted gross income or Ohio 419  
adjusted gross income, amounts not subject to tax due to an 420  
agreement entered into under division (A) (2) of section 5747.05 421  
of the Revised Code. 422

(34) Deduct amounts as provided under section 5747.79 of 423  
the Revised Code related to the taxpayer's qualifying capital 424  
gains and deductible payroll. 425

To the extent a qualifying capital gain described under 426  
division (A) (34) of this section is business income, the 427  
taxpayer shall deduct those gains under this division before 428  
deducting any such gains under division (A) (28) of this section. 429

(35) (a) For taxable years beginning in or after 2026, 430  
deduct, to the extent not otherwise deducted or excluded in 431  
computing federal or Ohio adjusted gross income for the taxable 432  
year: 433

(i) One hundred per cent of the capital gain received by 434  
the taxpayer in the taxable year from a qualifying interest in 435  
an Ohio venture capital operating company attributable to the 436  
company's investments in Ohio businesses during the period for 437  
which the company was an Ohio venture operating company; and 438

(ii) Fifty per cent of the capital gain received by the 439  
taxpayer in the taxable year from a qualifying interest in an 440  
Ohio venture capital operating company attributable to the 441  
company's investments in all other businesses during the period 442  
for which the company was an Ohio venture operating company. 443

(b) Add amounts previously deducted by the taxpayer under 444  
division (A) (35) (a) of this section if the director of 445  
development certifies to the tax commissioner that the 446  
requirements for the deduction were not met. 447

(c) All terms used in division (A) (35) of this section 448  
have the same meanings as in section 122.851 of the Revised 449  
Code. 450

(d) To the extent a capital gain described in division (A) 451  
(35) (a) of this section is business income, the taxpayer shall 452  
apply that division before applying division (A) (28) of this 453  
section. 454



(B) "Business income" means income, including gain or loss, arising from transactions, activities, and sources in the regular course of a trade or business and includes income, gain, or loss from real property, tangible property, and intangible property if the acquisition, rental, management, and disposition of the property constitute integral parts of the regular course of a trade or business operation. "Business income" includes income, including gain or loss, from a partial or complete liquidation of a business, including, but not limited to, gain or loss from the sale or other disposition of goodwill or the sale of an equity or ownership interest in a business.

As used in this division, the "sale of an equity or ownership interest in a business" means sales to which either or both of the following apply:

(1) The sale is treated for federal income tax purposes as the sale of assets.

(2) The seller materially participated, as described in 26 C.F.R. 1.469-5T, in the activities of the business during the taxable year in which the sale occurs or during any of the five preceding taxable years.

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

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

(E) "Fiduciary" means a guardian, trustee, executor,

administrator, receiver, conservator, or any other person acting	484
in any fiduciary capacity for any individual, trust, or estate.	485
(F) "Fiscal year" means an accounting period of twelve	486
months ending on the last day of any month other than December.	487
(G) "Individual" means any natural person.	488
(H) "Internal Revenue Code" means the "Internal Revenue	489
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.	490
(I) "Resident" means any of the following:	491
(1) An individual who is domiciled in this state, subject	492
to section 5747.24 of the Revised Code;	493
(2) The estate of a decedent who at the time of death was	494
domiciled in this state. The domicile tests of section 5747.24	495
of the Revised Code are not controlling for purposes of division	496
(I)(2) of this section.	497
(3) A trust that, in whole or part, resides in this state.	498
If only part of a trust resides in this state, the trust is a	499
resident only with respect to that part.	500
For the purposes of division (I)(3) of this section:	501
(a) A trust resides in this state for the trust's current	502
taxable year to the extent, as described in division (I)(3)(d)	503
of this section, that the trust consists directly or indirectly,	504
in whole or in part, of assets, net of any related liabilities,	505
that were transferred, or caused to be transferred, directly or	506
indirectly, to the trust by any of the following:	507
(i) A person, a court, or a governmental entity or	508
instrumentality on account of the death of a decedent, but only	509
if the trust is described in division (I)(3)(e)(i) or (ii) of	510

this section; 511

(ii) A person who was domiciled in this state for the 512  
purposes of this chapter when the person directly or indirectly 513  
transferred assets to an irrevocable trust, but only if at least 514  
one of the trust's qualifying beneficiaries is domiciled in this 515  
state for the purposes of this chapter during all or some 516  
portion of the trust's current taxable year; 517

(iii) A person who was domiciled in this state for the 518  
purposes of this chapter when the trust document or instrument 519  
or part of the trust document or instrument became irrevocable, 520  
but only if at least one of the trust's qualifying beneficiaries 521  
is a resident domiciled in this state for the purposes of this 522  
chapter during all or some portion of the trust's current 523  
taxable year. If a trust document or instrument became 524  
irrevocable upon the death of a person who at the time of death 525  
was domiciled in this state for purposes of this chapter, that 526  
person is a person described in division (I) (3) (a) (iii) of this 527  
section. 528

(b) A trust is irrevocable to the extent that the 529  
transferor is not considered to be the owner of the net assets 530  
of the trust under sections 671 to 678 of the Internal Revenue 531  
Code. 532

(c) With respect to a trust other than a charitable lead 533  
trust, "qualifying beneficiary" has the same meaning as 534  
"potential current beneficiary" as defined in section 1361(e) (2) 535  
of the Internal Revenue Code, and with respect to a charitable 536  
lead trust "qualifying beneficiary" is any current, future, or 537  
contingent beneficiary, but with respect to any trust 538  
"qualifying beneficiary" excludes a person or a governmental 539  
entity or instrumentality to any of which a contribution would 540

qualify for the charitable deduction under section 170 of the Internal Revenue Code.

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

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

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

(iii) Whether a transfer to the trust is by or from any of

the sources enumerated in division (I) (3) (a) of this section 571  
shall be ascertained without regard to the domicile of the 572  
trust's beneficiaries. 573

(e) For the purposes of division (I) (3) (a) (i) of this 574  
section: 575

(i) A trust is described in division (I) (3) (e) (i) of this 576  
section if the trust is a testamentary trust and the testator of 577  
that testamentary trust was domiciled in this state at the time 578  
of the testator's death for purposes of the taxes levied under 579  
Chapter 5731. of the Revised Code. 580

(ii) A trust is described in division (I) (3) (e) (ii) of 581  
this section if the transfer is a qualifying transfer described 582  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 583  
trust is an irrevocable inter vivos trust, and at least one of 584  
the trust's qualifying beneficiaries is domiciled in this state 585  
for purposes of this chapter during all or some portion of the 586  
trust's current taxable year. 587

(f) For the purposes of division (I) (3) (e) (ii) of this 588  
section, a "qualifying transfer" is a transfer of assets, net of 589  
any related liabilities, directly or indirectly to a trust, if 590  
the transfer is described in any of the following: 591

(i) The transfer is made to a trust, created by the 592  
decedent before the decedent's death and while the decedent was 593  
domiciled in this state for the purposes of this chapter, and, 594  
prior to the death of the decedent, the trust became irrevocable 595  
while the decedent was domiciled in this state for the purposes 596  
of this chapter. 597

(ii) The transfer is made to a trust to which the 598  
decedent, prior to the decedent's death, had directly or 599

indirectly transferred assets, net of any related liabilities, 600  
while the decedent was domiciled in this state for the purposes 601  
of this chapter, and prior to the death of the decedent the 602  
trust became irrevocable while the decedent was domiciled in 603  
this state for the purposes of this chapter. 604

(iii) The transfer is made on account of a contractual 605  
relationship existing directly or indirectly between the 606  
transferor and either the decedent or the estate of the decedent 607  
at any time prior to the date of the decedent's death, and the 608  
decedent was domiciled in this state at the time of death for 609  
purposes of the taxes levied under Chapter 5731. of the Revised 610  
Code. 611

(iv) The transfer is made to a trust on account of a 612  
contractual relationship existing directly or indirectly between 613  
the transferor and another person who at the time of the 614  
decedent's death was domiciled in this state for purposes of 615  
this chapter. 616

(v) The transfer is made to a trust on account of the will 617  
of a testator who was domiciled in this state at the time of the 618  
testator's death for purposes of the taxes levied under Chapter 619  
5731. of the Revised Code. 620

(vi) The transfer is made to a trust created by or caused 621  
to be created by a court, and the trust was directly or 622  
indirectly created in connection with or as a result of the 623  
death of an individual who, for purposes of the taxes levied 624  
under Chapter 5731. of the Revised Code, was domiciled in this 625  
state at the time of the individual's death. 626

(g) The tax commissioner may adopt rules to ascertain the 627  
part of a trust residing in this state. 628

(J) "Nonresident" means an individual or estate that is 629  
not a resident. An individual who is a resident for only part of 630  
a taxable year is a nonresident for the remainder of that 631  
taxable year. 632

(K) "Pass-through entity" has the same meaning as in 633  
section 5733.04 of the Revised Code. 634

(L) "Return" means the notifications and reports required 635  
to be filed pursuant to this chapter for the purpose of 636  
reporting the tax due and includes declarations of estimated tax 637  
when so required. 638

(M) "Taxable year" means the calendar year or the 639  
taxpayer's fiscal year ending during the calendar year, or 640  
fractional part thereof, upon which the adjusted gross income is 641  
calculated pursuant to this chapter. 642

(N) "Taxpayer" means any person subject to the tax imposed 643  
by section 5747.02 of the Revised Code or any pass-through 644  
entity that makes the election under division (D) of section 645  
5747.08 of the Revised Code. 646

(O) "Dependents" means one of the following: 647

(1) For taxable years beginning on or after January 1, 648  
2018, and before January 1, 2026, dependents as defined in the 649  
Internal Revenue Code; 650

(2) For all other taxable years, dependents as defined in 651  
the Internal Revenue Code and as claimed in the taxpayer's 652  
federal income tax return for the taxable year or which the 653  
taxpayer would have been permitted to claim had the taxpayer 654  
filed a federal income tax return. 655

(P) "Principal county of employment" means, in the case of 656

a nonresident, the county within the state in which a taxpayer 657  
performs services for an employer or, if those services are 658  
performed in more than one county, the county in which the major 659  
portion of the services are performed. 660

(Q) As used in sections 5747.50 to 5747.55 of the Revised 661  
Code: 662

(1) "Subdivision" means any county, municipal corporation, 663  
park district, or township. 664

(2) "Essential local government purposes" includes all 665  
functions that any subdivision is required by general law to 666  
exercise, including like functions that are exercised under a 667  
charter adopted pursuant to the Ohio Constitution. 668

(R) "Overpayment" means any amount already paid that 669  
exceeds the figure determined to be the correct amount of the 670  
tax. 671

(S) "Taxable income" or "Ohio taxable income" applies only 672  
to estates and trusts, and means federal taxable income, as 673  
defined and used in the Internal Revenue Code, adjusted as 674  
follows: 675

(1) Add interest or dividends, net of ordinary, necessary, 676  
and reasonable expenses not deducted in computing federal 677  
taxable income, on obligations or securities of any state or of 678  
any political subdivision or authority of any state, other than 679  
this state and its subdivisions and authorities, but only to the 680  
extent that such net amount is not otherwise includible in Ohio 681  
taxable income and is described in either division (S) (1) (a) or 682  
(b) of this section: 683

(a) The net amount is not attributable to the S portion of 684  
an electing small business trust and has not been distributed to 685



beneficiaries for the taxable year;	686
(b) The net amount is attributable to the S portion of an	687
electing small business trust for the taxable year.	688
(2) Add interest or dividends, net of ordinary, necessary,	689
and reasonable expenses not deducted in computing federal	690
taxable income, on obligations of any authority, commission,	691
instrumentality, territory, or possession of the United States	692
to the extent that the interest or dividends are exempt from	693
federal income taxes but not from state income taxes, but only	694
to the extent that such net amount is not otherwise includible	695
in Ohio taxable income and is described in either division (S)	696
(1) (a) or (b) of this section;	697
(3) Add the amount of personal exemption allowed to the	698
estate pursuant to section 642(b) of the Internal Revenue Code;	699
(4) Deduct interest or dividends, net of related expenses	700
deducted in computing federal taxable income, on obligations of	701
the United States and its territories and possessions or of any	702
authority, commission, or instrumentality of the United States	703
to the extent that the interest or dividends are exempt from	704
state taxes under the laws of the United States, but only to the	705
extent that such amount is included in federal taxable income	706
and is described in either division (S) (1) (a) or (b) of this	707
section;	708
(5) Deduct the amount of wages and salaries, if any, not	709
otherwise allowable as a deduction but that would have been	710
allowable as a deduction in computing federal taxable income for	711
the taxable year, had the work opportunity tax credit allowed	712
under sections 38, 51, and 52 of the Internal Revenue Code not	713
been in effect, but only to the extent such amount relates	714

either to income included in federal taxable income for the 715  
taxable year or to income of the S portion of an electing small 716  
business trust for the taxable year; 717

(6) Deduct any interest or interest equivalent, net of 718  
related expenses deducted in computing federal taxable income, 719  
on public obligations and purchase obligations, but only to the 720  
extent that such net amount relates either to income included in 721  
federal taxable income for the taxable year or to income of the 722  
S portion of an electing small business trust for the taxable 723  
year; 724

(7) Add any loss or deduct any gain resulting from sale, 725  
exchange, or other disposition of public obligations to the 726  
extent that such loss has been deducted or such gain has been 727  
included in computing either federal taxable income or income of 728  
the S portion of an electing small business trust for the 729  
taxable year; 730

(8) Except in the case of the final return of an estate, 731  
add any amount deducted by the taxpayer on both its Ohio estate 732  
tax return pursuant to section 5731.14 of the Revised Code, and 733  
on its federal income tax return in determining federal taxable 734  
income; 735

(9) (a) Deduct any amount included in federal taxable 736  
income solely because the amount represents a reimbursement or 737  
refund of expenses that in a previous year the decedent had 738  
deducted as an itemized deduction pursuant to section 63 of the 739  
Internal Revenue Code and applicable treasury regulations. The 740  
deduction otherwise allowed under division (S) (9) (a) of this 741  
section shall be reduced to the extent the reimbursement is 742  
attributable to an amount the taxpayer or decedent deducted 743  
under this section in any taxable year. 744

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

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

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

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

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

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

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

(12) Deduct any amount, net of related expenses deducted

in computing federal taxable income, that a trust is required to 774  
report as farm income on its federal income tax return, but only 775  
if the assets of the trust include at least ten acres of land 776  
satisfying the definition of "land devoted exclusively to 777  
agricultural use" under section 5713.30 of the Revised Code, 778  
regardless of whether the land is valued for tax purposes as 779  
such land under sections 5713.30 to 5713.38 of the Revised Code. 780  
If the trust is a pass-through entity investor, section 5747.231 781  
of the Revised Code applies in ascertaining if the trust is 782  
eligible to claim the deduction provided by division (S) (12) of 783  
this section in connection with the pass-through entity's farm 784  
income. 785

Except for farm income attributable to the S portion of an 786  
electing small business trust, the deduction provided by 787  
division (S) (12) of this section is allowed only to the extent 788  
that the trust has not distributed such farm income. 789

(13) Add the net amount of income described in section 790  
641(c) of the Internal Revenue Code to the extent that amount is 791  
not included in federal taxable income. 792

(14) Add or deduct the amount the taxpayer would be 793  
required to add or deduct under division (A) (17) or (18) of this 794  
section if the taxpayer's Ohio taxable income were computed in 795  
the same manner as an individual's Ohio adjusted gross income is 796  
computed under this section. 797

(T) "School district income" and "school district income 798  
tax" have the same meanings as in section 5748.01 of the Revised 799  
Code. 800

(U) As used in divisions (A) (7), (A) (8), (S) (6), and (S) 801  
(7) of this section, "public obligations," "purchase 802

obligations," and "interest or interest equivalent" have the 803  
same meanings as in section 5709.76 of the Revised Code. 804

(V) "Limited liability company" means any limited 805  
liability company formed under Chapter 1705. or 1706. of the 806  
Revised Code or under the laws of any other state. 807

(W) "Pass-through entity investor" means any person who, 808  
during any portion of a taxable year of a pass-through entity, 809  
is a partner, member, shareholder, or equity investor in that 810  
pass-through entity. 811

(X) "Banking day" has the same meaning as in section 812  
1304.01 of the Revised Code. 813

(Y) "Month" means a calendar month. 814

(Z) "Quarter" means the first three months, the second 815  
three months, the third three months, or the last three months 816  
of the taxpayer's taxable year. 817

(AA) (1) "Modified business income" means the business 818  
income included in a trust's Ohio taxable income after such 819  
taxable income is first reduced by the qualifying trust amount, 820  
if any. 821

(2) "Qualifying trust amount" of a trust means capital 822  
gains and losses from the sale, exchange, or other disposition 823  
of equity or ownership interests in, or debt obligations of, a 824  
qualifying investee to the extent included in the trust's Ohio 825  
taxable income, but only if the following requirements are 826  
satisfied: 827

(a) The book value of the qualifying investee's physical 828  
assets in this state and everywhere, as of the last day of the 829  
qualifying investee's fiscal or calendar year ending immediately 830

prior to the date on which the trust recognizes the gain or 831  
loss, is available to the trust. 832

(b) The requirements of section 5747.011 of the Revised 833  
Code are satisfied for the trust's taxable year in which the 834  
trust recognizes the gain or loss. 835

Any gain or loss that is not a qualifying trust amount is 836  
modified business income, qualifying investment income, or 837  
modified nonbusiness income, as the case may be. 838

(3) "Modified nonbusiness income" means a trust's Ohio 839  
taxable income other than modified business income, other than 840  
the qualifying trust amount, and other than qualifying 841  
investment income, as defined in section 5747.012 of the Revised 842  
Code, to the extent such qualifying investment income is not 843  
otherwise part of modified business income. 844

(4) "Modified Ohio taxable income" applies only to trusts, 845  
and means the sum of the amounts described in divisions (AA) (4) 846  
(a) to (c) of this section: 847

(a) The fraction, calculated under section 5747.013, and 848  
applying section 5747.231 of the Revised Code, multiplied by the 849  
sum of the following amounts: 850

(i) The trust's modified business income; 851

(ii) The trust's qualifying investment income, as defined 852  
in section 5747.012 of the Revised Code, but only to the extent 853  
the qualifying investment income does not otherwise constitute 854  
modified business income and does not otherwise constitute a 855  
qualifying trust amount. 856

(b) The qualifying trust amount multiplied by a fraction, 857  
the numerator of which is the sum of the book value of the 858

qualifying investee's physical assets in this state on the last 859  
day of the qualifying investee's fiscal or calendar year ending 860  
immediately prior to the day on which the trust recognizes the 861  
qualifying trust amount, and the denominator of which is the sum 862  
of the book value of the qualifying investee's total physical 863  
assets everywhere on the last day of the qualifying investee's 864  
fiscal or calendar year ending immediately prior to the day on 865  
which the trust recognizes the qualifying trust amount. If, for 866  
a taxable year, the trust recognizes a qualifying trust amount 867  
with respect to more than one qualifying investee, the amount 868  
described in division (AA) (4) (b) of this section shall equal the 869  
sum of the products so computed for each such qualifying 870  
investee. 871

(c) (i) With respect to a trust or portion of a trust that 872  
is a resident as ascertained in accordance with division (I) (3) 873  
(d) of this section, its modified nonbusiness income. 874

(ii) With respect to a trust or portion of a trust that is 875  
not a resident as ascertained in accordance with division (I) (3) 876  
(d) of this section, the amount of its modified nonbusiness 877  
income satisfying the descriptions in divisions (B) (2) to (5) of 878  
section 5747.20 of the Revised Code, except as otherwise 879  
provided in division (AA) (4) (c) (ii) of this section. With 880  
respect to a trust or portion of a trust that is not a resident 881  
as ascertained in accordance with division (I) (3) (d) of this 882  
section, the trust's portion of modified nonbusiness income 883  
recognized from the sale, exchange, or other disposition of a 884  
debt interest in or equity interest in a section 5747.212 885  
entity, as defined in section 5747.212 of the Revised Code, 886  
without regard to division (A) of that section, shall not be 887  
allocated to this state in accordance with section 5747.20 of 888  
the Revised Code but shall be apportioned to this state in 889

accordance with division (B) of section 5747.212 of the Revised Code without regard to division (A) of that section. 890  
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If the allocation and apportionment of a trust's income under divisions (AA) (4) (a) and (c) of this section do not fairly represent the modified Ohio taxable income of the trust in this state, the alternative methods described in division (C) of section 5747.21 of the Revised Code may be applied in the manner and to the same extent provided in that section. 892  
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(5) (a) Except as set forth in division (AA) (5) (b) of this section, "qualifying investee" means a person in which a trust has an equity or ownership interest, or a person or unit of government the debt obligations of either of which are owned by a trust. For the purposes of division (AA) (2) (a) of this section and for the purpose of computing the fraction described in division (AA) (4) (b) of this section, all of the following apply: 898  
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(i) If the qualifying investee is a member of a qualifying controlled group on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss, then "qualifying investee" includes all persons in the qualifying controlled group on such last day. 905  
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(ii) If the qualifying investee, or if the qualifying investee and any members of the qualifying controlled group of which the qualifying investee is a member on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss, separately or cumulatively own, directly or indirectly, on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the qualifying trust amount, more than fifty per cent 911  
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of the equity of a pass-through entity, then the qualifying 920  
investee and the other members are deemed to own the 921  
proportionate share of the pass-through entity's physical assets 922  
which the pass-through entity directly or indirectly owns on the 923  
last day of the pass-through entity's calendar or fiscal year 924  
ending within or with the last day of the qualifying investee's 925  
fiscal or calendar year ending immediately prior to the date on 926  
which the trust recognizes the qualifying trust amount. 927

(iii) For the purposes of division (AA) (5) (a) (iii) of this 928  
section, "upper level pass-through entity" means a pass-through 929  
entity directly or indirectly owning any equity of another pass- 930  
through entity, and "lower level pass-through entity" means that 931  
other pass-through entity. 932

An upper level pass-through entity, whether or not it is 933  
also a qualifying investee, is deemed to own, on the last day of 934  
the upper level pass-through entity's calendar or fiscal year, 935  
the proportionate share of the lower level pass-through entity's 936  
physical assets that the lower level pass-through entity 937  
directly or indirectly owns on the last day of the lower level 938  
pass-through entity's calendar or fiscal year ending within or 939  
with the last day of the upper level pass-through entity's 940  
fiscal or calendar year. If the upper level pass-through entity 941  
directly and indirectly owns less than fifty per cent of the 942  
equity of the lower level pass-through entity on each day of the 943  
upper level pass-through entity's calendar or fiscal year in 944  
which or with which ends the calendar or fiscal year of the 945  
lower level pass-through entity and if, based upon clear and 946  
convincing evidence, complete information about the location and 947  
cost of the physical assets of the lower pass-through entity is 948  
not available to the upper level pass-through entity, then 949  
solely for purposes of ascertaining if a gain or loss 950

constitutes a qualifying trust amount, the upper level pass- 951  
through entity shall be deemed as owning no equity of the lower 952  
level pass-through entity for each day during the upper level 953  
pass-through entity's calendar or fiscal year in which or with 954  
which ends the lower level pass-through entity's calendar or 955  
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 956  
shall be construed to provide for any deduction or exclusion in 957  
computing any trust's Ohio taxable income. 958

(b) With respect to a trust that is not a resident for the 959  
taxable year and with respect to a part of a trust that is not a 960  
resident for the taxable year, "qualifying investee" for that 961  
taxable year does not include a C corporation if both of the 962  
following apply: 963

(i) During the taxable year the trust or part of the trust 964  
recognizes a gain or loss from the sale, exchange, or other 965  
disposition of equity or ownership interests in, or debt 966  
obligations of, the C corporation. 967

(ii) Such gain or loss constitutes nonbusiness income. 968

(6) "Available" means information is such that a person is 969  
able to learn of the information by the due date plus 970  
extensions, if any, for filing the return for the taxable year 971  
in which the trust recognizes the gain or loss. 972

(BB) "Qualifying controlled group" has the same meaning as 973  
in section 5733.04 of the Revised Code. 974

(CC) "Related member" has the same meaning as in section 975  
5733.042 of the Revised Code. 976

(DD) (1) For the purposes of division (DD) of this section: 977

(a) "Qualifying person" means any person other than a 978

qualifying corporation.	979
(b) "Qualifying corporation" means any person classified	980
for federal income tax purposes as an association taxable as a	981
corporation, except either of the following:	982
(i) A corporation that has made an election under	983
subchapter S, chapter one, subtitle A, of the Internal Revenue	984
Code for its taxable year ending within, or on the last day of,	985
the investor's taxable year;	986
(ii) A subsidiary that is wholly owned by any corporation	987
that has made an election under subchapter S, chapter one,	988
subtitle A of the Internal Revenue Code for its taxable year	989
ending within, or on the last day of, the investor's taxable	990
year.	991
(2) For the purposes of this chapter, unless expressly	992
stated otherwise, no qualifying person indirectly owns any asset	993
directly or indirectly owned by any qualifying corporation.	994
(EE) For purposes of this chapter and Chapter 5751. of the	995
Revised Code:	996
(1) "Trust" does not include a qualified pre-income tax	997
trust.	998
(2) A "qualified pre-income tax trust" is any pre-income	999
tax trust that makes a qualifying pre-income tax trust election	1000
as described in division (EE) (3) of this section.	1001
(3) A "qualifying pre-income tax trust election" is an	1002
election by a pre-income tax trust to subject to the tax imposed	1003
by section 5751.02 of the Revised Code the pre-income tax trust	1004
and all pass-through entities of which the trust owns or	1005
controls, directly, indirectly, or constructively through	1006

related interests, five per cent or more of the ownership or 1007  
equity interests. The trustee shall notify the tax commissioner 1008  
in writing of the election on or before April 15, 2006. The 1009  
election, if timely made, shall be effective on and after 1010  
January 1, 2006, and shall apply for all tax periods and tax 1011  
years until revoked by the trustee of the trust. 1012

(4) A "pre-income tax trust" is a trust that satisfies all 1013  
of the following requirements: 1014

(a) The document or instrument creating the trust was 1015  
executed by the grantor before January 1, 1972; 1016

(b) The trust became irrevocable upon the creation of the 1017  
trust; and 1018

(c) The grantor was domiciled in this state at the time 1019  
the trust was created. 1020

(FF) "Uniformed services" has the same meaning as in 10  
U.S.C. 101. 1021  
1022

(GG) "Taxable business income" means the amount by which 1023  
an individual's business income that is included in federal 1024  
adjusted gross income exceeds the amount of business income the 1025  
individual is authorized to deduct under division (A) (28) of 1026  
this section for the taxable year. 1027

(HH) "Employer" does not include a franchisor with respect 1028  
to the franchisor's relationship with a franchisee or an 1029  
employee of a franchisee, unless the franchisor agrees to assume 1030  
that role in writing or a court of competent jurisdiction 1031  
determines that the franchisor exercises a type or degree of 1032  
control over the franchisee or the franchisee's employees that 1033  
is not customarily exercised by a franchisor for the purpose of 1034  
protecting the franchisor's trademark, brand, or both. For 1035

purposes of this division, "franchisor" and "franchisee" have 1036  
the same meanings as in 16 C.F.R. 436.1. 1037

(II) "Modified adjusted gross income" means Ohio adjusted 1038  
gross income plus any amount deducted under divisions (A) (28) 1039  
and (34) of this section for the taxable year. 1040

(JJ) "Qualifying Ohio educator" means an individual who, 1041  
for a taxable year, qualifies as an eligible educator, as that 1042  
term is defined in section 62 of the Internal Revenue Code, and 1043  
who holds a certificate, license, or permit described in Chapter 1044  
3319. or section 3301.071 of the Revised Code. 1045

**Sec. 5753.01.** As used in Chapter 5753. of the Revised Code 1046  
and for no other purpose under Title LVII of the Revised Code: 1047

(A) "Casino facility" has the same meaning as in section 1048  
3772.01 of the Revised Code. 1049

(B) "Casino gaming" has the same meaning as in section 1050  
3772.01 of the Revised Code. 1051

(C) "Casino operator" has the same meaning as in section 1052  
3772.01 of the Revised Code. 1053

(D) "Gross casino revenue" means the total amount of money 1054  
exchanged for the purchase of chips, tokens, tickets, electronic 1055  
cards, or similar objects by casino patrons, less winnings paid 1056  
to wagerers. "Gross casino revenue" does not include either of 1057  
the following: 1058

(1) The issuance to casino patrons or wagering by casino 1059  
patrons of any promotional gaming credit as defined in section 1060  
3772.01 of the Revised Code. When issuance of the promotional 1061  
gaming credit requires money exchanged as a match from the 1062  
patron, the excludible portion of the promotional gaming credit 1063

does not include the portion of the wager purchased by the patron. 1064  
1065

(2) Sports gaming receipts. 1066

(E) "Person" has the same meaning as in section 3772.01 of the Revised Code. 1067  
1068

(F) "Slot machine" has the same meaning as in section 3772.01 of the Revised Code. 1069  
1070

(G) "Sports gaming facility" and "sports gaming proprietor" have the same meanings as in section 3775.01 of the Revised Code. 1071  
1072  
1073

(H) "Sports gaming receipts" means the total gross receipts received by a sports gaming proprietor from the operation of sports gaming in this state, less the total of the following: 1074  
1075  
1076  
1077

(1) All cash and cash equivalents paid as winnings to sports gaming patrons; 1078  
1079

(2) The dollar amount of all voided wagers. 1080

(3) Receipts received from the operation of lottery sports gaming on behalf of the state under sections 3770.23 to 3770.25 of the Revised Code. 1081  
1082  
1083

(4) (a) On and after January 1, 2027, but before January 1, 2032, ten per cent of the promotional gaming credits wagered by patrons; 1084  
1085  
1086

(b) On and after January 1, 2032, twenty per cent of the promotional gaming credits wagered by patrons. 1087  
1088

As used in division (H) of this section, "promotional gaming credit" has the same meaning as in section 3775.01 of the 1089  
1090

Revised Code. When issuance of a promotional gaming credit 1091  
requires money exchanged as a match from the patron, the 1092  
deductible portion of the promotional gaming credit does not 1093  
include the portion of the wager purchased by the patron. 1094

(I) "Table game" has the same meaning as in section 1095  
3772.01 of the Revised Code. 1096

(J) "Taxpayer" means a casino operator subject to the tax 1097  
levied under section 5753.02 of the Revised Code or a sports 1098  
gaming proprietor subject to the tax levied under section 1099  
5753.021 of the Revised Code. 1100

(K) "Tax period" means one twenty-four-hour period with 1101  
regard to which a ~~taxpayer~~ casino operator is required to pay 1102  
the tax levied by section 5753.02 ~~or 5753.021~~ of the Revised 1103  
Code and one calendar month with regard to which a sports gaming 1104  
proprietor is required to pay the tax levied by section 5753.021 1105  
of the Revised Code. 1106

**Sec. 5753.04.** (A) ~~Daily each day banks are open for~~ 1107  
~~business, not later than noon, each~~ Each taxpayer shall file a 1108  
~~return~~ returns electronically with the tax commissioner. Casino 1109  
operators shall file returns daily each day banks are open for 1110  
business, not later than noon, and sports gaming proprietors 1111  
shall file returns on or before the fifteenth day of each month, 1112  
not later than noon. The return shall be in the form required by 1113  
the tax commissioner, and shall reflect the relevant tax period. 1114  
The return shall include, but is not limited to, the amount of 1115  
the taxpayer's gross casino revenue or sports gaming receipts 1116  
for the tax period and the amount of tax due under section 1117  
5753.02 or 5753.021 of the Revised Code for the tax period. The 1118  
taxpayer shall remit electronically with the return the tax due. 1119

(B) If a casino operator or sports gaming proprietor 1120  
ceases to be a taxpayer at any time, the operator or proprietor 1121  
shall indicate the last date for which the operator or 1122  
proprietor was liable for the tax. The return shall include a 1123  
space for this purpose. 1124

(C) Except as otherwise provided in division (A) of 1125  
section 3775.14 of the Revised Code, the information in a return 1126  
a sports gaming proprietor files with the tax commissioner under 1127  
this section concerning sports gaming receipts is subject to 1128  
disclosure as a public record under section 149.43 of the 1129  
Revised Code. 1130

**Section 2.** That existing sections 5747.01, 5753.01, and 1131  
5753.04 of the Revised Code are hereby repealed. 1132

**Section 3.** The amendment by this act of section 5747.01 of 1133  
the Revised Code is a remedial measure intended to clarify 1134  
existing law and applies to any petition for reassessment or any 1135  
appeal thereof and to any application for refund or any appeal 1136  
thereof pending on or after the effective date of this section 1137  
and to any transaction that is subject to an audit by the 1138  
Department of Taxation on or after that effective date. 1139

**Section 4.** The amendment by this act of sections 5753.01 1140  
and 5753.04 of the Revised Code applies on and after the first 1141  
day of the first month after the effective date of this section. 1142