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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

H.B. 578
135th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. White

Andrew Little, Attorney

SUMMARY

- Authorizes a nonrefundable income tax credit of up to \$100,000 per year based on 50% of the taxpayer's cash donations to a qualifying child care program.

DETAILED ANALYSIS

The bill authorizes a nonrefundable income tax credit for cash donations to a qualifying child care program, which encompasses a broad range of programs, including a child care center, family child care home, preschool program, school child program, or child day camp. The credit is available only for donations made after the bill's 90-day effective date.¹

The credit equals 50% of the taxpayer's donations during the taxable year, but the total credit may not exceed \$100,000 per year. Because the credit is nonrefundable, it can, at most, reduce a taxpayer's tax liability to zero; it will not result in a refund of any amounts beyond that liability, and the bill does not provide for a carry forward of unclaimed amounts to future taxable years.

The credit can be claimed by an individual taxpayer or by a taxpayer that is a direct or indirect investor in a pass-through entity that makes a qualifying donation. If claimed by an investor, the credit is claimed as a portion of the donation, equal to the proportion of the investor's proportionate or distributive share in the entity, but the total credit amount among all investors on the basis of the entity's donations in a year may not exceed \$100,000.

Generally, a taxpayer may not claim the credit if the taxpayer is receiving services from the child care program. But, if the taxpayer or pass-through entity making the donation is an employer and receives a discount for services for employees, the taxpayer or entity's investors may claim the credit.

¹ Section 3.

In order to claim the credit, the donor must submit proof of the donation, as well as a statement from the child care program that the donation will be used to cover the program’s operating and capital expenses.²

HISTORY

Action	Date
Introduced	05-15-24

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² R.C. 5747.86 and 5747.98.