

**As Introduced**

**135th General Assembly  
Regular Session  
2023-2024**

**S. B. No. 278**

**Senators Schuring, Huffman, S.**

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**A BILL**

To amend sections 718.01, 718.81, 928.01, 928.99, 1  
3780.03, 3780.10, 3780.11, 3780.16, 3780.29, 2  
3780.36, 3780.99, 3796.01, 3796.03, 3796.05, 3  
3796.08, 3796.09, 3796.18, 3796.19, 3796.20, 4  
3796.21, 4731.30, and 5747.01 and to enact 5  
sections 928.10, 928.11, and 928.12 of the 6  
Revised Code to modify the regulation and 7  
taxation of medical marijuana, adult use 8  
cannabis, and hemp. 9

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

**Section 1.** That sections 718.01, 718.81, 928.01, 928.99, 10  
3780.03, 3780.10, 3780.11, 3780.16, 3780.29, 3780.36, 3780.99, 11  
3796.01, 3796.03, 3796.05, 3796.08, 3796.09, 3796.18, 3796.19, 12  
3796.20, 3796.21, 4731.30, and 5747.01 be amended and sections 13  
928.10, 928.11, and 928.12 of the Revised Code be enacted to 14  
read as follows: 15

**Sec. 718.01.** Any term used in this chapter that is not 16  
otherwise defined in this chapter has the same meaning as when 17  
used in a comparable context in laws of the United States 18  
relating to federal income taxation or in Title LVII of the 19

Revised Code, unless a different meaning is clearly required. 20  
Except as provided in section 718.81 of the Revised Code, if a 21  
term used in this chapter that is not otherwise defined in this 22  
chapter is used in a comparable context in both the laws of the 23  
United States relating to federal income tax and in Title LVII 24  
of the Revised Code and the use is not consistent, then the use 25  
of the term in the laws of the United States relating to federal 26  
income tax shall control over the use of the term in Title LVII 27  
of the Revised Code. 28

Except as otherwise provided in section 718.81 of the 29  
Revised Code, as used in this chapter: 30

(A) (1) "Municipal taxable income" means the following: 31

(a) For a person other than an individual, income 32  
apportioned or situated to the municipal corporation under 33  
section 718.02 of the Revised Code, as applicable, reduced by 34  
any pre-2017 net operating loss carryforward available to the 35  
person for the municipal corporation. 36

(b) (i) For an individual who is a resident of a municipal 37  
corporation other than a qualified municipal corporation, income 38  
reduced by exempt income to the extent otherwise included in 39  
income, then reduced as provided in division (A) (2) of this 40  
section, and further reduced by any pre-2017 net operating loss 41  
carryforward available to the individual for the municipal 42  
corporation. 43

(ii) For an individual who is a resident of a qualified 44  
municipal corporation, Ohio adjusted gross income reduced by 45  
income exempted, and increased by deductions excluded, by the 46  
qualified municipal corporation from the qualified municipal 47  
corporation's tax. If a qualified municipal corporation, on or 48

before December 31, 2013, exempts income earned by individuals 49  
who are not residents of the qualified municipal corporation and 50  
net profit of persons that are not wholly located within the 51  
qualified municipal corporation, such individual or person shall 52  
have no municipal taxable income for the purposes of the tax 53  
levied by the qualified municipal corporation and may be 54  
exempted by the qualified municipal corporation from the 55  
requirements of section 718.03 of the Revised Code. 56

(c) For an individual who is a nonresident of a municipal 57  
corporation, income reduced by exempt income to the extent 58  
otherwise included in income and then, as applicable, 59  
apportioned or situated to the municipal corporation under 60  
section 718.02 of the Revised Code, then reduced as provided in 61  
division (A)(2) of this section, and further reduced by any pre- 62  
2017 net operating loss carryforward available to the individual 63  
for the municipal corporation. 64

(2) In computing the municipal taxable income of a 65  
taxpayer who is an individual, the taxpayer may subtract, as 66  
provided in division (A)(1)(b)(i) or (c) of this section, the 67  
amount of the individual's employee business expenses reported 68  
on the individual's form 2106 that the individual deducted for 69  
federal income tax purposes for the taxable year, subject to the 70  
limitation imposed by section 67 of the Internal Revenue Code. 71  
For the municipal corporation in which the taxpayer is a 72  
resident, the taxpayer may deduct all such expenses allowed for 73  
federal income tax purposes. For a municipal corporation in 74  
which the taxpayer is not a resident, the taxpayer may deduct 75  
such expenses only to the extent the expenses are related to the 76  
taxpayer's performance of personal services in that nonresident 77  
municipal corporation. 78

(B) "Income" means the following:	79
(1) (a) For residents, all income, salaries, qualifying wages, commissions, and other compensation from whatever source earned or received by the resident, including the resident's distributive share of the net profit of pass-through entities owned directly or indirectly by the resident and any net profit of the resident, except as provided in division (D) (5) of this section.	80 81 82 83 84 85 86
(b) For the purposes of division (B) (1) (a) of this section:	87 88
(i) Any net operating loss of the resident incurred in the taxable year and the resident's distributive share of any net operating loss generated in the same taxable year and attributable to the resident's ownership interest in a pass-through entity shall be allowed as a deduction, for that taxable year and the following five taxable years, against any other net profit of the resident or the resident's distributive share of any net profit attributable to the resident's ownership interest in a pass-through entity until fully utilized, subject to division (B) (1) (d) of this section;	89 90 91 92 93 94 95 96 97 98
(ii) The resident's distributive share of the net profit of each pass-through entity owned directly or indirectly by the resident shall be calculated without regard to any net operating loss that is carried forward by that entity from a prior taxable year and applied to reduce the entity's net profit for the current taxable year.	99 100 101 102 103 104
(c) Division (B) (1) (b) of this section does not apply with respect to any net profit or net operating loss attributable to an ownership interest in an S corporation unless shareholders'	105 106 107

distributive shares of net profits from S corporations are 108  
subject to tax in the municipal corporation as provided in 109  
division (C) (14) (b) or (c) of this section. 110

(d) Any amount of a net operating loss used to reduce a 111  
taxpayer's net profit for a taxable year shall reduce the amount 112  
of net operating loss that may be carried forward to any 113  
subsequent year for use by that taxpayer. In no event shall the 114  
cumulative deductions for all taxable years with respect to a 115  
taxpayer's net operating loss exceed the original amount of that 116  
net operating loss available to that taxpayer. 117

(2) In the case of nonresidents, all income, salaries, 118  
qualifying wages, commissions, and other compensation from 119  
whatever source earned or received by the nonresident for work 120  
done, services performed or rendered, or activities conducted in 121  
the municipal corporation, including any net profit of the 122  
nonresident, but excluding the nonresident's distributive share 123  
of the net profit or loss of only pass-through entities owned 124  
directly or indirectly by the nonresident. 125

(3) For taxpayers that are not individuals, net profit of 126  
the taxpayer; 127

(4) Lottery, sweepstakes, gambling and sports winnings, 128  
winnings from games of chance, and prizes and awards. If the 129  
taxpayer is a professional gambler for federal income tax 130  
purposes, the taxpayer may deduct related wagering losses and 131  
expenses to the extent authorized under the Internal Revenue 132  
Code and claimed against such winnings. 133

(C) "Exempt income" means all of the following: 134

(1) The military pay or allowances of members of the armed 135  
forces of the United States or members of their reserve 136

components, including the national guard of any state;	137
(2) (a) Except as provided in division (C) (2) (b) of this section, intangible income;	138 139
(b) A municipal corporation that taxed any type of intangible income on March 29, 1988, pursuant to Section 3 of S.B. 238 of the 116th general assembly, may continue to tax that type of income if a majority of the electors of the municipal corporation voting on the question of whether to permit the taxation of that type of intangible income after 1988 voted in favor thereof at an election held on November 8, 1988.	140 141 142 143 144 145 146
(3) Social security benefits, railroad retirement benefits, unemployment compensation, pensions, retirement benefit payments, payments from annuities, and similar payments made to an employee or to the beneficiary of an employee under a retirement program or plan, disability payments received from private industry or local, state, or federal governments or from charitable, religious or educational organizations, and the proceeds of sickness, accident, or liability insurance policies. As used in division (C) (3) of this section, "unemployment compensation" does not include supplemental unemployment compensation described in section 3402 (o) (2) of the Internal Revenue Code.	147 148 149 150 151 152 153 154 155 156 157 158
(4) The income of religious, fraternal, charitable, scientific, literary, or educational institutions to the extent such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property, or tax-exempt activities.	159 160 161 162
(5) Compensation paid under section 3501.28 or 3501.36 of the Revised Code to a person serving as a precinct election official to the extent that such compensation does not exceed	163 164 165

one thousand dollars for the taxable year. Such compensation in	166
excess of one thousand dollars for the taxable year may be	167
subject to taxation by a municipal corporation. A municipal	168
corporation shall not require the payer of such compensation to	169
withhold any tax from that compensation.	170
(6) Dues, contributions, and similar payments received by	171
charitable, religious, educational, or literary organizations or	172
labor unions, lodges, and similar organizations;	173
(7) Alimony and child support received;	174
(8) Compensation for personal injuries or for damages to	175
property from insurance proceeds or otherwise, excluding	176
compensation paid for lost salaries or wages or compensation	177
from punitive damages;	178
(9) Income of a public utility when that public utility is	179
subject to the tax levied under section 5727.24 or 5727.30 of	180
the Revised Code. Division (C) (9) of this section does not apply	181
for purposes of Chapter 5745. of the Revised Code.	182
(10) Gains from involuntary conversions, interest on	183
federal obligations, items of income subject to a tax levied by	184
the state and that a municipal corporation is specifically	185
prohibited by law from taxing, and income of a decedent's estate	186
during the period of administration except such income from the	187
operation of a trade or business;	188
(11) Compensation or allowances excluded from federal	189
gross income under section 107 of the Internal Revenue Code;	190
(12) Employee compensation that is not qualifying wages as	191
defined in division (R) of this section;	192
(13) Compensation paid to a person employed within the	193

boundaries of a United States air force base under the 194  
jurisdiction of the United States air force that is used for the 195  
housing of members of the United States air force and is a 196  
center for air force operations, unless the person is subject to 197  
taxation because of residence or domicile. If the compensation 198  
is subject to taxation because of residence or domicile, tax on 199  
such income shall be payable only to the municipal corporation 200  
of residence or domicile. 201

(14) (a) Except as provided in division (C) (14) (b) or (c) 202  
of this section, an S corporation shareholder's distributive 203  
share of net profits of the S corporation, other than any part 204  
of the distributive share of net profits that represents wages 205  
as defined in section 3121(a) of the Internal Revenue Code or 206  
net earnings from self-employment as defined in section 1402(a) 207  
of the Internal Revenue Code. 208

(b) If, pursuant to division (H) of former section 718.01 209  
of the Revised Code as it existed before March 11, 2004, a 210  
majority of the electors of a municipal corporation voted in 211  
favor of the question at an election held on November 4, 2003, 212  
the municipal corporation may continue after 2002 to tax an S 213  
corporation shareholder's distributive share of net profits of 214  
an S corporation. 215

(c) If, on December 6, 2002, a municipal corporation was 216  
imposing, assessing, and collecting a tax on an S corporation 217  
shareholder's distributive share of net profits of the S 218  
corporation to the extent the distributive share would be 219  
allocated or apportioned to this state under divisions (B) (1) 220  
and (2) of section 5733.05 of the Revised Code if the S 221  
corporation were a corporation subject to taxes imposed under 222  
Chapter 5733. of the Revised Code, the municipal corporation may 223



continue to impose the tax on such distributive shares to the 224  
extent such shares would be so allocated or apportioned to this 225  
state only until December 31, 2004, unless a majority of the 226  
electors of the municipal corporation voting on the question of 227  
continuing to tax such shares after that date voted in favor of 228  
that question at an election held November 2, 2004. If a 229  
majority of those electors voted in favor of the question, the 230  
municipal corporation may continue after December 31, 2004, to 231  
impose the tax on such distributive shares only to the extent 232  
such shares would be so allocated or apportioned to this state. 233

(d) A municipal corporation shall be deemed to have 234  
elected to tax S corporation shareholders' distributive shares 235  
of net profits of the S corporation in the hands of the 236  
shareholders if a majority of the electors of a municipal 237  
corporation voted in favor of a question at an election held 238  
under division (C) (14) (b) or (c) of this section. The municipal 239  
corporation shall specify by resolution or ordinance that the 240  
tax applies to the distributive share of a shareholder of an S 241  
corporation in the hands of the shareholder of the S 242  
corporation. 243

(15) The income of individuals under eighteen years of 244  
age. 245

(16) (a) Except as provided in divisions (C) (16) (b), (c), 246  
and (d) of this section, qualifying wages described in division 247  
(B) (1) or (E) of section 718.011 of the Revised Code to the 248  
extent the qualifying wages are not subject to withholding for 249  
the municipal corporation under either of those divisions. 250

(b) The exemption provided in division (C) (16) (a) of this 251  
section does not apply with respect to the municipal corporation 252  
in which the employee resided at the time the employee earned 253

the qualifying wages.	254
(c) The exemption provided in division (C) (16) (a) of this section does not apply to qualifying wages that an employer elects to withhold under division (D) (2) of section 718.011 of the Revised Code.	255 256 257 258
(d) The exemption provided in division (C) (16) (a) of this section does not apply to qualifying wages if both of the following conditions apply:	259 260 261
(i) For qualifying wages described in division (B) (1) of section 718.011 of the Revised Code, the employee's employer withholds and remits tax on the qualifying wages to the municipal corporation in which the employee's principal place of work is situated, or, for qualifying wages described in division (E) of section 718.011 of the Revised Code, the employee's employer withholds and remits tax on the qualifying wages to the municipal corporation in which the employer's fixed location is located;	262 263 264 265 266 267 268 269 270
(ii) The employee receives a refund of the tax described in division (C) (16) (d) (i) of this section on the basis of the employee not performing services in that municipal corporation.	271 272 273
(17) (a) Except as provided in division (C) (17) (b) or (c) of this section, compensation that is not qualifying wages paid to a nonresident individual for personal services performed in the municipal corporation on not more than twenty days in a taxable year.	274 275 276 277 278
(b) The exemption provided in division (C) (17) (a) of this section does not apply under either of the following circumstances:	279 280 281
(i) The individual's base of operation is located in the	282

municipal corporation.	283
(ii) The individual is a professional athlete,	284
professional entertainer, or public figure, and the compensation	285
is paid for the performance of services in the individual's	286
capacity as a professional athlete, professional entertainer, or	287
public figure. For purposes of division (C) (17) (b) (ii) of this	288
section, "professional athlete," "professional entertainer," and	289
"public figure" have the same meanings as in section 718.011 of	290
the Revised Code.	291
(c) Compensation to which division (C) (17) of this section	292
applies shall be treated as earned or received at the	293
individual's base of operation. If the individual does not have	294
a base of operation, the compensation shall be treated as earned	295
or received where the individual is domiciled.	296
(d) For purposes of division (C) (17) of this section,	297
"base of operation" means the location where an individual owns	298
or rents an office, storefront, or similar facility to which the	299
individual regularly reports and at which the individual	300
regularly performs personal services for compensation.	301
(18) Compensation paid to a person for personal services	302
performed for a political subdivision on property owned by the	303
political subdivision, regardless of whether the compensation is	304
received by an employee of the subdivision or another person	305
performing services for the subdivision under a contract with	306
the subdivision, if the property on which services are performed	307
is annexed to a municipal corporation pursuant to section	308
709.023 of the Revised Code on or after March 27, 2013, unless	309
the person is subject to such taxation because of residence. If	310
the compensation is subject to taxation because of residence,	311
municipal income tax shall be payable only to the municipal	312

corporation of residence.	313
(19) In the case of a tax administered, collected, and enforced by a municipal corporation pursuant to an agreement with the board of directors of a joint economic development district under section 715.72 of the Revised Code, the net profits of a business, and the income of the employees of that business, exempted from the tax under division (Q) of that section.	314 315 316 317 318 319 320
(20) All of the following:	321
(a) Income derived from disaster work conducted in this state by an out-of-state disaster business during a disaster response period pursuant to a qualifying solicitation received by the business;	322 323 324 325
(b) Income of a qualifying employee described in division (A) (14) (a) of section 5703.94 of the Revised Code, to the extent such income is derived from disaster work conducted in this state by the employee during a disaster response period pursuant to a qualifying solicitation received by the employee's employer;	326 327 328 329 330 331
(c) Income of a qualifying employee described in division (A) (14) (b) of section 5703.94 of the Revised Code, to the extent such income is derived from disaster work conducted in this state by the employee during a disaster response period on critical infrastructure owned or used by the employee's employer.	332 333 334 335 336 337
(21) Income the taxation of which is prohibited by the constitution or laws of the United States.	338 339
Any item of income that is exempt income of a pass-through entity under division (C) of this section is exempt income of	340 341

each owner of the pass-through entity to the extent of that 342  
owner's distributive or proportionate share of that item of the 343  
entity's income. 344

(D) (1) "Net profit" for a person who is an individual 345  
means the individual's net profit required to be reported on 346  
schedule C, schedule E, or schedule F reduced by any net 347  
operating loss carried forward and the amount of ordinary and 348  
necessary expenses, described under section 162 of the Internal 349  
Revenue Code, paid or incurred during the taxable year in 350  
carrying on a trade or business as a marijuana cultivator, 351  
processor, dispensary, or laboratory licensed under Chapter 352  
3780. or 3796. of the Revised Code, or any other marijuana 353  
establishment licensed by the state, if the deduction for 354  
ordinary and necessary expenses under that section is disallowed 355  
under section 280E of the Internal Revenue Code. For the 356  
purposes of division (D) (1) of this section, the net operating 357  
loss carried forward shall be calculated and deducted in the 358  
same manner as provided in division (D) (3) of this section. 359

(2) "Net profit" for a person other than an individual 360  
means adjusted federal taxable income reduced by any net 361  
operating loss incurred by the person in a taxable year 362  
beginning on or after January 1, 2017, subject to the 363  
limitations of division (D) (3) of this section. 364

(3) (a) The amount of such net operating loss shall be 365  
deducted from net profit to the extent necessary to reduce 366  
municipal taxable income to zero, with any remaining unused 367  
portion of the net operating loss carried forward to not more 368  
than five consecutive taxable years following the taxable year 369  
in which the loss was incurred, but in no case for more years 370  
than necessary for the deduction to be fully utilized. 371

(b) No person shall use the deduction allowed by division	372
(D) (3) of this section to offset qualifying wages.	373
(c) (i) For taxable years beginning in 2018, 2019, 2020,	374
2021, or 2022, a person may not deduct, for purposes of an	375
income tax levied by a municipal corporation that levies an	376
income tax before January 1, 2016, more than fifty per cent of	377
the amount of the deduction otherwise allowed by division (D) (3)	378
of this section.	379
(ii) For taxable years beginning in 2023 or thereafter, a	380
person may deduct, for purposes of an income tax levied by a	381
municipal corporation that levies an income tax before January	382
1, 2016, the full amount allowed by division (D) (3) of this	383
section without regard to the limitation of division (D) (3) (c)	384
(i) of this section.	385
(d) Any pre-2017 net operating loss carryforward deduction	386
that is available may be utilized before a taxpayer may deduct	387
any amount pursuant to division (D) (3) of this section.	388
(e) Nothing in division (D) (3) (c) (i) of this section	389
precludes a person from carrying forward, for use with respect	390
to any return filed for a taxable year beginning after 2018, any	391
amount of net operating loss that was not fully utilized by	392
operation of division (D) (3) (c) (i) of this section. To the	393
extent that an amount of net operating loss that was not fully	394
utilized in one or more taxable years by operation of division	395
(D) (3) (c) (i) of this section is carried forward for use with	396
respect to a return filed for a taxable year beginning in 2019,	397
2020, 2021, or 2022, the limitation described in division (D) (3)	398
(c) (i) of this section shall apply to the amount carried	399
forward.	400

(4) For the purposes of this chapter, and notwithstanding 401  
division (D)(2) of this section, net profit of a disregarded 402  
entity shall not be taxable as against that disregarded entity, 403  
but shall instead be included in the net profit of the owner of 404  
the disregarded entity. 405

(5) For the purposes of this chapter, and notwithstanding 406  
any other provision of this chapter, the net profit of a 407  
publicly traded partnership that makes the election described in 408  
division (D)(5) of this section shall be taxed as if the 409  
partnership were a C corporation, and shall not be treated as 410  
the net profit or income of any owner of the partnership. 411

A publicly traded partnership that is treated as a 412  
partnership for federal income tax purposes and that is subject 413  
to tax on its net profits in one or more municipal corporations 414  
in this state may elect to be treated as a C corporation for 415  
municipal income tax purposes. The publicly traded partnership 416  
shall make the election in every municipal corporation in which 417  
the partnership is subject to taxation on its net profits. The 418  
election shall be made on the annual tax return filed in each 419  
such municipal corporation. The publicly traded partnership 420  
shall not be required to file the election with any municipal 421  
corporation in which the partnership is not subject to taxation 422  
on its net profits, but division (D)(5) of this section applies 423  
to all municipal corporations in which an individual owner of 424  
the partnership resides. 425

(E) "Adjusted federal taxable income," for a person 426  
required to file as a C corporation, or for a person that has 427  
elected to be taxed as a C corporation under division (D)(5) of 428  
this section, means a C corporation's federal taxable income 429  
before net operating losses and special deductions as determined 430

under the Internal Revenue Code, adjusted as follows: 431

(1) Deduct intangible income to the extent included in 432  
federal taxable income. The deduction shall be allowed 433  
regardless of whether the intangible income relates to assets 434  
used in a trade or business or assets held for the production of 435  
income. 436

(2) Add an amount equal to five per cent of intangible 437  
income deducted under division (E) (1) of this section, but 438  
excluding that portion of intangible income directly related to 439  
the sale, exchange, or other disposition of property described 440  
in section 1221 of the Internal Revenue Code; 441

(3) Add any losses allowed as a deduction in the 442  
computation of federal taxable income if the losses directly 443  
relate to the sale, exchange, or other disposition of an asset 444  
described in section 1221 or 1231 of the Internal Revenue Code; 445

(4) (a) Except as provided in division (E) (4) (b) of this 446  
section, deduct income and gain included in federal taxable 447  
income to the extent the income and gain directly relate to the 448  
sale, exchange, or other disposition of an asset described in 449  
section 1221 or 1231 of the Internal Revenue Code; 450

(b) Division (E) (4) (a) of this section does not apply to 451  
the extent the income or gain is income or gain described in 452  
section 1245 or 1250 of the Internal Revenue Code. 453

(5) Add taxes on or measured by net income allowed as a 454  
deduction in the computation of federal taxable income; 455

(6) In the case of a real estate investment trust or 456  
regulated investment company, add all amounts with respect to 457  
dividends to, distributions to, or amounts set aside for or 458  
credited to the benefit of investors and allowed as a deduction 459



in the computation of federal taxable income;	460
(7) Deduct, to the extent not otherwise deducted or	461
excluded in computing federal taxable income, any income derived	462
from a transfer agreement or from the enterprise transferred	463
under that agreement under section 4313.02 of the Revised Code;	464
(8) Deduct exempt income to the extent not otherwise	465
deducted or excluded in computing adjusted federal taxable	466
income.	467
(9) Deduct any net profit of a pass-through entity owned	468
directly or indirectly by the taxpayer and included in the	469
taxpayer's federal taxable income unless an affiliated group of	470
corporations includes that net profit in the group's federal	471
taxable income in accordance with division (E) (3) (b) of section	472
718.06 of the Revised Code.	473
(10) Add any loss incurred by a pass-through entity owned	474
directly or indirectly by the taxpayer and included in the	475
taxpayer's federal taxable income unless an affiliated group of	476
corporations includes that loss in the group's federal taxable	477
income in accordance with division (E) (3) (b) of section 718.06	478
of the Revised Code.	479
<u>(11) Deduct, to the extent included in federal taxable</u>	480
<u>income, the amount of ordinary and necessary expenses, described</u>	481
<u>under section 162 of the Internal Revenue Code, paid or incurred</u>	482
<u>during the taxable year in carrying on a trade or business as a</u>	483
<u>marijuana cultivator, processor, dispensary, or laboratory</u>	484
<u>licensed under Chapter 3780. or 3796. of the Revised Code, or</u>	485
<u>any other marijuana establishment licensed by the state, if the</u>	486
<u>deduction for ordinary and necessary expenses under that section</u>	487
<u>is disallowed under section 280E of the Internal Revenue Code.</u>	488

If the taxpayer is not a C corporation, is not a 489  
disregarded entity that has made the election described in 490  
division (L)(2) of this section, is not a publicly traded 491  
partnership that has made the election described in division (D) 492  
(5) of this section, and is not an individual, the taxpayer 493  
shall compute adjusted federal taxable income under this section 494  
as if the taxpayer were a C corporation, except guaranteed 495  
payments and other similar amounts paid or accrued to a partner, 496  
former partner, shareholder, former shareholder, member, or 497  
former member shall not be allowed as a deductible expense 498  
unless such payments are a pension or retirement benefit payment 499  
paid to a retired partner, retired shareholder, or retired 500  
member or are in consideration for the use of capital and 501  
treated as payment of interest under section 469 of the Internal 502  
Revenue Code or United States treasury regulations. Amounts paid 503  
or accrued to a qualified self-employed retirement plan with 504  
respect to a partner, former partner, shareholder, former 505  
shareholder, member, or former member of the taxpayer, amounts 506  
paid or accrued to or for health insurance for a partner, former 507  
partner, shareholder, former shareholder, member, or former 508  
member, and amounts paid or accrued to or for life insurance for 509  
a partner, former partner, shareholder, former shareholder, 510  
member, or former member shall not be allowed as a deduction. 511

Nothing in division (E) of this section shall be construed 512  
as allowing the taxpayer to add or deduct any amount more than 513  
once or shall be construed as allowing any taxpayer to deduct 514  
any amount paid to or accrued for purposes of federal self- 515  
employment tax. 516

(F) "Schedule C" means internal revenue service schedule C 517  
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 518  
Code. 519

(G) "Schedule E" means internal revenue service schedule E (form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	520 521 522
(H) "Schedule F" means internal revenue service schedule F (form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	523 524 525
(I) "Internal Revenue Code" has the same meaning as in section 5747.01 of the Revised Code.	526 527
(J) "Resident" means an individual who is domiciled in the municipal corporation as determined under section 718.012 of the Revised Code.	528 529 530
(K) "Nonresident" means an individual that is not a resident.	531 532
(L) (1) "Taxpayer" means a person subject to a tax levied on income by a municipal corporation in accordance with this chapter. "Taxpayer" does not include a grantor trust or, except as provided in division (L) (2) (a) of this section, a disregarded entity.	533 534 535 536 537
(2) (a) A single member limited liability company that is a disregarded entity for federal tax purposes may be a separate taxpayer from its single member in all Ohio municipal corporations in which it either filed as a separate taxpayer or did not file for its taxable year ending in 2003, if all of the following conditions are met:	538 539 540 541 542 543
(i) The limited liability company's single member is also a limited liability company.	544 545
(ii) The limited liability company and its single member were formed and doing business in one or more Ohio municipal	546 547

corporations for at least five years before January 1, 2004. 548

(iii) Not later than December 31, 2004, the limited 549  
liability company and its single member each made an election to 550  
be treated as a separate taxpayer under division (L) of this 551  
section as this section existed on December 31, 2004. 552

(iv) The limited liability company was not formed for the 553  
purpose of evading or reducing Ohio municipal corporation income 554  
tax liability of the limited liability company or its single 555  
member. 556

(v) The Ohio municipal corporation that was the primary 557  
place of business of the sole member of the limited liability 558  
company consented to the election. 559

(b) For purposes of division (L) (2) (a) (v) of this section, 560  
a municipal corporation was the primary place of business of a 561  
limited liability company if, for the limited liability 562  
company's taxable year ending in 2003, its income tax liability 563  
was greater in that municipal corporation than in any other 564  
municipal corporation in Ohio, and that tax liability to that 565  
municipal corporation for its taxable year ending in 2003 was at 566  
least four hundred thousand dollars. 567

(M) "Person" includes individuals, firms, companies, joint 568  
stock companies, business trusts, estates, trusts, partnerships, 569  
limited liability partnerships, limited liability companies, 570  
associations, C corporations, S corporations, governmental 571  
entities, and any other entity. 572

(N) "Pass-through entity" means a partnership not treated 573  
as an association taxable as a C corporation for federal income 574  
tax purposes, a limited liability company not treated as an 575  
association taxable as a C corporation for federal income tax 576

purposes, an S corporation, or any other class of entity from 577  
which the income or profits of the entity are given pass-through 578  
treatment for federal income tax purposes. "Pass-through entity" 579  
does not include a trust, estate, grantor of a grantor trust, or 580  
disregarded entity. 581

(O) "S corporation" means a person that has made an 582  
election under subchapter S of Chapter 1 of Subtitle A of the 583  
Internal Revenue Code for its taxable year. 584

(P) "Single member limited liability company" means a 585  
limited liability company that has one direct member. 586

(Q) "Limited liability company" means a limited liability 587  
company formed under former Chapter 1705. of the Revised Code as 588  
that chapter existed prior to February 11, 2022, Chapter 1706. 589  
of the Revised Code, or the laws of another state. 590

(R) "Qualifying wages" means wages, as defined in section 591  
3121(a) of the Internal Revenue Code, without regard to any wage 592  
limitations, adjusted as follows: 593

(1) Deduct the following amounts: 594

(a) Any amount included in wages if the amount constitutes 595  
compensation attributable to a plan or program described in 596  
section 125 of the Internal Revenue Code. 597

(b) Any amount included in wages if the amount constitutes 598  
payment on account of a disability related to sickness or an 599  
accident paid by a party unrelated to the employer, agent of an 600  
employer, or other payer. 601

(c) Any amount attributable to a nonqualified deferred 602  
compensation plan or program described in section 3121(v) (2) (C) 603  
of the Internal Revenue Code if the compensation is included in 604

wages and the municipal corporation has, by resolution or 605  
ordinance adopted before January 1, 2016, exempted the amount 606  
from withholding and tax. 607

(d) Any amount included in wages if the amount arises from 608  
the sale, exchange, or other disposition of a stock option, the 609  
exercise of a stock option, or the sale, exchange, or other 610  
disposition of stock purchased under a stock option and the 611  
municipal corporation has, by resolution or ordinance adopted 612  
before January 1, 2016, exempted the amount from withholding and 613  
tax. 614

(e) Any amount included in wages that is exempt income. 615

(2) Add the following amounts: 616

(a) Any amount not included in wages solely because the 617  
employee was employed by the employer before April 1, 1986. 618

(b) Any amount not included in wages because the amount 619  
arises from the sale, exchange, or other disposition of a stock 620  
option, the exercise of a stock option, or the sale, exchange, 621  
or other disposition of stock purchased under a stock option and 622  
the municipal corporation has not, by resolution or ordinance, 623  
exempted the amount from withholding and tax adopted before 624  
January 1, 2016. Division (R) (2) (b) of this section applies only 625  
to those amounts constituting ordinary income. 626

(c) Any amount not included in wages if the amount is an 627  
amount described in section 401(k), 403(b), or 457 of the 628  
Internal Revenue Code. Division (R) (2) (c) of this section 629  
applies only to employee contributions and employee deferrals. 630

(d) Any amount that is supplemental unemployment 631  
compensation benefits described in section 3402(o) (2) of the 632  
Internal Revenue Code and not included in wages. 633

(e) Any amount received that is treated as self-employment 634  
income for federal tax purposes in accordance with section 635  
1402(a) (8) of the Internal Revenue Code. 636

(f) Any amount not included in wages if all of the 637  
following apply: 638

(i) For the taxable year the amount is employee 639  
compensation that is earned outside of the United States and 640  
that either is included in the taxpayer's gross income for 641  
federal income tax purposes or would have been included in the 642  
taxpayer's gross income for such purposes if the taxpayer did 643  
not elect to exclude the income under section 911 of the 644  
Internal Revenue Code; 645

(ii) For no preceding taxable year did the amount 646  
constitute wages as defined in section 3121(a) of the Internal 647  
Revenue Code; 648

(iii) For no succeeding taxable year will the amount 649  
constitute wages; and 650

(iv) For any taxable year the amount has not otherwise 651  
been added to wages pursuant to either division (R) (2) of this 652  
section or section 718.03 of the Revised Code, as that section 653  
existed before the effective date of H.B. 5 of the 130th general 654  
assembly, March 23, 2015. 655

(S) "Intangible income" means income of any of the 656  
following types: income yield, interest, capital gains, 657  
dividends, or other income arising from the ownership, sale, 658  
exchange, or other disposition of intangible property including, 659  
but not limited to, investments, deposits, money, or credits as 660  
those terms are defined in Chapter 5701. of the Revised Code, 661  
and patents, copyrights, trademarks, tradenames, investments in 662

real estate investment trusts, investments in regulated 663  
investment companies, and appreciation on deferred compensation. 664  
"Intangible income" does not include prizes, awards, or other 665  
income associated with any lottery winnings, gambling winnings, 666  
or other similar games of chance. 667

(T) "Taxable year" means the corresponding tax reporting 668  
period as prescribed for the taxpayer under the Internal Revenue 669  
Code. 670

(U) (1) "Tax administrator" means, subject to division (U) 671  
(2) of this section, the individual charged with direct 672  
responsibility for administration of an income tax levied by a 673  
municipal corporation in accordance with this chapter, and also 674  
includes the following: 675

(a) A municipal corporation acting as the agent of another 676  
municipal corporation; 677

(b) A person retained by a municipal corporation to 678  
administer a tax levied by the municipal corporation, but only 679  
if the municipal corporation does not compensate the person in 680  
whole or in part on a contingency basis; 681

(c) The central collection agency or the regional income 682  
tax agency or their successors in interest, or another entity 683  
organized to perform functions similar to those performed by the 684  
central collection agency and the regional income tax agency. 685

(2) "Tax administrator" does not include the tax 686  
commissioner. 687

(3) A private individual or entity serving in any position 688  
described in division (U) (1) (b) or (c) of this section shall 689  
have no access to criminal history record information. 690



(V) "Employer" means a person that is an employer for federal income tax purposes.	691 692
(W) "Employee" means an individual who is an employee for federal income tax purposes.	693 694
(X) "Other payer" means any person, other than an individual's employer or the employer's agent, that pays an individual any amount included in the federal gross income of the individual. "Other payer" includes casino operators and video lottery terminal sales agents.	695 696 697 698 699
(Y) "Calendar quarter" means the three-month period ending on the last day of March, June, September, or December.	700 701
(Z) "Form 2106" means internal revenue service form 2106 filed by a taxpayer pursuant to the Internal Revenue Code.	702 703
(AA) "Municipal corporation" includes a joint economic development district or joint economic development zone that levies an income tax under section 715.691, 715.70, 715.71, or 715.72 of the Revised Code.	704 705 706 707
(BB) "Disregarded entity" means a single member limited liability company, a qualifying subchapter S subsidiary, or another entity if the company, subsidiary, or entity is a disregarded entity for federal income tax purposes.	708 709 710 711
(CC) "Generic form" means an electronic or paper form that is not prescribed by a particular municipal corporation and that is designed for reporting taxes withheld by an employer, agent of an employer, or other payer, estimated municipal income taxes, or annual municipal income tax liability or for filing a refund claim.	712 713 714 715 716 717
(DD) "Tax return preparer" means any individual described	718

in section 7701(a) (36) of the Internal Revenue Code and 26	719
C.F.R. 301.7701-15.	720
(EE) "Ohio business gateway" means the online computer	721
network system created under section 125.30 of the Revised Code	722
or any successor electronic filing and payment system.	723
(FF) "Local board of tax review" and "board of tax review"	724
mean the entity created under section 718.11 of the Revised	725
Code.	726
(GG) "Net operating loss" means a loss incurred by a	727
person in the operation of a trade or business. "Net operating	728
loss" does not include unutilized losses resulting from basis	729
limitations, at-risk limitations, or passive activity loss	730
limitations.	731
(HH) "Casino operator" and "casino facility" have the same	732
meanings as in section 3772.01 of the Revised Code.	733
(II) "Video lottery terminal" has the same meaning as in	734
section 3770.21 of the Revised Code.	735
(JJ) "Video lottery terminal sales agent" means a lottery	736
sales agent licensed under Chapter 3770. of the Revised Code to	737
conduct video lottery terminals on behalf of the state pursuant	738
to section 3770.21 of the Revised Code.	739
(KK) "Postal service" means the United States postal	740
service.	741
(LL) "Certified mail," "express mail," "United States	742
mail," "postal service," and similar terms include any delivery	743
service authorized pursuant to section 5703.056 of the Revised	744
Code.	745
(MM) "Postmark date," "date of postmark," and similar	746

terms include the date recorded and marked in the manner 747  
described in division (B) (3) of section 5703.056 of the Revised 748  
Code. 749

(NN) "Related member" means a person that, with respect to 750  
the taxpayer during all or any portion of the taxable year, is 751  
either a related entity, a component member as defined in 752  
section 1563(b) of the Internal Revenue Code, or a person to or 753  
from whom there is attribution of stock ownership in accordance 754  
with section 1563(e) of the Internal Revenue Code except, for 755  
purposes of determining whether a person is a related member 756  
under this division, "twenty per cent" shall be substituted for 757  
"5 percent" wherever "5 percent" appears in section 1563(e) of 758  
the Internal Revenue Code. 759

(OO) "Related entity" means any of the following: 760

(1) An individual stockholder, or a member of the 761  
stockholder's family enumerated in section 318 of the Internal 762  
Revenue Code, if the stockholder and the members of the 763  
stockholder's family own directly, indirectly, beneficially, or 764  
constructively, in the aggregate, at least fifty per cent of the 765  
value of the taxpayer's outstanding stock; 766

(2) A stockholder, or a stockholder's partnership, estate, 767  
trust, or corporation, if the stockholder and the stockholder's 768  
partnerships, estates, trusts, or corporations own directly, 769  
indirectly, beneficially, or constructively, in the aggregate, 770  
at least fifty per cent of the value of the taxpayer's 771  
outstanding stock; 772

(3) A corporation, or a party related to the corporation 773  
in a manner that would require an attribution of stock from the 774  
corporation to the party or from the party to the corporation 775

under division (OO) (4) of this section, provided the taxpayer 776  
owns directly, indirectly, beneficially, or constructively, at 777  
least fifty per cent of the value of the corporation's 778  
outstanding stock; 779

(4) The attribution rules described in section 318 of the 780  
Internal Revenue Code apply for the purpose of determining 781  
whether the ownership requirements in divisions (OO) (1) to (3) 782  
of this section have been met. 783

(PP) (1) "Assessment" means a written finding by the tax 784  
administrator that a person has underpaid municipal income tax, 785  
or owes penalty and interest, or any combination of tax, 786  
penalty, or interest, to the municipal corporation that 787  
commences the person's time limitation for making an appeal to 788  
the local board of tax review pursuant to section 718.11 of the 789  
Revised Code, and has "ASSESSMENT" written in all capital 790  
letters at the top of such finding. 791

(2) "Assessment" does not include an informal notice 792  
denying a request for refund issued under division (B) (3) of 793  
section 718.19 of the Revised Code, a billing statement 794  
notifying a taxpayer of current or past-due balances owed to the 795  
municipal corporation, a tax administrator's request for 796  
additional information, a notification to the taxpayer of 797  
mathematical errors, or a tax administrator's other written 798  
correspondence to a person or taxpayer that does not meet the 799  
criteria prescribed by division (PP) (1) of this section. 800

(QQ) "Taxpayers' rights and responsibilities" means the 801  
rights provided to taxpayers in sections 718.11, 718.12, 718.19, 802  
718.23, 718.36, 718.37, 718.38, 5717.011, and 5717.03 of the 803  
Revised Code and the responsibilities of taxpayers to file, 804  
report, withhold, remit, and pay municipal income tax and 805

otherwise comply with Chapter 718. of the Revised Code and 806  
resolutions, ordinances, and rules adopted by a municipal 807  
corporation for the imposition and administration of a municipal 808  
income tax. 809

(RR) "Qualified municipal corporation" means a municipal 810  
corporation that, by resolution or ordinance adopted on or 811  
before December 31, 2011, adopted Ohio adjusted gross income, as 812  
defined by section 5747.01 of the Revised Code, as the income 813  
subject to tax for the purposes of imposing a municipal income 814  
tax. 815

(SS) (1) "Pre-2017 net operating loss carryforward" means 816  
any net operating loss incurred in a taxable year beginning 817  
before January 1, 2017, to the extent such loss was permitted, 818  
by a resolution or ordinance of the municipal corporation that 819  
was adopted by the municipal corporation before January 1, 2016, 820  
to be carried forward and utilized to offset income or net 821  
profit generated in such municipal corporation in future taxable 822  
years. 823

(2) For the purpose of calculating municipal taxable 824  
income, any pre-2017 net operating loss carryforward may be 825  
carried forward to any taxable year, including taxable years 826  
beginning in 2017 or thereafter, for the number of taxable years 827  
provided in the resolution or ordinance or until fully utilized, 828  
whichever is earlier. 829

(TT) "Small employer" means any employer that had total 830  
revenue of less than five hundred thousand dollars during the 831  
preceding taxable year. For purposes of this division, "total 832  
revenue" means receipts of any type or kind, including, but not 833  
limited to, sales receipts; payments; rents; profits; gains, 834  
dividends, and other investment income; compensation; 835

commissions; premiums; money; property; grants; contributions; 836  
donations; gifts; program service revenue; patient service 837  
revenue; premiums; fees, including premium fees and service 838  
fees; tuition payments; unrelated business revenue; 839  
reimbursements; any type of payment from a governmental unit, 840  
including grants and other allocations; and any other similar 841  
receipts reported for federal income tax purposes or under 842  
generally accepted accounting principles. "Small employer" does 843  
not include the federal government; any state government, 844  
including any state agency or instrumentality; any political 845  
subdivision; or any entity treated as a government for financial 846  
accounting and reporting purposes. 847

(UU) "Audit" means the examination of a person or the 848  
inspection of the books, records, memoranda, or accounts of a 849  
person for the purpose of determining liability for a municipal 850  
income tax. 851

(VV) "Publicly traded partnership" means any partnership, 852  
an interest in which is regularly traded on an established 853  
securities market. A "publicly traded partnership" may have any 854  
number of partners. 855

(WW) "Tax commissioner" means the tax commissioner 856  
appointed under section 121.03 of the Revised Code. 857

(XX) "Out-of-state disaster business," "qualifying 858  
solicitation," "qualifying employee," "disaster work," "critical 859  
infrastructure," and "disaster response period" have the same 860  
meanings as in section 5703.94 of the Revised Code. 861

(YY) "Pension" means a retirement benefit plan, regardless 862  
of whether the plan satisfies the qualifications described under 863  
section 401(a) of the Internal Revenue Code, including amounts 864

that are taxable under the "Federal Insurance Contributions Act," Chapter 21 of the Internal Revenue Code, excluding employee contributions and elective deferrals, and regardless of whether such amounts are paid in the same taxable year in which the amounts are included in the employee's wages, as defined by section 3121(a) of the Internal Revenue Code.

(ZZ) "Retirement benefit plan" means an arrangement whereby an entity provides benefits to individuals either on or after their termination of service because of retirement or disability. "Retirement benefit plan" does not include wage continuation payments, severance payments, or payments made for accrued personal or vacation time.

**Sec. 718.81.** If a term used in sections 718.80 to 718.95 of the Revised Code that is not otherwise defined in this chapter is used in a comparable context in both the laws of the United States relating to federal income tax and in Title LVII of the Revised Code and the use is not consistent, then the use of the term in the laws of the United States relating to federal income tax shall have control over the use of the term in Title LVII of the Revised Code, unless the term is defined in Chapter 5703. of the Revised Code, in which case the definition in that chapter shall control. Any reference in this chapter to the Internal Revenue Code includes other laws of the United States related to federal income taxes. If a term is defined in both this section and section 718.01 of the Revised Code, the definition in this section shall control for all uses of that term in sections 718.80 through 718.95 of the Revised Code.

As used in sections 718.80 to 718.95 of the Revised Code only:

(A) "Municipal taxable income" means income apportioned or

situated to the municipal corporation under section 718.82 of the Revised Code, as applicable, reduced by any pre-2017 net operating loss carryforward available to the person for the municipal corporation.

(B) "Adjusted federal taxable income," for a person required to file as a C corporation, or for a person that has elected to be taxed as a C corporation as described in division (D) (5) of section 718.01 of the Revised Code, means a C corporation's federal taxable income before net operating losses and special deductions as determined under the Internal Revenue Code, adjusted as follows:

(1) Deduct intangible income to the extent included in federal taxable income. The deduction shall be allowed regardless of whether the intangible income relates to assets used in a trade or business or assets held for the production of income.

(2) Add an amount equal to five per cent of intangible income deducted under division (B) (1) of this section, but excluding that portion of intangible income directly related to the sale, exchange, or other disposition of property described in section 1221 of the Internal Revenue Code.

(3) Add any losses allowed as a deduction in the computation of federal taxable income if the losses directly relate to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code.

(4) (a) Except as provided in division (B) (4) (b) of this section, deduct income and gain included in federal taxable income to the extent the income and gain directly relate to the sale, exchange, or other disposition of an asset described in



section 1221 or 1231 of the Internal Revenue Code.	924
(b) Division (B) (4) (a) of this section does not apply to	925
the extent the income or gain is income or gain described in	926
section 1245 or 1250 of the Internal Revenue Code.	927
(5) Add taxes on or measured by net income allowed as a	928
deduction in the computation of federal taxable income.	929
(6) In the case of a real estate investment trust or	930
regulated investment company, add all amounts with respect to	931
dividends to, distributions to, or amounts set aside for or	932
credited to the benefit of investors and allowed as a deduction	933
in the computation of federal taxable income.	934
(7) Deduct, to the extent not otherwise deducted or	935
excluded in computing federal taxable income, any income derived	936
from a transfer agreement or from the enterprise transferred	937
under that agreement under section 4313.02 of the Revised Code.	938
(8) Deduct exempt income to the extent not otherwise	939
deducted or excluded in computing adjusted federal taxable	940
income.	941
(9) Deduct any net profit of a pass-through entity owned	942
directly or indirectly by the taxpayer and included in the	943
taxpayer's federal taxable income unless an affiliated group of	944
corporations includes that net profit in the group's federal	945
taxable income in accordance with division (E) (3) (b) of section	946
718.86 of the Revised Code.	947
(10) Add any loss incurred by a pass-through entity owned	948
directly or indirectly by the taxpayer and included in the	949
taxpayer's federal taxable income unless an affiliated group of	950
corporations includes that loss in the group's federal taxable	951
income in accordance with division (E) (3) (b) of section 718.86	952

of the Revised Code. 953

(11) Deduct, to the extent included in federal taxable 954  
income, the amount of ordinary and necessary expenses, described 955  
under section 162 of the Internal Revenue Code, paid or incurred 956  
during the taxable year in carrying on a trade or business as a 957  
marijuana cultivator, processor, dispensary, or laboratory 958  
licensed under Chapter 3780. or 3796. of the Revised Code, or 959  
any other marijuana establishment licensed by the state, if the 960  
deduction for ordinary and necessary expenses under that section 961  
is disallowed under section 280E of the Internal Revenue Code. 962

If the taxpayer is not a C corporation, is not a 963  
disregarded entity that has made the election described in 964  
division (L)(2) of section 718.01 of the Revised Code, and is 965  
not a publicly traded partnership that has made the election 966  
described in division (D)(5) of section 718.01 of the Revised 967  
Code, the taxpayer shall compute adjusted federal taxable income 968  
under this section as if the taxpayer were a C corporation, 969  
except guaranteed payments and other similar amounts paid or 970  
accrued to a partner, former partner, shareholder, former 971  
shareholder, member, or former member shall not be allowed as a 972  
deductible expense unless such payments are a pension or 973  
retirement benefit payment paid to a retired partner, retired 974  
shareholder, or retired member or are in consideration for the 975  
use of capital and treated as payment of interest under section 976  
469 of the Internal Revenue Code or United States treasury 977  
regulations. Amounts paid or accrued to a qualified self- 978  
employed retirement plan with respect to a partner, former 979  
partner, shareholder, former shareholder, member, or former 980  
member of the taxpayer, amounts paid or accrued to or for health 981  
insurance for a partner, former partner, shareholder, former 982  
shareholder, member, or former member, and amounts paid or 983

accrued to or for life insurance for a partner, former partner, 984  
shareholder, former shareholder, member, or former member shall 985  
not be allowed as a deduction. 986

Nothing in division (B) of this section shall be construed 987  
as allowing the taxpayer to add or deduct any amount more than 988  
once or shall be construed as allowing any taxpayer to deduct 989  
any amount paid to or accrued for purposes of federal self- 990  
employment tax. 991

(C) "Taxpayer" has the same meaning as in section 718.01 992  
of the Revised Code, except that "taxpayer" does not include 993  
natural persons or entities subject to the tax imposed under 994  
Chapter 5745. of the Revised Code. "Taxpayer" may include 995  
receivers, assignees, or trustees in bankruptcy when such 996  
persons are required to assume the role of a taxpayer. 997

(D) "Tax return" or "return" means the notifications and 998  
reports required to be filed pursuant to sections 718.80 to 999  
718.95 of the Revised Code for the purpose of reporting 1000  
municipal income taxes, and includes declarations of estimated 1001  
tax. 1002

(E) "Assessment" means a notice of underpayment or 1003  
nonpayment of a tax issued pursuant to section 718.90 of the 1004  
Revised Code. 1005

**Sec. 928.01.** As used in this chapter: 1006

(A) "Cannabidiol" means the cannabidiol compound,~~—~~ 1007  
~~containing a delta-9 tetrahydrocannabinol concentration of not~~ 1008  
~~more than three tenths per cent,~~ derived from hemp. 1009

(B) "Cultivate" or "cultivating" means to plant, water, 1010  
grow, fertilize, till, or harvest a plant or crop. "Cultivating" 1011  
includes possessing or storing a plant or crop on a premises 1012

where the plant or crop was cultivated until transported to the 1013  
first point of sale. 1014

(C) "Hemp" means the plant *Cannabis sativa* L. and any part 1015  
of that plant, including the seeds thereof and all derivatives, 1016  
extracts, cannabinoids, isomers, acids, salts, and salts of 1017  
isomers, whether growing or not, with a ~~delta-9~~total 1018  
tetrahydrocannabinol concentration of not more than three-tenths 1019  
per cent on a dry weight basis. 1020

(D) "Hemp cultivation license" means a license to 1021  
cultivate hemp issued under section 928.02 of the Revised Code. 1022

(E) "Hemp processing license" means a license to process 1023  
hemp issued under section 928.02 of the Revised Code. 1024

(F) "Hemp product" means any product, ~~containing a delta-9~~ 1025  
~~tetrahydrocannabinol concentration of not more than three-tenths~~ 1026  
~~per cent,~~ including an adult-use hemp product, that is made with 1027  
hemp and that has a total tetrahydrocannabinol concentration of 1028  
not more than three-tenths per cent. "Hemp product" 1029

"Hemp product" includes cosmetics, personal care products, 1030  
dietary supplements or food intended for animal or human 1031  
consumption, cloth, cordage, fiber, fuel, paint, paper, 1032  
particleboard, and any other product containing one or more 1033  
cannabinoids derived from hemp, including cannabidiol. 1034

(G) "Marihuana" has the same meaning as in section 3719.01 1035  
of the Revised Code. 1036

(H) "Medical marijuana" has the same meaning as in section 1037  
3796.01 of the Revised Code. 1038

(I) "Process" or "processing" means converting hemp into a 1039  
hemp product. 1040

(J) "Delta-9 tetrahydrocannabinol" means the sum of the 1041  
percentage by weight of tetrahydrocannabinolic acid multiplied 1042  
by 0.877 plus the percentage by weight of delta-9 1043  
tetrahydrocannabinol. 1044

(K) "University" means an institution of higher education 1045  
as defined in section 3345.12 of the Revised Code and a private 1046  
nonprofit institution with a certificate of authorization issued 1047  
pursuant to Chapter 1713. of the Revised Code. 1048

(L) "USDA" means the United States department of 1049  
agriculture. 1050

(M) "Adult-use hemp product" means a hemp product that 1051  
contains tetrahydrocannabinol to which all of the following 1052  
apply: 1053

(1) The product has two and five-tenths milligrams or more 1054  
of total tetrahydrocannabinol per serving. 1055

(2) The product has more than four servings per package. 1056

(3) The product has a ratio of cannabidiol to total 1057  
tetrahydrocannabinol per package of not more than fifteen to 1058  
one. 1059

(N) "Tetrahydrocannabinol" means naturally occurring or 1060  
synthetic equivalents, regardless of whether artificially or 1061  
naturally derived, of the substances contained in the plant, or 1062  
in the resinous extractives of cannabis, sp. or derivatives, and 1063  
their isomers with similar chemical structure to delta-1-cis or 1064  
trans tetrahydrocannabinol, and their optical isomers, salts and 1065  
salts of isomers. "Tetrahydrocannabinol" includes delta-6-cis or 1066  
trans tetrahydrocannabinol, delta<sup>3,4</sup>-cis or trans 1067  
tetrahydrocannabinol, 9-hexahydrocannabinol, and delta-9- 1068  
tetrahydrocannabinol acetate. Since nomenclature of these 1069

substances is not internationally standardized, compounds of 1070  
these structures, regardless of any designation of atomic 1071  
positions, are included. 1072

"Tetrahydrocannabinol" does not include the following: 1073

(1) Tetrahydrocannabinols approved by the United States 1074  
food and drug administration for marketing as a medication or 1075  
recognized by the United States food and drug administration as 1076  
generally recognized as safe; 1077

(2) Cannabichromene (CBC); 1078

(3) Cannabicyclol (CBL); 1079

(4) Cannabidiol (CBD); 1080

(5) Cannabidivanol (CBDV); 1081

(6) Cannabielsoin (CBE); 1082

(7) Cannabigerol (CBG); 1083

(8) Cannabigerovarin (CBGV); 1084

(9) Cannabinol (CBN); 1085

(10) Cannabivarin (CBV). 1086

(O) "Total tetrahydrocannabinol" means the sum, after the 1087  
application of any necessary conversion factor, of the 1088  
percentage by weight of tetrahydrocannabinol, including delta-9 1089  
tetrahydrocannabinol, and the percentage by weight of 1090  
tetrahydrocannabinolic acid. 1091

**Sec. 928.10.** (A) As used in this section, "identification 1092  
card" means a driver's or commercial driver's license, an 1093  
identification card issued under sections 4507.50 to 4507.52 of 1094  
the Revised Code or an equivalent identification card issued by 1095

another state, a military identification card issued by the 1096  
United States department of defense, or a United States or 1097  
foreign passport that displays a picture of the individual for 1098  
whom the license, card, or passport was issued and shows that 1099  
the person buying was then at least twenty-one years of age. 1100

(B) No person shall do any of the following: 1101

(1) Sell at retail an adult-use hemp product to an 1102  
individual who is under twenty-one years of age; 1103

(2) Fail to verify that an individual who attempts to 1104  
purchase or purchases an adult-use hemp product at retail is at 1105  
least twenty-one years of age by examining the individual's 1106  
identification card; 1107

(3) Sell an adult-use hemp product at retail at any place 1108  
other than a permanent building; 1109

(4) Fail to store an adult-use hemp product for sale at 1110  
retail behind a counter that only allows access to the person or 1111  
the person's agent or employee; 1112

(5) Remove an adult-use hemp product from behind the 1113  
counter as specified under division (B)(4) of this section until 1114  
completion of the sale of the adult-use hemp product. 1115

**Sec. 928.11.** (A) As used in this section, references to 1116  
"retailer" include the retailer's agent or employee. 1117

(B) Any enforcement agent of the Ohio investigative unit 1118  
or any law enforcement officer may inspect any premises or 1119  
location at which an adult-use hemp product is sold at retail 1120  
without prior notice to the retailer. 1121

(C) An inspection may be conducted only during those hours 1122  
during which a retailer that sells an adult-use hemp product is 1123

open for business. Any inspection conducted pursuant to this 1124  
section is subject to all of the following requirements: 1125

(1) Contraband or property that is otherwise necessary for 1126  
evidentiary purposes may be confiscated. 1127

(2) A complete inventory of all property confiscated from 1128  
the premises shall be given to the retailer by the confiscating 1129  
agent or officer at the conclusion of the inspection. At that 1130  
time, the confiscating agent or officer shall sign the 1131  
inventory, and the agent or officer shall give the retailer the 1132  
opportunity to sign the inventory. 1133

(3) An agent or officer shall conduct an inspection in a 1134  
reasonable manner. A finding by any court of competent 1135  
jurisdiction that an inspection was not conducted in a 1136  
reasonable manner in accordance with this section or rules may 1137  
be considered grounds for suppression of evidence. A finding by 1138  
the department of public safety that an inspection was not 1139  
conducted in a reasonable manner may be considered grounds for 1140  
dismissal of the case. 1141

(D) If any court of competent jurisdiction finds that 1142  
property confiscated as the result of an inspection conducted in 1143  
accordance with this section is not necessary for evidentiary 1144  
purposes and is not contraband, the court shall order the 1145  
immediate return of the confiscated property to the retailer, 1146  
provided that the property is not otherwise subject to 1147  
forfeiture. However, the return of the property is not grounds 1148  
for dismissal of the case. The department of public safety 1149  
likewise may order the return of confiscated property if no 1150  
criminal prosecution is pending or anticipated. 1151

(E) Upon a determination by the department of public 1152



safety that a violation of section 928.10 of the Revised Code 1153  
has occurred, and once all direct appeals have expired, any 1154  
adult-use hemp product and contraband seized by the Ohio 1155  
investigative unit shall be destroyed in accordance with 1156  
sections 2981.11 to 2981.13 of the Revised Code. 1157

(F) No person shall hinder or obstruct any enforcement 1158  
agent of the Ohio investigative unit or any law enforcement 1159  
officer from conducting an inspection or searching any place 1160  
where an adult-use hemp product is sold at retail. 1161

**Sec. 928.12.** (A) The Ohio investigative unit shall enforce 1162  
section 928.10 of the Revised Code or cause it to be enforced. 1163  
If the unit has information that section 928.10 of the Revised 1164  
Code has been violated, it shall investigate the matter and take 1165  
any action as it considers appropriate. 1166

(B) If the department of public safety determines that 1167  
there is clear and convincing evidence of a danger of immediate 1168  
and serious harm to any person, the department may place under 1169  
seal all adult-use hemp products owned by or in the possession, 1170  
custody, or control of the affected person selling at retail 1171  
adult-use hemp products. Except as provided in this division, 1172  
the department shall not dispose of the adult-use hemp products 1173  
sealed under this division until the person selling adult-use 1174  
hemp products exhausts all of the person's appeal rights under 1175  
Chapter 119. of the Revised Code. The court involved in such an 1176  
appeal may order the department, during the pendency of the 1177  
appeal, to sell adult-use hemp products that are perishable. The 1178  
department shall deposit the proceeds of the sale with the 1179  
court. 1180

**Sec. 928.99.** (A) Whoever recklessly violates section 1181  
928.04 of the Revised Code is guilty of the following: 1182

(1) For a first offense, a minor misdemeanor;	1183
(2) For each subsequent offense, a misdemeanor of the fourth degree.	1184 1185
The court shall order an offender who is convicted of or pleads guilty to a third or subsequent offense ineligible to receive a hemp cultivation license or hemp processing license under this chapter. The court shall provide written notice of that order to the director of agriculture. Upon receipt of the notice, the director shall revoke any hemp cultivation license or hemp processing license that the offender holds and shall refuse to issue a hemp cultivation license or hemp processing license to the offender beginning on the date of the court order.	1186 1187 1188 1189 1190 1191 1192 1193 1194 1195
(B) <u>Whoever recklessly violates division (B) of section 928.10 of the Revised Code is guilty of a misdemeanor of the first degree.</u>	1196 1197 1198
<u>(C)</u> The prosecuting attorney of the applicable county or the attorney general may prosecute an action under this section.	1199 1200
<b>Sec. 3780.03. Establishment and authority of division of cannabis control; adoption of rules.</b>	1201 1202
<del>(A)</del> <u>(A)</u> There is hereby established a division of cannabis control within the department of commerce.	1203 1204
<del>(B)</del> <u>(B)</u> To ensure the proper oversight and control of the adult use cannabis industry, the division of cannabis control shall have the authority to license, regulate, investigate, and penalize adult use cannabis operators, adult use testing laboratories, and individuals required to be licensed under this chapter.	1205 1206 1207 1208 1209 1210

~~(C)~~ \_\_\_\_\_ (C) The division of cannabis control shall adopt, and 1211  
as advisable and necessary shall amend or repeal, rules on the 1212  
following: 1213

~~(1)~~ \_\_\_\_\_ (1) Prevention of practices detrimental to the public 1214  
interest consistent with this chapter, and also ways to educate 1215  
the public about this chapter; 1216

~~(2)~~ \_\_\_\_\_ (2) Establishing application, licensure, and renewal 1217  
standards and procedures for license applicants or license 1218  
holders related to adult use cannabis operators, adult use 1219  
testing laboratories, and individuals required to be licensed, 1220  
including any additional background check requirements, the 1221  
disqualifying offenses under section 3780.01 of the Revised Code 1222  
that prohibit licensure, and any exemption criteria from 1223  
licensing requirements for institutional or private investors 1224  
who do not have significant control or influence over a license 1225  
applicant or license holder, and whose ownership in a license is 1226  
for investment purposes only; 1227

~~(3)~~ \_\_\_\_\_ (3) Establishing reasonable application, licensure, 1228  
and renewal fees amounts to ensure license applicants and 1229  
license holders under this chapter pay for the actual costs for 1230  
administration and licensure for the division of cannabis 1231  
control; 1232

~~(4)~~ \_\_\_\_\_ (4) Establishing standards for provisional licenses 1233  
for an individual who is required to be licensed and who has 1234  
exigent circumstances. Such standards for provisional licenses 1235  
must include submission of a complete application and compliance 1236  
with a required background check. A provisional license shall be 1237  
valid not longer than three months. A provisional license may be 1238  
renewed, at the division of cannabis control's discretion, for 1239  
an additional three months. In establishing standards with 1240

regard to instant background checks the division of cannabis control may use all available resources <del>+</del> .	1241
	1242
<del>(5)</del> <u>(5) Specifying the process and reasons for which a license holder may be fined, suspended either with or without a prior hearing, revoked, or not renewed or issued;</u>	1243
	1244
	1245
<del>(6)</del> <u>(6) The process and requirements for division of cannabis control approval of any requested change in ownership or transfer of control of an adult use cannabis operator or adult use testing laboratory;</u>	1246
	1247
	1248
	1249
<del>(7)</del> <u>(7) Establishing <del>process</del> <u>processes</u> and standards for expanding the size of the cultivation area for a cultivation facility;</u>	1250
	1251
	1252
<del>(8)</del> <u>(8) Establishing standards and procedures for the testing of adult use cannabis by an adult use testing laboratory licensed under this chapter. When establishing standards and procedures for the testing of cannabis, the division of cannabis control shall do all of the following:</u>	1253
	1254
	1255
	1256
	1257
<del>(a)</del> <u>(a) Specify when testing must be conducted;</u>	1258
<del>(b)</del> <u>(b) Determine the minimum amount of adult use cannabis that must be tested;</u>	1259
	1260
<del>(c)</del> <u>(c) Specify the manner in which testing is to be conducted <del>in an effort to ensure</del> <u>for either or both of the following purposes:</u></u>	1261
	1262
	1263
<u>(i) To ensure</u> uniformity of cannabis products processed <del>for</del> and dispensed; <del>and</del>	1264
	1265
<u>(ii) To spur innovation of processed cannabis products at lower cost.</u>	1266
	1267

<del>(d)</del> _____ (d) Specify the manner in which test results are provided.	1268 1269
<del>(9)</del> _____ (9) The minimum amount of insurance or surety bond that must be maintained by an adult use cannabis operator and adult use testing laboratory;	1270 1271 1272
<del>(10)</del> _____ (10) Requiring the division of cannabis control to adopt reasonable standards for any adult use cannabis samples, and advertising as prescribed in section 3780.21 of the Revised Code;	1273 1274 1275 1276
<del>(11)</del> _____ (11) Requiring that the records, including financial statements, of an adult use cannabis operator or adult use testing laboratory be maintained in the manner up to two years as prescribed by the division of cannabis control and which shall be made available for inspection upon demand by the division of cannabis control, but shall be subject to section 3780.31 of the Revised Code;	1277 1278 1279 1280 1281 1282 1283
<del>(12)</del> _____ (12) Prescribing technical standards and requirements consistent with industry standards that must be met for security and surveillance equipment necessary for the provision of security and surveillance of adult use cannabis operators and adult use testing laboratories;	1284 1285 1286 1287 1288
<del>(13)</del> _____ (13) Prescribing requirements for a license holder's provision of security services for an adult use cannabis operator and adult use testing laboratories which shall include the license holder's option to use armed or unarmed services including through agents of the license holder;	1289 1290 1291 1292 1293
<del>(14)</del> _____ (14) Prescribing standards according to which license holders shall keep accounts and standards according to which adult use cannabis operators and adult use testing laboratories	1294 1295 1296

accounts shall be audited, and establish guidance for assisting 1297  
the department of taxation in levying and collecting the adult 1298  
use tax levied under section 3780.22 of the Revised Code; 1299

~~(15)~~ \_\_\_\_\_ (15) Determining penalties for violation of division 1300  
of cannabis control rules or this chapter, and a process for 1301  
imposing such penalties; 1302

~~(16)~~ \_\_\_\_\_ (16) Training requirements for employees and agents of 1303  
adult use cannabis operators and adult use laboratories; 1304

~~(17)~~ \_\_\_\_\_ (17) Prescribing standards and procedures to allow for 1305  
adult use cannabis delivery to adult use consumers, and online 1306  
and mobile ordering procedures, which may only be conducted by 1307  
an adult use dispensary or their agent; 1308

~~(18)~~ \_\_\_\_\_ (18) Prescribing cannabis inventory requirements to be 1309  
maintained in an electronic database consistent with section 1310  
3780.05 of the Revised Code; 1311

~~(19)~~ \_\_\_\_\_ (19) Prescribing standards and procedures for product 1312  
packaging and labeling of adult use cannabis products, including 1313  
a requirement that the packaging and labeling disclose methods 1314  
used to remediate the adult use cannabis product and whether 1315  
such methods involve radiation; 1316

~~(20)~~ \_\_\_\_\_ (20) Prescribing standards and procedures in 1317  
coordination with the department of development to administer 1318  
and enforce the cannabis social equity and jobs program as 1319  
prescribed under section 3780.19 of the Revised Code; 1320

~~(21)~~ \_\_\_\_\_ (21) Establishing a tetrahydrocannabinol content limit 1321  
for adult use cannabis, which for plant material the content 1322  
limit shall be ~~no~~ not less than thirty-five per cent and for 1323  
extracts the content limit shall be ~~no~~ not less than ninety per 1324  
cent, but that such content limits may be increased or 1325

eliminated by the division of cannabis control; ~~and~~. Any rule 1326  
limiting the tetrahydrocannabinol content for adult use cannabis 1327  
extracts shall prioritize the purity of the product and shall be 1328  
written with the intent to erode the illicit market and 1329  
encourage consumers in this state to purchase adult use cannabis 1330  
from licensed dispensaries. 1331

~~(22)~~ (22) Prescribing duty to update requirements for 1332  
license holders. 1333

~~(D)~~ (D) All rules adopted under this section and chapter 1334  
shall be adopted in accordance with Chapter 119. of the Revised 1335  
Code. 1336

~~(E)~~ (E) In addition to the rules described in division (C) 1337  
of this section, the division of cannabis control may adopt any 1338  
other rules it considers necessary for the administration, 1339  
implementation, and enforcement of this chapter consistent with 1340  
this chapter. 1341

~~(F)~~ (F) When adopting rules under this section, the 1342  
division of cannabis control shall consider standards and 1343  
procedures that have been found to be best practices relative to 1344  
the use and regulation of adult use cannabis and shall harmonize 1345  
any rules with the rules adopted pursuant to sections 3796.03 1346  
and 3796.04 of the Revised Code to minimize duplication of 1347  
operational requirements and fees as much as possible. If there 1348  
is a conflict with Chapter 3796. of the Revised Code and related 1349  
rules, and ~~chapter~~ Chapter 3780. of the Revised Code and related 1350  
rules, then ~~chapter~~ Chapter 3780. of the Revised Code and 1351  
related rules shall govern. 1352

**Sec. 3780.10. Adult use cannabis operator and adult use testing** 1353  
**laboratory licenses.** 1354

~~(A)~~ \_\_\_\_\_ (A) No person shall operate as an adult use cannabis 1355  
operator or adult use testing laboratory without a license 1356  
issued pursuant to this chapter. 1357

~~(B)~~ \_\_\_\_\_ (B) The following licenses shall be issued by the 1358  
division of cannabis control within nine months of ~~the effective~~ 1359  
~~date of this section~~ December 7, 2023, if the license applicant 1360  
is in compliance with section 3780.11 of the Revised Code and 1361  
this chapter, and the license applicant has, or the same owners 1362  
of the license applicant, have, a certificate of operation or 1363  
medical provisional license issued as of ~~the effective date of~~ 1364  
~~this section~~ December 7, 2023: 1365

~~(1)~~ \_\_\_\_\_ (1) A dispensary issued a certificate of operation or 1366  
medical provisional license shall be issued an adult use 1367  
dispensary license under this chapter for the current location 1368  
of the dispensary; 1369

~~(2)~~ \_\_\_\_\_ (2) A level I cultivator issued a certificate of 1370  
operation or medical provisional license shall be issued under 1371  
this chapter three adult use dispensary licenses at locations 1372  
designated in a license application, and one level I adult use 1373  
cultivator license for the current location of the level I 1374  
cultivation facility; 1375

~~(3)~~ \_\_\_\_\_ (3) A level II cultivator issued a certificate of 1376  
operation or medical provisional license shall be issued under 1377  
this chapter one adult use dispensary license at a location 1378  
designated in the license application, and one level II adult 1379  
use cultivator license for the current location of the level II 1380  
cultivation facility; 1381

~~(4)~~ \_\_\_\_\_ (4) A dispensary issued a certificate of operation or 1382  
medical provisional license shall be issued under this chapter 1383



one adult use dispensary license at a different location as 1384  
designated in the license application if the dispensary does not 1385  
have any common ownership or control with any level I adult use 1386  
cultivator, level II adult use cultivator, or adult use 1387  
processor license applicant or licensee; 1388

~~(5)~~ (5) A processor issued a certificate of operation or 1389  
medical provisional license shall be issued under this chapter 1390  
one adult use processor license for the current location of the 1391  
processor; and, if the processor does not have any common 1392  
ownership or control with any adult use cultivator or level III 1393  
adult use cultivator license applicant or licensee, one level II 1394  
adult use cultivator license at a location designated in the 1395  
license application, conditioned upon the licensee processing 1396  
not less than fifty per cent of the adult use cannabis 1397  
cultivated under the level II adult use cultivator license for 1398  
the licensee's own extraction feed stock; 1399

~~(6)~~ (6) A testing laboratory issued a certificate of 1400  
operation shall be issued under this chapter one adult use 1401  
testing laboratory license for the current location of the 1402  
testing laboratory. 1403

~~Notwithstanding~~ Notwithstanding anything in this 1404  
section, a license shall not be issued pursuant to division (B) 1405  
of this section to a license applicant holding only a related 1406  
medical provisional license unless the medical provisional 1407  
license holder is issued a certificate of operation within two 1408  
years of ~~the effective date of this section~~ December 7, 2023. 1409

~~(C)~~ (C) The division of cannabis control shall issue up to 1410  
forty level III adult use cultivator licenses consistent with 1411  
this chapter with preference provided to applicants who have 1412  
been certified as cannabis social equity and jobs program 1413

participants under the cannabis social equity and jobs program 1414  
pursuant to section 3780.19 of this chapter the Revised Code. No 1415  
person may have any ownership or control in more than one level 1416  
III adult use cultivator license under this chapter. No adult 1417  
use cultivator or adult use processor may have any ownership or 1418  
control in a level III adult use cultivator license. 1419

~~(D)~~ (D) (1) The division of cannabis control shall issue up 1420  
to fifty additional adult use dispensary licenses in conformity 1421  
with this chapter with preference provided to applicants who 1422  
have been certified as cannabis social equity and jobs program 1423  
participants under the cannabis social equity and jobs program. 1424

~~(E)~~ (2) Subject to division (F) (3) of this section and 1425  
rules adopted by the division of cannabis control under that 1426  
division, license holders may apply for the additional adult use 1427  
dispensary licenses provided for under division (D) (1) of this 1428  
section. 1429

(E) Following twenty-four months from the first date of 1430  
issuance of an adult use operator license, the division of 1431  
cannabis control shall review the number of adult use cannabis 1432  
operator licenses on a biannual basis and may authorize 1433  
additional licenses after considering: 1434

~~(1)~~ (1) The current and anticipated market growth and 1435  
consumer demand, including the number of adult use consumers 1436  
seeking adult use cannabis; 1437

~~(2)~~ (2) The current and projected supply of adult use 1438  
cannabis produced by licensed adult use cultivators, level III 1439  
adult use cultivators, and adult use processors; and 1440

~~(3)~~ (3) The geographic distribution of adult use 1441  
dispensary sites in an effort to ensure adult use customer 1442

access to adult use cannabis. 1443

~~(F)(1)~~ \_\_\_\_\_ (F) (1) The division of cannabis control shall 1444  
provide a report and recommendation within ninety days of the 1445  
conclusion of the requirements in division (E) of this section 1446  
to the director for consideration. 1447

~~(2)~~ \_\_\_\_\_ (2) The division of cannabis control may adopt rules 1448  
as necessary to implement this division. 1449

~~(3)~~ \_\_\_\_\_ (3) The division of cannabis control shall adopt a 1450  
rule regarding the number of licenses a license holder may hold 1451  
for each type of license consistent with this chapter. As of ~~the~~ 1452  
~~effective date of this section December 7, 2023,~~ and 1453  
notwithstanding any other provision of this chapter, no person 1454  
shall be issued more than eight adult use dispensary licenses, 1455  
~~and~~ not more than one adult use cultivator license, and not more 1456  
than one adult use processor license at any time, unless 1457  
authorized by the division of cannabis control after an analysis 1458  
supporting the licensing pursuant to rule. 1459

~~(G)~~ \_\_\_\_\_ (G) The division of cannabis control may authorize 1460  
additional adult use testing laboratory licenses at any time. 1461

**Sec. 3780.11. Application requirements for adult use cannabis 1462  
operators and adult use testing laboratories. 1463**

~~(A)~~ \_\_\_\_\_ (A) An adult use cannabis operator and adult use 1464  
testing laboratory license applicant authorized to file an 1465  
application may file an application for licensure with the 1466  
division of cannabis control. Each application shall be 1467  
submitted in accordance with rules adopted under section 3780.03 1468  
of the Revised Code and in conformity with this chapter. Initial 1469  
applications shall be made available to adult use operators and 1470  
adult use testing ~~laboratory~~ laboratories within six months of 1471

~~the effective date of this section December 7, 2023,~~ and license 1472  
applicants shall comply with all requirements of this chapter 1473  
and related rules prior to the issuance of a license. 1474

~~(B)~~ (B) The division of cannabis control shall issue a 1475  
license to an applicant if all of the following conditions are 1476  
met: 1477

~~(1)~~ (1) The report of the criminal records check conducted 1478  
pursuant to section 3780.08 of the Revised Code with respect to 1479  
the application demonstrates the following: 1480

~~(a)~~ (a) The criminal offenses for which an applicant will 1481  
be disqualified from licensure; and 1482

~~(b)~~ (b) The criminal offenses that will not disqualify an 1483  
applicant from licensure if the applicant was convicted of or 1484  
pleaded guilty to the offense more than five years before the 1485  
date the application for licensure is filed. 1486

~~(2)~~ (2) The adult use cannabis operator applicant 1487  
demonstrates that it does not have an ownership or investment 1488  
interest in or compensation arrangement with any of the 1489  
following: 1490

~~(a)~~ (a) An adult use testing laboratory licensed under 1491  
this chapter; or 1492

~~(b)~~ (b) An applicant for a license to conduct adult use 1493  
laboratory testing. 1494

~~(3)~~ (3) The adult use cannabis operator applicant 1495  
demonstrates that it does not share any corporate officers or 1496  
employees with any of the following: 1497

~~(a)~~ (a) An adult use testing laboratory licensed under 1498  
this chapter; or 1499

<del>(b)</del> _____ (b) An applicant for a license to conduct adult use laboratory testing.	1500 1501
<del>(4)</del> _____ (4) The adult use testing laboratory applicant demonstrates that it does not have an ownership or investment interest in or compensation arrangement with any of the following:	1502 1503 1504 1505
<del>(a)</del> _____ (a) An adult use cannabis operator licensed under this chapter; or	1506 1507
<del>(b)</del> _____ (b) An applicant for a license to conduct adult use cannabis operations.	1508 1509
<del>(5)</del> _____ (5) The adult use testing laboratory applicant demonstrates that it does not share any corporate officers or employees with any of the following:	1510 1511 1512
<del>(a)</del> _____ (a) An adult use cannabis operator licensed under this chapter; or	1513 1514
<del>(b)</del> _____ (b) An applicant for a license to conduct adult use cannabis operations.	1515 1516
<del>(6)</del> _____ (6) The applicant demonstrates that the operations will not be located within five hundred feet of a prohibited facility consistent with this chapter unless the prohibited facility was located within five hundred feet after the applicant filed the application with the division of cannabis control, or after the applicant, or the applicant owners, was operating under Chapter 3796. of the Revised Code at the same location, or unless otherwise authorized in this chapter.	1517 1518 1519 1520 1521 1522 1523 1524
<del>(7)</del> _____ (7) The information provided to the division of cannabis control pursuant to section 3780.06 of the Revised Code demonstrates that the applicant is in compliance with the	1525 1526 1527

applicable tax laws of this state. 1528

~~(8)~~ \_\_\_\_\_ (8) The applicant meets all other license eligibility 1529  
conditions established in rules adopted under section 3780.03 of 1530  
the Revised Code. 1531

~~(9)~~ \_\_\_\_\_ (9) The applicant is not employed by a regulatory body 1532  
of a governmental unit of this state and in that capacity has 1533  
significant influence or control, as determined by the division 1534  
of cannabis control, over the ability of the applicant to 1535  
conduct business in this state. 1536

~~(C) A~~ \_\_\_\_\_ (C) Subject to division (D) of this section, a 1537  
license expires according to the renewal schedule established in 1538  
rules adopted under section 3780.03 of the Revised Code and may 1539  
be renewed in accordance with the procedures established in 1540  
those rules. A license shall be automatically renewed by the 1541  
division of cannabis control unless good cause is otherwise 1542  
shown. 1543

(D) An adult use processor license expires and is eligible 1544  
for renewal on a two-year cycle. The licensure and renewal fees 1545  
for an adult use processor license shall not exceed fifty 1546  
thousand dollars. 1547

**Sec. 3780.16. Adult use testing laboratory license.** 1548

~~(A)~~ \_\_\_\_\_ Notwithstanding any conflicting provision of the 1549  
Revised Code, the holder of a current and valid adult use 1550  
testing laboratory license issued under this chapter may do ~~both~~ 1551  
~~of~~ the following: 1552

~~(1)~~ \_\_\_\_\_ (A) Obtain adult use cannabis from one or more adult 1553  
use cannabis operators licensed under this chapter for testing 1554  
purposes only; ~~and~~ 1555

~~(2)~~ \_\_\_\_\_ (B) Conduct cannabis testing, research and operations 1556  
in the manner specified in rules adopted under section 3780.03 1557  
of the Revised Code; 1558

(C) Conduct research and development testing on behalf of, 1559  
or in collaboration with, an adult use cannabis operator to spur 1560  
innovation of processed cannabis products at lower cost. 1561

**Sec. 3780.29. Home Grow.** 1562

~~(A)~~ \_\_\_\_\_ (A) Except as otherwise provided in this chapter, and 1563  
notwithstanding any other provision of the Revised Code, the 1564  
following acts by an adult use consumer are lawful: 1565

~~(1)~~ \_\_\_\_\_ (1) Cultivating, growing, and possessing not more than 1566  
six cannabis plants at the individual's primary residence, if 1567  
all of the following apply: 1568

~~(a)~~ \_\_\_\_\_ (a) Not more than twelve cannabis plants are 1569  
cultivated or grown at a single residence where two or more 1570  
individuals who are at least twenty-one years of age reside at 1571  
any one time; ~~and~~ 1572

~~(b)~~ \_\_\_\_\_ (b) Cultivation or growing of adult use cannabis only 1573  
takes place within a secured closet, room, greenhouse, or other 1574  
enclosed area in or on the grounds of the residence that 1575  
prevents access by individuals less than twenty-one years of 1576  
age, and which is not visible by normal unaided vision from a 1577  
public space; 1578

(c) On and after ninety days after the effective date of this 1579  
amendment, the adult use consumer files an affidavit with the 1580  
division of cannabis control as specified in division (G) of 1581  
this section. 1582

~~(2)~~ \_\_\_\_\_ (2) Processing by manual or mechanical means adult use 1583

cannabis cultivated or grown in accordance with this section; ~~or~~ 1584

~~(3)~~ \_\_\_\_\_ (3) Transferring up to six cannabis plants to an adult 1585  
use consumer as long as the transfer is without remuneration and 1586  
not advertised or promoted to the public. 1587

~~(B)~~ \_\_\_\_\_ (B) An adult use consumer may store at their primary 1588  
residence adult use cannabis that was purchased from an adult 1589  
use dispensary licensed under this chapter or produced in 1590  
compliance with this section. 1591

~~(C)~~ \_\_\_\_\_ (C) This section does not authorize an individual to 1592  
do any of the following: 1593

~~(1)~~ \_\_\_\_\_ (1) Cultivate, grow, or process adult use cannabis 1594  
except at the individual's primary residence; 1595

~~(2)~~ \_\_\_\_\_ (2) Permit individuals less than twenty-one years of 1596  
age to use, cultivate, process, transfer, or transport adult use 1597  
cannabis; 1598

~~(3)~~ \_\_\_\_\_ (3) Process adult use cannabis by hydrocarbon-based 1599  
extraction; or 1600

~~(4)~~ \_\_\_\_\_ (4) Sell, or profit from, adult use cannabis except as 1601  
specifically authorized in this chapter. 1602

~~(D)~~ \_\_\_\_\_ (D) A landlord may prohibit conduct otherwise 1603  
authorized under division (A) of this section so long as such 1604  
prohibition is included in the applicable lease agreement. 1605

~~(E)~~ \_\_\_\_\_ (E) The division of cannabis control shall adopt rules 1606  
setting forth a schedule of civil penalties that may be applied 1607  
for violations of this section. 1608

~~(F)~~ \_\_\_\_\_ (F) If an individual cultivates or grows double the 1609  
maximum number of cannabis plants permitted under division (A) 1610



of this section or transfers cannabis plants in violation of 1611  
division (A) (3) of this section, division (F) of section 3780.99 1612  
of the Revised Code shall apply. 1613

(G) (1) Not later than ninety days after the effective date 1614  
of this amendment, the division of cannabis control shall 1615  
establish a process by which an adult use consumer that seeks to 1616  
engage in the activities described under division (A) (1) of this 1617  
section shall file an affidavit with the division. 1618

(2) The affidavit shall contain the consumer's full name, 1619  
the address of the consumer's primary residence, and a statement 1620  
affirming that the consumer will not engage in any activities 1621  
prohibited under division (C) of this section. 1622

(3) Beginning ninety days after the effective date of this 1623  
amendment, no person shall recklessly engage in the activities 1624  
described under division (A) (1) of this section without first 1625  
filing an affidavit as required by division (G) of this section. 1626

(4) The division of cannabis control shall revoke the 1627  
affidavit of any adult use consumer who is convicted of or 1628  
pleads guilty to three or more violations of this section. No 1629  
adult use consumer whose affidavit is revoked shall engage in 1630  
the activities described in division (A) (1), (2), or (3) of this 1631  
section. 1632

(5) An adult use consumer whose affidavit is revoked under 1633  
division (G) (4) of this section may appeal such revocation in 1634  
the same manner described by section 119.12 of the Revised Code. 1635

**Sec. 3780.36. Limitations on conduct by individuals.** 1636

~~(A)~~ (A) Except as otherwise provided in this chapter and 1637  
notwithstanding any conflicting provision of the Revised Code, 1638  
an adult use consumer~~7~~ may do all of the following: 1639

<del>(1)</del> _____ (1) Use adult use cannabis;	1640
<del>(2)</del> _____ (2) Possess, transfer without remuneration to another adult consumer, or transport adult use cannabis, subject to division (B) of this section; <del>and</del>	1641 1642 1643
<del>(3)</del> _____ (3) Purchase adult use cannabis from an adult use dispensary <del>per day</del> in amounts <u>per day</u> that do not exceed the possession limits set forth in division (B) (1) of this section.	1644 1645 1646
<del>(B)</del> _____ (B) Except as otherwise provided in <del>chapter</del> <u>Chapter</u> 3796. of the Revised Code:	1647 1648
<del>(1)</del> _____ (1) The amount of cannabis that may be possessed by an adult use consumer shall not exceed:	1649 1650
<del>(a)</del> _____ (a) Two and one-half ounces of adult use cannabis in any form except adult use extract; <del>and</del>	1651 1652
<del>(b)</del> _____ (b) Fifteen grams of adult use cannabis in the form of adult use extract.	1653 1654
<del>(2)</del> _____ (2) The amount of cannabis that may be transferred by an adult use consumer without remuneration and not advertised or promoted to the public shall not exceed:	1655 1656 1657
<del>(a)</del> _____ (a) Two and one-half ounces of adult use cannabis in any form except adult use extract; <del>and</del>	1658 1659
<del>(b)</del> _____ (b) Fifteen grams of adult use cannabis in the form of adult use extract.	1660 1661
<del>(3)</del> _____ (3) The amount of cannabis that may be transported by an adult use consumer shall not exceed:	1662 1663
<del>(a)</del> _____ (a) Two and one-half ounces of adult use cannabis in any form except adult use extract; <del>and</del>	1664 1665
<del>(b)</del> _____ (b) Fifteen grams of adult use cannabis in the form of	1666

adult use extract. 1667

~~(C)~~ \_\_\_\_\_ (C) Except as otherwise provided in this chapter, an 1668  
adult use consumer shall not be subject to arrest, criminal 1669  
prosecution, or civil penalty for engaging in any of the 1670  
activities authorized under this chapter, including: 1671

~~(1)~~ \_\_\_\_\_ (1) Obtaining, using, possessing, or transporting 1672  
adult use cannabis; 1673

~~(2)~~ \_\_\_\_\_ (2) Performing conduct authorized under section 1674  
3780.29 of the Revised Code; 1675

~~(3)~~ \_\_\_\_\_ (3) Acquiring, possessing, using, purchasing, 1676  
manufacturing, selling, or transporting paraphernalia; ~~and~~ 1677

~~(4)~~ \_\_\_\_\_ (4) Assisting another adult use consumer, or allowing 1678  
property to be used, in any of the acts authorized by this 1679  
chapter. 1680

~~(D)(1)~~ \_\_\_\_\_ (D) (1) An individual is prohibited from operating 1681  
a vehicle, motor vehicle, streetcar, trackless trolley, bike, 1682  
watercraft, or aircraft while using adult use cannabis or while 1683  
under the influence of adult use cannabis and is subject to 1684  
section 4511.19 of the Revised Code for any violation of this 1685  
division. 1686

~~(2)~~ \_\_\_\_\_ (2) An individual is prohibited from smoking, 1687  
vaporizing, or using any other combustible adult use cannabis 1688  
product while in a vehicle, motor vehicle, streetcar, trackless 1689  
trolley, bike, watercraft, or aircraft and is subject to section 1690  
4511.19 of the Revised Code for any violation of this division. 1691

(3) No individual shall recklessly smoke, vaporize, or use 1692  
any other combustible adult use cannabis product in any public 1693  
place or place of employment where smoking is prohibited under 1694

Chapter 3794. of the Revised Code. 1695

~~(E)~~ \_\_\_\_\_ (E) Except as otherwise provided in this chapter, no 1696  
individual under twenty-one years of age shall knowingly show or 1697  
give false information concerning the individual's name, age, or 1698  
other identification for the purpose of purchasing adult use 1699  
cannabis from an adult use dispensary licensed under this 1700  
chapter. 1701

~~(F)~~ \_\_\_\_\_ (F) Nothing in this chapter is intended to permit the 1702  
transfer or sale of adult use cannabis, with or without 1703  
remuneration, to an individual under twenty-one years of age, or 1704  
to allow an individual under twenty-one years of age to 1705  
purchase, possess, use, process, transport, or cultivate 1706  
cannabis except where authorized by Chapter 3796. of the Revised 1707  
Code. 1708

~~(G)~~ \_\_\_\_\_ (G) It is unlawful for any parent or guardian to 1709  
knowingly permit their residence, any other private property 1710  
under their control, or any vehicle, conveyance, or watercraft 1711  
under their control to be used by an invitee of the parent's 1712  
child or the guardian's ward, if the invitee is under twenty-one 1713  
years of age, in a manner that constitutes a violation of this 1714  
chapter. 1715

~~(1)~~ \_\_\_\_\_ (1) A parent or guardian is deemed to have knowingly 1716  
permitted their residence, any other private property under 1717  
their control, or any vehicle, conveyance, or watercraft under 1718  
their control to be used in violation of this chapter if they 1719  
knowingly authorize or permit consumption of cannabis by 1720  
underage invitees. 1721

~~(2)~~ \_\_\_\_\_ (2) Where the residence or other property has an owner 1722  
and a tenant or lessee, the trier of fact may infer that the 1723

residence or other property is occupied only by the tenant or 1724  
lessee. 1725

**Sec. 3780.99. Penalties.** 1726

~~(A)~~ (A) Except as otherwise provided in Chapter 3796, of 1727  
the Revised Code, section 2925.11 of the Revised Code shall 1728  
apply when an adult use consumer possesses an amount of cannabis 1729  
greater than the limits set forth in division (B)(1) of section 1730  
3780.36 of the Revised Code. 1731

~~(B)~~ (B) Except as otherwise provided in this chapter, an 1732  
adult use consumer who uses adult use cannabis in public areas, 1733  
who violates division (D)(3) of section 3780.36 of the Revised 1734  
Code, or who violates division (D)(2) of that section ~~3780.36 of~~ 1735  
~~the Revised Code~~ as a passenger, is guilty of a minor 1736  
misdemeanor. 1737

~~(C)(1)~~ (C)(1) An individual under twenty-one years of 1738  
age who knowingly shows or gives false information concerning 1739  
the individual's name, age, or other identification for the 1740  
purpose of purchasing or otherwise obtaining adult use cannabis 1741  
from an adult use dispensary licensed under this chapter is 1742  
guilty of a misdemeanor of the first degree. If, in committing a 1743  
first violation, the offender presented to an adult use 1744  
dispensary licensed under this chapter a false, fictitious, or 1745  
altered identification card, a false or fictitious driver's 1746  
license purportedly issued by any state, or a driver's license 1747  
issued by any state that has been altered, the offender is 1748  
guilty of a misdemeanor of the first degree and shall be fined 1749  
not less than two hundred fifty and not more than one thousand 1750  
dollars, and may be sentenced to a term of imprisonment of not 1751  
more than six months. 1752

~~(2)~~ \_\_\_\_\_ (2) On a second violation in which, for the second 1753  
time, the offender presented to an adult use dispensary licensed 1754  
under this chapter a false, fictitious, or altered 1755  
identification card, a false or fictitious driver's license 1756  
purportedly issued by any state, or a driver's license issued by 1757  
any state that has been altered, the offender is guilty of a 1758  
misdemeanor of the first degree and shall be fined not less than 1759  
five hundred nor more than one thousand dollars, and may be 1760  
sentenced to a term of imprisonment of not more than six months. 1761  
The court also may impose a class seven suspension of the 1762  
offender's driver's or commercial driver's license or permit or 1763  
nonresident operating privilege from the range specified in 1764  
division (A) (7) of section 4510.02 of the Revised Code. The 1765  
court, in lieu of suspending the offender's temporary 1766  
instruction permit, probationary driver's license, or driver's 1767  
license, instead may order the offender to perform a determinate 1768  
number of hours of community service, with the court determining 1769  
the actual number of hours and the nature of the community 1770  
service the offender shall perform. 1771

~~(3)~~ \_\_\_\_\_ (3) On a third or subsequent violation in which, for 1772  
the third or subsequent time, the offender presented to an adult 1773  
use dispensary licensed under this ~~Chapter~~chapter a false, 1774  
fictitious, or altered identification card, a false or 1775  
fictitious driver's license purportedly issued by any state, or 1776  
a driver's license issued by any state that has been altered, 1777  
the offender is guilty of a misdemeanor of the first degree and 1778  
shall be fined not less than five hundred nor more than one 1779  
thousand dollars, and may be sentenced to a term of imprisonment 1780  
of not more than six months. Except as provided in this 1781  
division, the court also may impose a class six suspension of 1782  
the offender's driver's or commercial driver's license or permit 1783

or nonresident operating privilege from the range specified in 1784  
division (A) (6) of section 4510.02 of the Revised Code, and the 1785  
court may order that the suspension or denial remain in effect 1786  
until the offender attains the age of twenty-one years. The 1787  
court, in lieu of suspending the offender's temporary 1788  
instruction permit, probationary driver's license, or driver's 1789  
license, instead may order the offender to perform a determinate 1790  
number of hours of community service, with the court determining 1791  
the actual number of hours and the nature of the community 1792  
service the offender shall perform. 1793

~~(D)~~ \_\_\_\_\_ (D) An individual who is under twenty-one years of age 1794  
and who solicits another individual to purchase adult use 1795  
cannabis from an adult use dispensary licensed under this 1796  
chapter is guilty of: 1797

~~(1)~~ \_\_\_\_\_ (1) For a first violation, a misdemeanor of the fourth 1798  
degree; ~~and~~ 1799

~~(2)~~ \_\_\_\_\_ (2) For a second or subsequent violation, a 1800  
misdemeanor of the second degree. 1801

~~(E)~~ \_\_\_\_\_ (E) An employee or agent of an adult use dispensary 1802  
licensed under this chapter who knowingly sells cannabis to an 1803  
individual under twenty-one years of age is guilty of a 1804  
misdemeanor of the first degree. 1805

~~(F)~~ \_\_\_\_\_ (F) Any individual who violates division (A) of 1806  
section 3780.10 of the Revised Code, or division (F) of section 1807  
3780.29 of the Revised Code, is guilty of the illegal 1808  
trafficking in drugs under section 2925.03 of the Revised Code 1809  
and the illegal manufacture of drugs under section 2925.04 of 1810  
the Revised Code. 1811

~~(G)~~ \_\_\_\_\_ (G) Any individual who violates ~~divisions~~ division (B) 1812

(2) or ~~(B) (3)~~ (3) of section 3780.36 of the Revised Code is 1813  
guilty of the illegal trafficking in drugs under section 2925.03 1814  
of the Revised Code. 1815

~~(H)~~ (H) Any individual who violates division (B) of 1816  
section 3780.20 of the Revised Code is guilty of illegal 1817  
dispensing of drug samples under section 2925.36 of the Revised 1818  
Code. 1819

~~(I) (1)~~ (I) (1) An individual who violates division (G) of 1820  
~~Section~~ section 3780.36 of the Revised Code is guilty of: 1821

~~(a)~~ (a) For a first violation, a misdemeanor of the third 1822  
degree; and 1823

~~(b)~~ (b) For a second or subsequent violation, a 1824  
misdemeanor of the first degree. 1825

~~(2)~~ (2) If a violation of division (G) of ~~Section~~ section 1826  
3780.36 of the Revised Code directly or indirectly results in 1827  
great bodily harm or death to any individual, the individual 1828  
violating this division is guilty of a felony of the fourth 1829  
degree. 1830

(J) An individual who violates division (G) (3) of section 1831  
3780.29 of the Revised Code is guilty of illegal cultivation of 1832  
home-grown cannabis. 1833

(1) Except as otherwise provided in divisions (J) (2) and 1834  
(3) of this section, illegal cultivation of home-grown cannabis 1835  
is a misdemeanor of the second degree. 1836

(2) Except as otherwise provided in division (J) (3) of 1837  
this section, if the offender previously has been convicted of 1838  
or pleaded guilty to illegal cultivation of home-grown cannabis, 1839  
a subsequent violation is a misdemeanor of the first degree. 1840



(3) If the offender previously has been convicted of or 1841  
pleaded guilty to illegal cultivation of home-grown cannabis two 1842  
or more times, a subsequent violation is a felony of the fifth 1843  
degree. 1844

**Sec. 3796.01.** (A) As used in this chapter: 1845

(1) "Marijuana" means marihuana as defined in section 1846  
3719.01 of the Revised Code. 1847

(2) "Medical marijuana" means marijuana that is 1848  
cultivated, processed, dispensed, tested, possessed, or used for 1849  
a medical purpose. 1850

(3) "Academic medical center" has the same meaning as in 1851  
section 4731.297 of the Revised Code. 1852

(4) "Drug database" means the database established and 1853  
maintained by the state board of pharmacy pursuant to section 1854  
4729.75 of the Revised Code. 1855

(5) "Physician" means an individual authorized under 1856  
Chapter 4731. of the Revised Code to practice medicine and 1857  
surgery or osteopathic medicine and surgery. 1858

(6) "Qualifying medical condition" means any of the 1859  
following: 1860

(a) Acquired immune deficiency syndrome; 1861

(b) Alzheimer's disease; 1862

(c) Amyotrophic lateral sclerosis; 1863

(d) Cancer; 1864

(e) Chronic traumatic encephalopathy; 1865

(f) Crohn's disease; 1866

(g) Epilepsy or another seizure disorder;	1867
(h) Fibromyalgia;	1868
(i) Glaucoma;	1869
(j) Hepatitis C;	1870
(k) Inflammatory bowel disease;	1871
(l) Multiple sclerosis;	1872
(m) Pain that is either of the following:	1873
(i) Chronic and severe;	1874
(ii) Intractable.	1875
(n) Parkinson's disease;	1876
(o) Positive status for HIV;	1877
(p) Post-traumatic stress disorder;	1878
(q) Sickle cell anemia;	1879
(r) Spinal cord disease or injury;	1880
(s) Tourette's syndrome;	1881
(t) Traumatic brain injury;	1882
(u) Ulcerative colitis;	1883
(v) <u>Arthritis;</u>	1884
(w) <u>Migraines;</u>	1885
(x) <u>Autism spectrum disorder;</u>	1886
(y) <u>Spasticity or chronic muscle spasms;</u>	1887
(z) <u>Hospice care or terminal illness;</u>	1888

<u>(aa) Opioid use disorder;</u>	1889
<u>(bb) Any condition not specified in this division that a recommending physician is qualified to treat and considers, in the physician's sole discretion and medical opinion, to be as debilitating as any other condition listed in division (A) (6) of this section;</u>	1890 1891 1892 1893 1894
<u>(cc) Any other disease or condition added by the state medical board under section 4731.302 of the Revised Code.</u>	1895 1896
(7) "State university" has the same meaning as in section 3345.011 of the Revised Code.	1897 1898
(B) Notwithstanding any conflicting provision of Chapter 3719. of the Revised Code or the rules adopted under it, for purposes of this chapter, medical marijuana is a schedule II controlled substance.	1899 1900 1901 1902
<b>Sec. 3796.03.</b> (A) The division of marijuana control shall adopt rules establishing standards and procedures for the medical marijuana control program.	1903 1904 1905
All rules adopted under this section shall be adopted in accordance with Chapter 119. of the Revised Code.	1906 1907
(B) The rules shall do all of the following:	1908
(1) Establish application procedures and fees for licenses it issues under this chapter;	1909 1910
(2) Specify both of the following:	1911
(a) The conditions that must be met to be eligible for licensure;	1912 1913
(b) In accordance with section 9.79 of the Revised Code, the criminal offenses for which an applicant will be	1914 1915

disqualified from licensure pursuant to that section.	1916
(3) Establish, in accordance with section 3796.05 of the Revised Code, the number of cultivator licenses and retail dispensary licenses that will be permitted at any one time;	1917 1918 1919
(4) Establish a license renewal schedule, renewal procedures, and renewal fees;	1920 1921
(5) Specify reasons for which a license may be suspended, including without prior hearing, revoked, or not be renewed or issued and the reasons for which a civil penalty may be imposed on a license holder;	1922 1923 1924 1925
(6) Establish standards under which a license suspension may be lifted;	1926 1927
(7) Establish procedures for registration of patients and caregivers and requirements that must be met to be eligible for registration;	1928 1929 1930
(8) Establish training requirements for employees of retail dispensaries;	1931 1932
(9) Specify if a cultivator, processor, retail dispensary, or laboratory that is licensed under this chapter and that existed at a location before a school, church, public library, public playground, or public park became established within five hundred feet of the cultivator, processor, retail dispensary, or laboratory, may remain in operation or shall relocate or have its license revoked by the division;	1933 1934 1935 1936 1937 1938 1939
(10) Specify, by form and tetrahydrocannabinol content, a maximum ninety-day supply of medical marijuana that may be possessed;	1940 1941 1942
(11) Specify the paraphernalia or other accessories that	1943

may be used in the administration to a registered patient of medical marijuana;	1944 1945
(12) Establish procedures for the issuance of patient or caregiver identification cards;	1946 1947
(13) Specify the forms of or methods of using medical marijuana that are attractive to children;	1948 1949
(14) Specify both of the following:	1950
(a) Subject to division (B) (14) (b) of this section, the criminal offenses for which a person will be disqualified from employment with a license holder;	1951 1952 1953
(b) Which of the criminal offenses specified pursuant to division (B) (14) (a) of this section will not disqualify a person from employment with a license holder if the person was convicted of or pleaded guilty to the offense more than five years before the date the employment begins.	1954 1955 1956 1957 1958
(15) Establish a program to assist patients who are veterans or indigent in obtaining medical marijuana in accordance with this chapter;	1959 1960 1961
(16) Establish, in accordance with <del>section</del> <u>sections</u> 3796.05 <u>and 3796.21</u> of the Revised Code, standards and procedures for the testing of medical marijuana by a laboratory licensed under this chapter.	1962 1963 1964 1965
(C) In addition to the rules described in division (B) of this section, the division may adopt any other rules it considers necessary for the program's administration and the implementation and enforcement of this chapter.	1966 1967 1968 1969
(D) When adopting rules under this section, the division shall consider standards and procedures that have been found to	1970 1971

be best practices relative to the use and regulation of medical marijuana.	1972 1973
<b>Sec. 3796.05.</b> (A) When establishing the number of cultivator licenses that will be permitted at any one time, the division of marijuana control shall consider both of the following:	1974 1975 1976 1977
(1) The population of this state;	1978
(2) The number of patients seeking to use medical marijuana.	1979 1980
(B) When establishing the number of retail dispensary licenses that will be permitted at any one time, the division shall consider all of the following:	1981 1982 1983
(1) The population of this state;	1984
(2) The number of patients seeking to use medical marijuana;	1985 1986
(3) The geographic distribution of dispensary sites in an effort to ensure patient access to medical marijuana.	1987 1988
(C) When establishing standards and procedures for the testing of medical marijuana, the division shall do all of the following:	1989 1990 1991
(1) Specify when testing must be conducted;	1992
(2) Determine the minimum amount of medical marijuana that must be tested;	1993 1994
(3) Specify the manner in which testing is to be conducted <del>in an effort to ensure for either or both of the following</del> <u>purposes:</u>	1995 1996 1997
<u>(a) To ensure</u> uniformity of medical marijuana products	1998

processed for and dispensed to patients;	1999
<u>(b) To spur innovation of processed medical marijuana products at lower cost.</u>	2000 2001
(4) Specify the manner in which test results are provided.	2002
<b>Sec. 3796.08.</b> (A) (1) Until one hundred eighty days following <del>the effective date of this amendment</del> <u>October 3, 2023</u> , a patient seeking to use medical marijuana or a caregiver seeking to assist a patient in the use or administration of medical marijuana shall apply to the state board of pharmacy for registration. On and after one hundred eighty days following <del>the effective date of this amendment</del> <u>October 3, 2023</u> , a patient seeking to use medical marijuana or a caregiver seeking to assist a patient in the use or administration of medical marijuana shall apply to the division of marijuana control for registration. The physician who holds a certificate to recommend issued by the state medical board and is treating the patient or the physician's delegate shall submit the application on the patient's or caregiver's behalf in the manner established in rules adopted under section 3796.03 of the Revised Code.	2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017
(2) The application shall include all of the following:	2018
(a) A statement from the physician certifying all of the following:	2019 2020
(i) That a bona fide physician-patient relationship exists between the physician and patient;	2021 2022
(ii) That the patient has been diagnosed with a qualifying medical condition;	2023 2024
(iii) That the physician or physician delegate has requested from the drug database a report of information related	2025 2026

to the patient that covers at least the twelve months 2027  
immediately preceding the date of the report; 2028

(iv) That the physician has informed the patient of the 2029  
risks and benefits of medical marijuana as it pertains to the 2030  
patient's qualifying medical condition and medical history. 2031

(b) In the case of an application submitted on behalf of a 2032  
patient, the name or names of the one or more caregivers that 2033  
will assist the patient in the use or administration of medical 2034  
marijuana; 2035

(c) In the case of an application submitted on behalf of a 2036  
caregiver, the name of the patient or patients that the 2037  
caregiver seeks to assist in the use or administration of 2038  
medical marijuana. 2039

(3) If the application is complete and meets the 2040  
requirements established in rules, the board or division, as 2041  
applicable, shall register the patient or caregiver and issue to 2042  
the patient or caregiver an identification card. 2043

(B) The board or division, as applicable, shall not make 2044  
public any information reported to or collected by the board or 2045  
division, as applicable, under this section that identifies or 2046  
would tend to identify any specific patient. 2047

Information collected by the board or division, as 2048  
applicable, pursuant to this section is confidential and not a 2049  
public record. The board or division, as applicable, may share 2050  
identifying information with a licensed retail dispensary for 2051  
the purpose of confirming that a person has a valid 2052  
registration. Information that does not identify a person may be 2053  
released in summary, statistical, or aggregate form. 2054

(C) A registration expires not sooner than three years 2055



after the date it is issued according to the renewal schedule 2056  
established in rules adopted under section 3796.03 of the 2057  
Revised Code and may be renewed in accordance with procedures 2058  
established in those rules. 2059

**Sec. 3796.09.** (A) An entity that seeks to cultivate or 2060  
process medical marijuana or to conduct laboratory testing of 2061  
medical marijuana shall file an application for licensure with 2062  
the department of commerce. The entity shall file an application 2063  
for each location from which it seeks to operate. Each 2064  
application shall be submitted in accordance with rules adopted 2065  
under section 3796.03 of the Revised Code. 2066

(B) The department shall issue a license to an applicant 2067  
if all of the following conditions are met: 2068

(1) The report of the criminal records check conducted 2069  
pursuant to section 3796.12 of the Revised Code with respect to 2070  
the application demonstrates that the person subject to the 2071  
criminal records check requirement has not been convicted of or 2072  
pleaded guilty to any of the disqualifying offenses specified in 2073  
rules adopted under section 9.79 and division (B) (2) (b) of 2074  
section 3796.03 of the Revised Code. 2075

(2) The applicant demonstrates that it does not have an 2076  
ownership or investment interest in or compensation arrangement 2077  
with any of the following: 2078

(a) A laboratory licensed under this chapter; 2079

(b) An applicant for a license to conduct laboratory 2080  
testing. 2081

(3) The applicant demonstrates that it does not share any 2082  
corporate officers or employees with any of the following: 2083

(a) A laboratory licensed under this chapter;	2084
(b) An applicant for a license to conduct laboratory testing.	2085 2086
(4) The applicant demonstrates that it will not be located within five hundred feet of a school, church, public library, public playground, or public park.	2087 2088 2089
(5) The information provided to the department pursuant to section 3796.11 of the Revised Code demonstrates that the applicant is in compliance with the applicable tax laws of this state.	2090 2091 2092 2093
(6) The applicant meets all other licensure eligibility conditions established in rules adopted under section 3796.03 of the Revised Code.	2094 2095 2096
(C) The department shall issue not less than fifteen per cent of cultivator, processor, or laboratory licenses to entities that are owned and controlled by United States citizens who are residents of this state and are members of one of the following economically disadvantaged groups: Blacks or African Americans, American Indians, Hispanics or Latinos, and Asians. If no applications or an insufficient number of applications are submitted by such entities that meet the conditions set forth in division (B) of this section, the licenses shall be issued according to usual procedures.	2097 2098 2099 2100 2101 2102 2103 2104 2105 2106
As used in this division, "owned and controlled" means that at least fifty-one per cent of the business, including corporate stock if a corporation, is owned by persons who belong to one or more of the groups set forth in this division, and that those owners have control over the management and day-to-day operations of the business and an interest in the capital,	2107 2108 2109 2110 2111 2112

assets, and profits and losses of the business proportionate to 2113  
their percentage of ownership. 2114

(D) ~~A~~Subject to division (E) of this section, a license 2115  
expires according to the renewal schedule established in rules 2116  
adopted under section 3796.03 of the Revised Code and may be 2117  
renewed in accordance with the procedures established in those 2118  
rules. 2119

(E) A processor license expires and is eligible for 2120  
renewal on a two-year cycle. The licensure and renewal fees for 2121  
a processor license shall not exceed fifty thousand dollars. 2122

**Sec. 3796.18.** (A) Notwithstanding any conflicting 2123  
provision of the Revised Code and except as provided in division 2124  
(B) of this section, the holder of a current, valid cultivator 2125  
license issued under this chapter may do either of the 2126  
following: 2127

(1) Cultivate medical marijuana; 2128

(2) Deliver or sell medical marijuana to one or more 2129  
licensed processors. 2130

(B) A cultivator license holder shall not cultivate 2131  
medical marijuana for personal, family, or household use or on 2132  
any public land, including a state park as defined in section 2133  
154.01 of the Revised Code. 2134

(C) A cultivator shall disclose any methods used to 2135  
remediate the cultivator's medical marijuana products, and 2136  
whether such methods involve radiation, to each licensed 2137  
processor to which the cultivator sells or delivers those 2138  
products. 2139

**Sec. 3796.19.** (A) Notwithstanding any conflicting 2140

provision of the Revised Code, the holder of a current, valid	2141
processor license issued under this chapter may do any of the	2142
following:	2143
(1) Obtain medical marijuana from one or more licensed	2144
cultivators;	2145
(2) Subject to division (B) of this section, process	2146
medical marijuana obtained from one or more licensed cultivators	2147
into a form described in section 3796.06 of the Revised Code;	2148
(3) Deliver or sell processed medical marijuana to one or	2149
more licensed retail dispensaries.	2150
(B) When processing medical marijuana, a licensed	2151
processor shall do both of the following:	2152
(1) Package the medical marijuana in accordance with	2153
child-resistant effectiveness standards described in 16 C.F.R.	2154
1700.15(b) on September 8, 2016;	2155
(2) Label the medical marijuana packaging with <u>both of the</u>	2156
<u>following:</u>	2157
<u>(a) The product's tetrahydrocannabinol and cannabidiol</u>	2158
content;	2159
<u>(b) Any methods used to remediate the product and whether</u>	2160
<u>such methods involve radiation.</u>	2161
(3) Comply with any packaging or labeling requirements	2162
established in rules adopted by the division of marijuana	2163
control under section 3796.03 of the Revised Code.	2164
<b>Sec. 3796.20.</b> (A) Notwithstanding any conflicting	2165
provision of the Revised Code, the holder of a current, valid	2166
retail dispensary license issued under this chapter, or	2167

previously issued by the state board of pharmacy, may do both of	2168
the following:	2169
(1) Obtain medical marijuana from one or more processors;	2170
(2) Dispense or sell medical marijuana in accordance with	2171
division (B) of this section.	2172
(B) When dispensing or selling medical marijuana, a	2173
licensed retail dispensary shall do all of the following:	2174
(1) Dispense or sell only upon a showing of a current,	2175
valid identification card and in accordance with a written	2176
recommendation issued by a physician holding a certificate to	2177
recommend issued by the state medical board under section	2178
4731.30 of the Revised Code;	2179
(2) Report to the drug database the information required	2180
by section 4729.771 of the Revised Code;	2181
(3) Label the package containing medical marijuana with	2182
the following information:	2183
(a) The name and address of the licensed processor and	2184
retail dispensary;	2185
(b) The name of the patient and caregiver, if any;	2186
(c) The name of the physician who recommended treatment	2187
with medical marijuana;	2188
(d) The directions for use, if any, as recommended by the	2189
physician;	2190
(e) The date on which the medical marijuana was dispensed;	2191
(f) The quantity, strength, kind, or form of medical	2192
marijuana contained in the package;	2193

(g) Any methods used to remediate the medical marijuana contained in the package and whether such methods involve radiation. 2194  
2195  
2196

(C) When operating a licensed retail dispensary, both of the following apply: 2197  
2198

(1) A dispensary shall use only employees who have met the training requirements established in rules adopted under section 3796.03 of the Revised Code. 2199  
2200  
2201

(2) A dispensary shall not make public any information it collects that identifies or would tend to identify any specific patient. 2202  
2203  
2204

**Sec. 3796.21.** (A) Notwithstanding any conflicting provision of the Revised Code, the holder of a current, valid laboratory license issued under this chapter may do both of the following: 2205  
2206  
2207  
2208

(1) Obtain medical marijuana from one or more cultivators, processors, and retail dispensaries licensed under this chapter; 2209  
2210

(2) Conduct medical marijuana testing in the manner specified in rules adopted under section 3796.03 of the Revised Code. 2211  
2212  
2213

~~(B) When testing medical marijuana, a licensed laboratory shall do both of the following:~~ 2214  
2215

~~(1) Test the marijuana for potency, homogeneity, and contamination;~~ 2216  
2217

~~(2) Prepare, a licensed laboratory shall prepare a report of the test results in accordance with rules adopted under section 3796.03 of the Revised Code.~~ 2218  
2219  
2220

(C) A licensed laboratory may, in accordance with such 2221  
rules, conduct research and development testing on behalf of, or 2222  
in collaboration with, a cultivator, processor, or dispensary 2223  
licensed under this chapter to spur innovation of processed 2224  
medical marijuana products at lower cost. 2225

**Sec. 4731.30.** (A) As used in this section and sections 2226  
4731.301 and 4731.302 of the Revised Code, "medical marijuana," 2227  
"drug database," "physician," and "qualifying medical condition" 2228  
have the same meanings as in section 3796.01 of the Revised 2229  
Code. 2230

(B) (1) Except as provided in division (B) (4) of this 2231  
section, a physician seeking to recommend treatment with medical 2232  
marijuana shall apply to the state medical board for a 2233  
certificate to recommend. An application shall be submitted in 2234  
the manner established in rules adopted under section 4731.301 2235  
of the Revised Code. 2236

(2) The board shall grant a certificate to recommend if 2237  
both of the following conditions are met: 2238

(a) The application is complete and meets the requirements 2239  
established in rules. 2240

(b) The applicant demonstrates that the applicant does not 2241  
have an ownership or investment interest in or compensation 2242  
arrangement with an entity licensed under Chapter 3796. of the 2243  
Revised Code or an applicant for licensure. 2244

(3) A certificate to recommend expires according to the 2245  
renewal schedule established in rules adopted under section 2246  
4731.301 of the Revised Code and may be renewed in accordance 2247  
with the procedures established in those rules. 2248

(4) This section does not apply to a physician who 2249

recommends treatment with marijuana or a drug derived from 2250  
marijuana under any of the following that is approved by an 2251  
investigational review board or equivalent entity, the United 2252  
States food and drug administration, or the national institutes 2253  
of health or one of its cooperative groups or centers under the 2254  
United States department of health and human services: 2255

(a) A research protocol; 2256

(b) A clinical trial; 2257

(c) An investigational new drug application; 2258

(d) An expanded access submission. 2259

(C) (1) A physician who holds a certificate to recommend 2260  
may recommend that a patient be treated with medical marijuana 2261  
if all of the following conditions are met: 2262

(a) The patient has been diagnosed with a qualifying 2263  
medical condition; 2264

(b) A bona fide physician-patient relationship has been 2265  
established through all of the following: 2266

(i) An examination of the patient by the physician either 2267  
in person or through the use of telehealth services in 2268  
accordance with section 4743.09 of the Revised Code; 2269

(ii) A review of the patient's medical history by the 2270  
physician; 2271

(iii) An expectation of providing care and receiving care 2272  
on an ongoing basis. 2273

(c) The physician has requested, or a physician delegate 2274  
approved by the state board of pharmacy has requested, from the 2275  
drug database a report of information related to the patient 2276



that covers at least the twelve months immediately preceding the 2277  
date of the report, and the physician has reviewed the report. 2278

(2) In the case of a patient who is a minor, the physician 2279  
may recommend treatment with medical marijuana only after 2280  
obtaining the consent of the patient's parent or other person 2281  
responsible for providing consent to treatment. 2282

(D) (1) When issuing a written recommendation to a patient, 2283  
the physician shall specify any information required in rules 2284  
adopted by the board under section 4731.301 of the Revised Code. 2285

(2) A written recommendation issued to a patient under 2286  
this section is valid for a period of not more than ~~ninety-~~ 2287  
~~days~~ three years. ~~The physician may renew the recommendation for~~ 2288  
~~not more than three additional periods of not more than ninety-~~ 2289  
~~days each.~~ Thereafter, the physician may issue another 2290  
recommendation to the patient only upon an examination of the 2291  
patient as described in division (C) (1) (b) (i) of this section. 2292

(E) Annually, the physician shall submit to the state 2293  
medical board a report that describes the physician's 2294  
observations regarding the effectiveness of medical marijuana in 2295  
treating the physician's patients during the year covered by the 2296  
report. When submitting reports, a physician shall not include 2297  
any information that identifies or would tend to identify any 2298  
specific patient. 2299

(F) Each physician who holds a certificate to recommend 2300  
shall complete annually at least two hours of continuing medical 2301  
education in medical marijuana approved by the state medical 2302  
board. 2303

(G) A physician shall not do any of the following: 2304

(1) Personally furnish or otherwise dispense medical 2305

marijuana;	2306
(2) Issue a recommendation for a family member or the physician's self.	2307 2308
(H) A physician is immune from civil liability, is not subject to professional disciplinary action by the state medical board or state board of pharmacy, and is not subject to criminal prosecution for any of the following actions:	2309 2310 2311 2312
(1) Advising a patient, patient representative, or caregiver about the benefits and risks of medical marijuana to treat a qualifying medical condition;	2313 2314 2315
(2) Recommending that a patient use medical marijuana to treat or alleviate the condition;	2316 2317
(3) Monitoring a patient's treatment with medical marijuana.	2318 2319
<b>Sec. 5747.01.</b> 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 United States relating to federal income taxes.	2320 2321 2322 2323 2324 2325 2326 2327 2328
As used in this chapter:	2329
(A) "Adjusted gross income" or "Ohio adjusted gross income" means federal adjusted gross income, as defined and used in the Internal Revenue Code, adjusted as provided in this section:	2330 2331 2332 2333

(1) Add interest or dividends 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.	2334 2335 2336 2337
(2) Add interest or dividends 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.	2338 2339 2340 2341 2342
(3) Deduct interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent that the interest or dividends are included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.	2343 2344 2345 2346 2347 2348
(4) Deduct disability and survivor's benefits to the extent included in federal adjusted gross income.	2349 2350
(5) Deduct the following, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income:	2351 2352 2353
(a) Benefits under Title II of the Social Security Act and tier 1 railroad retirement;	2354 2355
(b) Railroad retirement benefits, other than tier 1 railroad retirement benefits, to the extent such amounts are exempt from state taxation under federal law.	2356 2357 2358
(6) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal adjusted gross income for the taxable year, had the work opportunity tax credit	2359 2360 2361 2362

allowed and determined under sections 38, 51, and 52 of the 2363  
Internal Revenue Code not been in effect. 2364

(7) Deduct any interest or interest equivalent on public 2365  
obligations and purchase obligations to the extent that the 2366  
interest or interest equivalent is included in federal adjusted 2367  
gross income. 2368

(8) Add any loss or deduct any gain resulting from the 2369  
sale, exchange, or other disposition of public obligations to 2370  
the extent that the loss has been deducted or the gain has been 2371  
included in computing federal adjusted gross income. 2372

(9) Deduct or add amounts, as provided under section 2373  
5747.70 of the Revised Code, related to contributions made to or 2374  
tuition units purchased under a qualified tuition program 2375  
established pursuant to section 529 of the Internal Revenue 2376  
Code. 2377

(10) (a) Deduct, to the extent not otherwise allowable as a 2378  
deduction or exclusion in computing federal or Ohio adjusted 2379  
gross income for the taxable year, the amount the taxpayer paid 2380  
during the taxable year for medical care insurance and qualified 2381  
long-term care insurance for the taxpayer, the taxpayer's 2382  
spouse, and dependents. No deduction for medical care insurance 2383  
under division (A) (10) (a) of this section shall be allowed 2384  
either to any taxpayer who is eligible to participate in any 2385  
subsidized health plan maintained by any employer of the 2386  
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 2387  
entitled to, or on application would be entitled to, benefits 2388  
under part A of Title XVIII of the "Social Security Act," 49 2389  
Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 2390  
division (A) (10) (a) of this section, "subsidized health plan" 2391  
means a health plan for which the employer pays any portion of 2392

the plan's cost. The deduction allowed under division (A) (10) (a) 2393  
of this section shall be the net of any related premium refunds, 2394  
related premium reimbursements, or related insurance premium 2395  
dividends received during the taxable year. 2396

(b) Deduct, to the extent not otherwise deducted or 2397  
excluded in computing federal or Ohio adjusted gross income 2398  
during the taxable year, the amount the taxpayer paid during the 2399  
taxable year, not compensated for by any insurance or otherwise, 2400  
for medical care of the taxpayer, the taxpayer's spouse, and 2401  
dependents, to the extent the expenses exceed seven and one-half 2402  
per cent of the taxpayer's federal adjusted gross income. 2403

(c) For purposes of division (A) (10) of this section, 2404  
"medical care" has the meaning given in section 213 of the 2405  
Internal Revenue Code, subject to the special rules, 2406  
limitations, and exclusions set forth therein, and "qualified 2407  
long-term care" has the same meaning given in section 7702B(c) 2408  
of the Internal Revenue Code. Solely for purposes of division 2409  
(A) (10) (a) of this section, "dependent" includes a person who 2410  
otherwise would be a "qualifying relative" and thus a 2411  
"dependent" under section 152 of the Internal Revenue Code but 2412  
for the fact that the person fails to meet the income and 2413  
support limitations under section 152(d) (1) (B) and (C) of the 2414  
Internal Revenue Code. 2415

(11) (a) Deduct any amount included in federal adjusted 2416  
gross income solely because the amount represents a 2417  
reimbursement or refund of expenses that in any year the 2418  
taxpayer had deducted as an itemized deduction pursuant to 2419  
section 63 of the Internal Revenue Code and applicable United 2420  
States department of the treasury regulations. The deduction 2421  
otherwise allowed under division (A) (11) (a) of this section 2422

shall be reduced to the extent the reimbursement is attributable 2423  
to an amount the taxpayer deducted under this section in any 2424  
taxable year. 2425

(b) Add any amount not otherwise included in Ohio adjusted 2426  
gross income for any taxable year to the extent that the amount 2427  
is attributable to the recovery during the taxable year of any 2428  
amount deducted or excluded in computing federal or Ohio 2429  
adjusted gross income in any taxable year. 2430

(12) Deduct any portion of the deduction described in 2431  
section 1341(a) (2) of the Internal Revenue Code, for repaying 2432  
previously reported income received under a claim of right, that 2433  
meets both of the following requirements: 2434

(a) It is allowable for repayment of an item that was 2435  
included in the taxpayer's adjusted gross income for a prior 2436  
taxable year and did not qualify for a credit under division (A) 2437  
or (B) of section 5747.05 of the Revised Code for that year; 2438

(b) It does not otherwise reduce the taxpayer's adjusted 2439  
gross income for the current or any other taxable year. 2440

(13) Deduct an amount equal to the deposits made to, and 2441  
net investment earnings of, a medical savings account during the 2442  
taxable year, in accordance with section 3924.66 of the Revised 2443  
Code. The deduction allowed by division (A) (13) of this section 2444  
does not apply to medical savings account deposits and earnings 2445  
otherwise deducted or excluded for the current or any other 2446  
taxable year from the taxpayer's federal adjusted gross income. 2447

(14) (a) Add an amount equal to the funds withdrawn from a 2448  
medical savings account during the taxable year, and the net 2449  
investment earnings on those funds, when the funds withdrawn 2450  
were used for any purpose other than to reimburse an account 2451

holder for, or to pay, eligible medical expenses, in accordance 2452  
with section 3924.66 of the Revised Code; 2453

(b) Add the amounts distributed from a medical savings 2454  
account under division (A) (2) of section 3924.68 of the Revised 2455  
Code during the taxable year. 2456

(15) Add any amount claimed as a credit under section 2457  
5747.059 of the Revised Code to the extent that such amount 2458  
satisfies either of the following: 2459

(a) The amount was deducted or excluded from the 2460  
computation of the taxpayer's federal adjusted gross income as 2461  
required to be reported for the taxpayer's taxable year under 2462  
the Internal Revenue Code; 2463

(b) The amount resulted in a reduction of the taxpayer's 2464  
federal adjusted gross income as required to be reported for any 2465  
of the taxpayer's taxable years under the Internal Revenue Code. 2466

(16) Deduct the amount contributed by the taxpayer to an 2467  
individual development account program established by a county 2468  
department of job and family services pursuant to sections 2469  
329.11 to 329.14 of the Revised Code for the purpose of matching 2470  
funds deposited by program participants. On request of the tax 2471  
commissioner, the taxpayer shall provide any information that, 2472  
in the tax commissioner's opinion, is necessary to establish the 2473  
amount deducted under division (A) (16) of this section. 2474

(17) (a) (i) Subject to divisions (A) (17) (a) (iii), (iv), and 2475  
(v) of this section, add five-sixths of the amount of 2476  
depreciation expense allowed by subsection (k) of section 168 of 2477  
the Internal Revenue Code, including the taxpayer's 2478  
proportionate or distributive share of the amount of 2479  
depreciation expense allowed by that subsection to a pass- 2480

through entity in which the taxpayer has a direct or indirect ownership interest. 2481  
2482

(ii) Subject to divisions (A) (17) (a) (iii), (iv), and (v) 2483  
of this section, add five-sixths of the amount of qualifying 2484  
section 179 depreciation expense, including the taxpayer's 2485  
proportionate or distributive share of the amount of qualifying 2486  
section 179 depreciation expense allowed to any pass-through 2487  
entity in which the taxpayer has a direct or indirect ownership 2488  
interest. 2489

(iii) Subject to division (A) (17) (a) (v) of this section, 2490  
for taxable years beginning in 2012 or thereafter, if the 2491  
increase in income taxes withheld by the taxpayer is equal to or 2492  
greater than ten per cent of income taxes withheld by the 2493  
taxpayer during the taxpayer's immediately preceding taxable 2494  
year, "two-thirds" shall be substituted for "five-sixths" for 2495  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 2496

(iv) Subject to division (A) (17) (a) (v) of this section, 2497  
for taxable years beginning in 2012 or thereafter, a taxpayer is 2498  
not required to add an amount under division (A) (17) of this 2499  
section if the increase in income taxes withheld by the taxpayer 2500  
and by any pass-through entity in which the taxpayer has a 2501  
direct or indirect ownership interest is equal to or greater 2502  
than the sum of (I) the amount of qualifying section 179 2503  
depreciation expense and (II) the amount of depreciation expense 2504  
allowed to the taxpayer by subsection (k) of section 168 of the 2505  
Internal Revenue Code, and including the taxpayer's 2506  
proportionate or distributive shares of such amounts allowed to 2507  
any such pass-through entities. 2508

(v) If a taxpayer directly or indirectly incurs a net 2509  
operating loss for the taxable year for federal income tax 2510



purposes, to the extent such loss resulted from depreciation 2511  
expense allowed by subsection (k) of section 168 of the Internal 2512  
Revenue Code and by qualifying section 179 depreciation expense, 2513  
"the entire" shall be substituted for "five-sixths of the" for 2514  
the purpose of divisions (A)(17)(a)(i) and (ii) of this section. 2515

The tax commissioner, under procedures established by the 2516  
commissioner, may waive the add-backs related to a pass-through 2517  
entity if the taxpayer owns, directly or indirectly, less than 2518  
five per cent of the pass-through entity. 2519

(b) Nothing in division (A)(17) of this section shall be 2520  
construed to adjust or modify the adjusted basis of any asset. 2521

(c) To the extent the add-back required under division (A) 2522  
(17)(a) of this section is attributable to property generating 2523  
nonbusiness income or loss allocated under section 5747.20 of 2524  
the Revised Code, the add-back shall be situated to the same 2525  
location as the nonbusiness income or loss generated by the 2526  
property for the purpose of determining the credit under 2527  
division (A) of section 5747.05 of the Revised Code. Otherwise, 2528  
the add-back shall be apportioned, subject to one or more of the 2529  
four alternative methods of apportionment enumerated in section 2530  
5747.21 of the Revised Code. 2531

(d) For the purposes of division (A)(17)(a)(v) of this 2532  
section, net operating loss carryback and carryforward shall not 2533  
include the allowance of any net operating loss deduction 2534  
carryback or carryforward to the taxable year to the extent such 2535  
loss resulted from depreciation allowed by section 168(k) of the 2536  
Internal Revenue Code and by the qualifying section 179 2537  
depreciation expense amount. 2538

(e) For the purposes of divisions (A)(17) and (18) of this 2539

section:	2540
(i) "Income taxes withheld" means the total amount	2541
withheld and remitted under sections 5747.06 and 5747.07 of the	2542
Revised Code by an employer during the employer's taxable year.	2543
(ii) "Increase in income taxes withheld" means the amount	2544
by which the amount of income taxes withheld by an employer	2545
during the employer's current taxable year exceeds the amount of	2546
income taxes withheld by that employer during the employer's	2547
immediately preceding taxable year.	2548
(iii) "Qualifying section 179 depreciation expense" means	2549
the difference between (I) the amount of depreciation expense	2550
directly or indirectly allowed to a taxpayer under section 179	2551
of the Internal Revised Code, and (II) the amount of	2552
depreciation expense directly or indirectly allowed to the	2553
taxpayer under section 179 of the Internal Revenue Code as that	2554
section existed on December 31, 2002.	2555
(18) (a) If the taxpayer was required to add an amount	2556
under division (A) (17) (a) of this section for a taxable year,	2557
deduct one of the following:	2558
(i) One-fifth of the amount so added for each of the five	2559
succeeding taxable years if the amount so added was five-sixths	2560
of qualifying section 179 depreciation expense or depreciation	2561
expense allowed by subsection (k) of section 168 of the Internal	2562
Revenue Code;	2563
(ii) One-half of the amount so added for each of the two	2564
succeeding taxable years if the amount so added was two-thirds	2565
of such depreciation expense;	2566
(iii) One-sixth of the amount so added for each of the six	2567
succeeding taxable years if the entire amount of such	2568

depreciation expense was so added. 2569

(b) If the amount deducted under division (A) (18) (a) of 2570  
this section is attributable to an add-back allocated under 2571  
division (A) (17) (c) of this section, the amount deducted shall 2572  
be situated to the same location. Otherwise, the add-back shall 2573  
be apportioned using the apportionment factors for the taxable 2574  
year in which the deduction is taken, subject to one or more of 2575  
the four alternative methods of apportionment enumerated in 2576  
section 5747.21 of the Revised Code. 2577

(c) No deduction is available under division (A) (18) (a) of 2578  
this section with regard to any depreciation allowed by section 2579  
168(k) of the Internal Revenue Code and by the qualifying 2580  
section 179 depreciation expense amount to the extent that such 2581  
depreciation results in or increases a federal net operating 2582  
loss carryback or carryforward. If no such deduction is 2583  
available for a taxable year, the taxpayer may carry forward the 2584  
amount not deducted in such taxable year to the next taxable 2585  
year and add that amount to any deduction otherwise available 2586  
under division (A) (18) (a) of this section for that next taxable 2587  
year. The carryforward of amounts not so deducted shall continue 2588  
until the entire addition required by division (A) (17) (a) of 2589  
this section has been deducted. 2590

(19) Deduct, to the extent not otherwise deducted or 2591  
excluded in computing federal or Ohio adjusted gross income for 2592  
the taxable year, the amount the taxpayer received during the 2593  
taxable year as reimbursement for life insurance premiums under 2594  
section 5919.31 of the Revised Code. 2595

(20) Deduct, to the extent not otherwise deducted or 2596  
excluded in computing federal or Ohio adjusted gross income for 2597  
the taxable year, the amount the taxpayer received during the 2598

taxable year as a death benefit paid by the adjutant general 2599  
under section 5919.33 of the Revised Code. 2600

(21) Deduct, to the extent included in federal adjusted 2601  
gross income and not otherwise allowable as a deduction or 2602  
exclusion in computing federal or Ohio adjusted gross income for 2603  
the taxable year, military pay and allowances received by the 2604  
taxpayer during the taxable year for active duty service in the 2605  
United States army, air force, navy, marine corps, or coast 2606  
guard or reserve components thereof or the national guard. The 2607  
deduction may not be claimed for military pay and allowances 2608  
received by the taxpayer while the taxpayer is stationed in this 2609  
state. 2610

(22) Deduct, to the extent not otherwise allowable as a 2611  
deduction or exclusion in computing federal or Ohio adjusted 2612  
gross income for the taxable year and not otherwise compensated 2613  
for by any other source, the amount of qualified organ donation 2614  
expenses incurred by the taxpayer during the taxable year, not 2615  
to exceed ten thousand dollars. A taxpayer may deduct qualified 2616  
organ donation expenses only once for all taxable years 2617  
beginning with taxable years beginning in 2007. 2618

For the purposes of division (A) (22) of this section: 2619

(a) "Human organ" means all or any portion of a human 2620  
liver, pancreas, kidney, intestine, or lung, and any portion of 2621  
human bone marrow. 2622

(b) "Qualified organ donation expenses" means travel 2623  
expenses, lodging expenses, and wages and salary forgone by a 2624  
taxpayer in connection with the taxpayer's donation, while 2625  
living, of one or more of the taxpayer's human organs to another 2626  
human being. 2627

(23) Deduct, to the extent not otherwise deducted or 2628  
excluded in computing federal or Ohio adjusted gross income for 2629  
the taxable year, amounts received by the taxpayer as retired 2630  
personnel pay for service in the uniformed services or reserve 2631  
components thereof, or the national guard, or received by the 2632  
surviving spouse or former spouse of such a taxpayer under the 2633  
survivor benefit plan on account of such a taxpayer's death. If 2634  
the taxpayer receives income on account of retirement paid under 2635  
the federal civil service retirement system or federal employees 2636  
retirement system, or under any successor retirement program 2637  
enacted by the congress of the United States that is established 2638  
and maintained for retired employees of the United States 2639  
government, and such retirement income is based, in whole or in 2640  
part, on credit for the taxpayer's uniformed service, the 2641  
deduction allowed under this division shall include only that 2642  
portion of such retirement income that is attributable to the 2643  
taxpayer's uniformed service, to the extent that portion of such 2644  
retirement income is otherwise included in federal adjusted 2645  
gross income and is not otherwise deducted under this section. 2646  
Any amount deducted under division (A) (23) of this section is 2647  
not included in a taxpayer's adjusted gross income for the 2648  
purposes of section 5747.055 of the Revised Code. No amount may 2649  
be deducted under division (A) (23) of this section on the basis 2650  
of which a credit was claimed under section 5747.055 of the 2651  
Revised Code. 2652

(24) Deduct, to the extent not otherwise deducted or 2653  
excluded in computing federal or Ohio adjusted gross income for 2654  
the taxable year, the amount the taxpayer received during the 2655  
taxable year from the military injury relief fund created in 2656  
section 5902.05 of the Revised Code. 2657

(25) Deduct, to the extent not otherwise deducted or 2658

excluded in computing federal or Ohio adjusted gross income for 2659  
the taxable year, the amount the taxpayer received as a veterans 2660  
bonus during the taxable year from the Ohio department of 2661  
veterans services as authorized by Section 2r of Article VIII, 2662  
Ohio Constitution. 2663

(26) Deduct, to the extent not otherwise deducted or 2664  
excluded in computing federal or Ohio adjusted gross income for 2665  
the taxable year, any income derived from a transfer agreement 2666  
or from the enterprise transferred under that agreement under 2667  
section 4313.02 of the Revised Code. 2668

(27) Deduct, to the extent not otherwise deducted or 2669  
excluded in computing federal or Ohio adjusted gross income for 2670  
the taxable year, Ohio college opportunity or federal Pell grant 2671  
amounts received by the taxpayer or the taxpayer's spouse or 2672  
dependent pursuant to section 3333.122 of the Revised Code or 20 2673  
U.S.C. 1070a, et seq., and used to pay room or board furnished 2674  
by the educational institution for which the grant was awarded 2675  
at the institution's facilities, including meal plans 2676  
administered by the institution. For the purposes of this 2677  
division, receipt of a grant includes the distribution of a 2678  
grant directly to an educational institution and the crediting 2679  
of the grant to the enrollee's account with the institution. 2680

(28) Deduct from the portion of an individual's federal 2681  
adjusted gross income that is business income, to the extent not 2682  
otherwise deducted or excluded in computing federal adjusted 2683  
gross income for the taxable year, one hundred twenty-five 2684  
thousand dollars for each spouse if spouses file separate 2685  
returns under section 5747.08 of the Revised Code or two hundred 2686  
fifty thousand dollars for all other individuals. 2687

(29) Deduct, as provided under section 5747.78 of the 2688

Revised Code, contributions to ABLE savings accounts made in	2689
accordance with sections 113.50 to 113.56 of the Revised Code.	2690
(30) (a) Deduct, to the extent not otherwise deducted or	2691
excluded in computing federal or Ohio adjusted gross income	2692
during the taxable year, all of the following:	2693
(i) Compensation paid to a qualifying employee described	2694
in division (A) (14) (a) of section 5703.94 of the Revised Code to	2695
the extent such compensation is for disaster work conducted in	2696
this state during a disaster response period pursuant to a	2697
qualifying solicitation received by the employee's employer;	2698
(ii) Compensation paid to a qualifying employee described	2699
in division (A) (14) (b) of section 5703.94 of the Revised Code to	2700
the extent such compensation is for disaster work conducted in	2701
this state by the employee during the disaster response period	2702
on critical infrastructure owned or used by the employee's	2703
employer;	2704
(iii) Income received by an out-of-state disaster business	2705
for disaster work conducted in this state during a disaster	2706
response period, or, if the out-of-state disaster business is a	2707
pass-through entity, a taxpayer's distributive share of the	2708
pass-through entity's income from the business conducting	2709
disaster work in this state during a disaster response period,	2710
if, in either case, the disaster work is conducted pursuant to a	2711
qualifying solicitation received by the business.	2712
(b) All terms used in division (A) (30) of this section	2713
have the same meanings as in section 5703.94 of the Revised	2714
Code.	2715
(31) For a taxpayer who is a qualifying Ohio educator,	2716
deduct, to the extent not otherwise deducted or excluded in	2717

computing federal or Ohio adjusted gross income for the taxable 2718  
year, the lesser of two hundred fifty dollars or the amount of 2719  
expenses described in subsections (a) (2) (D) (i) and (ii) of 2720  
section 62 of the Internal Revenue Code paid or incurred by the 2721  
taxpayer during the taxpayer's taxable year in excess of the 2722  
amount the taxpayer is authorized to deduct for that taxable 2723  
year under subsection (a) (2) (D) of that section. 2724

(32) Deduct, to the extent not otherwise deducted or 2725  
excluded in computing federal or Ohio adjusted gross income for 2726  
the taxable year, amounts received by the taxpayer as a 2727  
disability severance payment, computed under 10 U.S.C. 1212, 2728  
following discharge or release under honorable conditions from 2729  
the armed forces, as defined by 10 U.S.C. 101. 2730

(33) Deduct, to the extent not otherwise deducted or 2731  
excluded in computing federal adjusted gross income or Ohio 2732  
adjusted gross income, amounts not subject to tax due to an 2733  
agreement entered into under division (A) (2) of section 5747.05 2734  
of the Revised Code. 2735

(34) Deduct amounts as provided under section 5747.79 of 2736  
the Revised Code related to the taxpayer's qualifying capital 2737  
gains and deductible payroll. 2738

To the extent a qualifying capital gain described under 2739  
division (A) (34) of this section is business income, the 2740  
taxpayer shall deduct those gains under this division before 2741  
deducting any such gains under division (A) (28) of this section. 2742

(35) (a) For taxable years beginning in or after 2026, 2743  
deduct, to the extent not otherwise deducted or excluded in 2744  
computing federal or Ohio adjusted gross income for the taxable 2745  
year: 2746



(i) One hundred per cent of the capital gain received by 2747  
the taxpayer in the taxable year from a qualifying interest in 2748  
an Ohio venture capital operating company attributable to the 2749  
company's investments in Ohio businesses during the period for 2750  
which the company was an Ohio venture operating company; and 2751

(ii) Fifty per cent of the capital gain received by the 2752  
taxpayer in the taxable year from a qualifying interest in an 2753  
Ohio venture capital operating company attributable to the 2754  
company's investments in all other businesses during the period 2755  
for which the company was an Ohio venture operating company. 2756

(b) Add amounts previously deducted by the taxpayer under 2757  
division (A) (35) (a) of this section if the director of 2758  
development certifies to the tax commissioner that the 2759  
requirements for the deduction were not met. 2760

(c) All terms used in division (A) (35) of this section 2761  
have the same meanings as in section 122.851 of the Revised 2762  
Code. 2763

(d) To the extent a capital gain described in division (A) 2764  
(35) (a) of this section is business income, the taxpayer shall 2765  
apply that division before applying division (A) (28) of this 2766  
section. 2767

(36) Add, to the extent not otherwise included in 2768  
computing federal or Ohio adjusted gross income for any taxable 2769  
year, the taxpayer's proportionate share of the amount of the 2770  
tax levied under section 5747.38 of the Revised Code and paid by 2771  
an electing pass-through entity for the taxable year. 2772

Notwithstanding any provision of the Revised Code to the 2773  
contrary, the portion of the addition required by division (A) 2774  
(36) of this section related to the apportioned business income 2775

of the pass-through entity shall be considered business income 2776  
under division (B) of this section. Such addition is eligible 2777  
for the deduction in division (A) (28) of this section, subject 2778  
to the applicable dollar limitations, and the tax rate 2779  
prescribed by division (A) (4) (a) of section 5747.02 of the 2780  
Revised Code. The taxpayer shall provide, upon request of the 2781  
tax commissioner, any documentation necessary to verify the 2782  
portion of the addition that is business income under this 2783  
division. 2784

(37) Deduct, to the extent not otherwise deducted or 2785  
excluded in computing federal or Ohio adjusted gross income for 2786  
the taxable year, amounts delivered to a qualifying institution 2787  
pursuant to section 3333.128 of the Revised Code for the benefit 2788  
of the taxpayer or the taxpayer's spouse or dependent. 2789

(38) Deduct, to the extent not otherwise deducted or 2790  
excluded in computing federal or Ohio adjusted gross income for 2791  
the taxable year, amounts received under the Ohio adoption grant 2792  
program pursuant to section 5101.191 of the Revised Code. 2793

(39) Deduct, to the extent included in federal adjusted 2794  
gross income, income attributable to amounts provided to a 2795  
taxpayer for any of the purposes for which an exclusion would 2796  
have been authorized under section 139 of the Internal Revenue 2797  
Code if the train derailment near the city of East Palestine on 2798  
February 3, 2023, had been a qualified disaster pursuant to that 2799  
section, or to compensate for lost business resulting from that 2800  
derailment, if such amounts are provided by any of the 2801  
following: 2802

(a) A federal, state, or local government agency; 2803

(b) A railroad company, as that term is defined in section 2804

5727.01 of the Revised Code;	2805
(c) Any subsidiary, insurer, or agent of a railroad company or any related person.	2806 2807
Notwithstanding any provision to the contrary, the derailment is not required to meet the definition of a "qualified disaster" pursuant to section 139 of the Internal Revenue Code to qualify for the deduction under this section.	2808 2809 2810 2811
(40) Deduct, to the extent included in federal adjusted gross income, income attributable to loan repayments on behalf of the taxpayer under the rural practice incentive program under section 3333.135 of the Revised Code.	2812 2813 2814 2815
(41) Add any income taxes deducted in computing federal or Ohio adjusted gross income to the extent the income taxes were derived from income subject to a tax levied in another state or the District of Columbia when such tax was enacted for purposes of complying with internal revenue service notice 2020-75.	2816 2817 2818 2819 2820
Notwithstanding any provision of the Revised Code to the contrary, the portion of the addition required by division (A) (41) of this section related to the apportioned business income of the pass-through entity shall be considered business income under division (B) of this section. Such addition is eligible for the deduction in division (A) (28) of this section, subject to the applicable dollar limitations, and the tax rate prescribed by division (A) (4) (a) of section 5747.02 of the Revised Code. The taxpayer shall provide, upon request of the tax commissioner, any documentation necessary to verify the portion of the addition that is business income under this division.	2821 2822 2823 2824 2825 2826 2827 2828 2829 2830 2831 2832
(42) Deduct amounts contributed to a homeownership savings	2833

account and calculated pursuant to divisions (B) and (C) of 2834  
section 5747.85 of the Revised Code. 2835

(43) If the taxpayer is the account owner, add the amount 2836  
of funds withdrawn from a homeownership savings account not used 2837  
for eligible expenses, regardless of who deposited those funds. 2838  
As used in division (A) (43) of this section, "homeownership 2839  
savings account," "account owner," and "eligible expenses" have 2840  
the same meanings as in section 5747.85 of the Revised Code. 2841

(44) Deduct, to the extent included in federal adjusted 2842  
gross income, the amount of ordinary and necessary expenses, 2843  
described under section 162 of the Internal Revenue Code, paid 2844  
or incurred during the taxable year in carrying on a trade or 2845  
business as a marijuana cultivator, processor, dispensary, or 2846  
laboratory licensed under Chapter 3780. or 3796. of the Revised 2847  
Code, or any other marijuana establishment licensed by the 2848  
state, if the deduction for ordinary and necessary expenses 2849  
under section 162 of the Internal Revenue Code is disallowed 2850  
under section 280E of the Internal Revenue Code. 2851

(B) "Business income" means income, including gain or 2852  
loss, arising from transactions, activities, and sources in the 2853  
regular course of a trade or business and includes income, gain, 2854  
or loss from real property, tangible property, and intangible 2855  
property if the acquisition, rental, management, and disposition 2856  
of the property constitute integral parts of the regular course 2857  
of a trade or business operation. "Business income" includes 2858  
income, including gain or loss, from a partial or complete 2859  
liquidation of a business, including, but not limited to, gain 2860  
or loss from the sale or other disposition of goodwill or the 2861  
sale of an equity or ownership interest in a business. 2862

As used in this division, the "sale of an equity or 2863

ownership interest in a business" means sales to which either or 2864  
both of the following apply: 2865

(1) The sale is treated for federal income tax purposes as 2866  
the sale of assets. 2867

(2) The seller materially participated, as described in 26 2868  
C.F.R. 1.469-5T, in the activities of the business during the 2869  
taxable year in which the sale occurs or during any of the five 2870  
preceding taxable years. 2871

(C) "Nonbusiness income" means all income other than 2872  
business income and may include, but is not limited to, 2873  
compensation, rents and royalties from real or tangible personal 2874  
property, capital gains, interest, dividends and distributions, 2875  
patent or copyright royalties, or lottery winnings, prizes, and 2876  
awards. 2877

(D) "Compensation" means any form of remuneration paid to 2878  
an employee for personal services. 2879

(E) "Fiduciary" means a guardian, trustee, executor, 2880  
administrator, receiver, conservator, or any other person acting 2881  
in any fiduciary capacity for any individual, trust, or estate. 2882

(F) "Fiscal year" means an accounting period of twelve 2883  
months ending on the last day of any month other than December. 2884

(G) "Individual" means any natural person. 2885

(H) "Internal Revenue Code" means the "Internal Revenue 2886  
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 2887

(I) "Resident" means any of the following: 2888

(1) An individual who is domiciled in this state, subject 2889  
to section 5747.24 of the Revised Code; 2890

(2) The estate of a decedent who at the time of death was 2891  
domiciled in this state. The domicile tests of section 5747.24 2892  
of the Revised Code are not controlling for purposes of division 2893  
(I) (2) of this section. 2894

(3) A trust that, in whole or part, resides in this state. 2895  
If only part of a trust resides in this state, the trust is a 2896  
resident only with respect to that part. 2897

For the purposes of division (I) (3) of this section: 2898

(a) A trust resides in this state for the trust's current 2899  
taxable year to the extent, as described in division (I) (3) (d) 2900  
of this section, that the trust consists directly or indirectly, 2901  
in whole or in part, of assets, net of any related liabilities, 2902  
that were transferred, or caused to be transferred, directly or 2903  
indirectly, to the trust by any of the following: 2904

(i) A person, a court, or a governmental entity or 2905  
instrumentality on account of the death of a decedent, but only 2906  
if the trust is described in division (I) (3) (e) (i) or (ii) of 2907  
this section; 2908

(ii) A person who was domiciled in this state for the 2909  
purposes of this chapter when the person directly or indirectly 2910  
transferred assets to an irrevocable trust, but only if at least 2911  
one of the trust's qualifying beneficiaries is domiciled in this 2912  
state for the purposes of this chapter during all or some 2913  
portion of the trust's current taxable year; 2914

(iii) A person who was domiciled in this state for the 2915  
purposes of this chapter when the trust document or instrument 2916  
or part of the trust document or instrument became irrevocable, 2917  
but only if at least one of the trust's qualifying beneficiaries 2918  
is a resident domiciled in this state for the purposes of this 2919

chapter during all or some portion of the trust's current 2920  
taxable year. If a trust document or instrument became 2921  
irrevocable upon the death of a person who at the time of death 2922  
was domiciled in this state for purposes of this chapter, that 2923  
person is a person described in division (I) (3) (a) (iii) of this 2924  
section. 2925

(b) A trust is irrevocable to the extent that the 2926  
transferor is not considered to be the owner of the net assets 2927  
of the trust under sections 671 to 678 of the Internal Revenue 2928  
Code. 2929

(c) With respect to a trust other than a charitable lead 2930  
trust, "qualifying beneficiary" has the same meaning as 2931  
"potential current beneficiary" as defined in section 1361(e) (2) 2932  
of the Internal Revenue Code, and with respect to a charitable 2933  
lead trust "qualifying beneficiary" is any current, future, or 2934  
contingent beneficiary, but with respect to any trust 2935  
"qualifying beneficiary" excludes a person or a governmental 2936  
entity or instrumentality to any of which a contribution would 2937  
qualify for the charitable deduction under section 170 of the 2938  
Internal Revenue Code. 2939

(d) For the purposes of division (I) (3) (a) of this 2940  
section, the extent to which a trust consists directly or 2941  
indirectly, in whole or in part, of assets, net of any related 2942  
liabilities, that were transferred directly or indirectly, in 2943  
whole or part, to the trust by any of the sources enumerated in 2944  
that division shall be ascertained by multiplying the fair 2945  
market value of the trust's assets, net of related liabilities, 2946  
by the qualifying ratio, which shall be computed as follows: 2947

(i) The first time the trust receives assets, the 2948  
numerator of the qualifying ratio is the fair market value of 2949

those assets at that time, net of any related liabilities, from 2950  
sources enumerated in division (I) (3) (a) of this section. The 2951  
denominator of the qualifying ratio is the fair market value of 2952  
all the trust's assets at that time, net of any related 2953  
liabilities. 2954

(ii) Each subsequent time the trust receives assets, a 2955  
revised qualifying ratio shall be computed. The numerator of the 2956  
revised qualifying ratio is the sum of (1) the fair market value 2957  
of the trust's assets immediately prior to the subsequent 2958  
transfer, net of any related liabilities, multiplied by the 2959  
qualifying ratio last computed without regard to the subsequent 2960  
transfer, and (2) the fair market value of the subsequently 2961  
transferred assets at the time transferred, net of any related 2962  
liabilities, from sources enumerated in division (I) (3) (a) of 2963  
this section. The denominator of the revised qualifying ratio is 2964  
the fair market value of all the trust's assets immediately 2965  
after the subsequent transfer, net of any related liabilities. 2966

(iii) Whether a transfer to the trust is by or from any of 2967  
the sources enumerated in division (I) (3) (a) of this section 2968  
shall be ascertained without regard to the domicile of the 2969  
trust's beneficiaries. 2970

(e) For the purposes of division (I) (3) (a) (i) of this 2971  
section: 2972

(i) A trust is described in division (I) (3) (e) (i) of this 2973  
section if the trust is a testamentary trust and the testator of 2974  
that testamentary trust was domiciled in this state at the time 2975  
of the testator's death for purposes of the taxes levied under 2976  
Chapter 5731. of the Revised Code. 2977

(ii) A trust is described in division (I) (3) (e) (ii) of 2978



this section if the transfer is a qualifying transfer described 2979  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 2980  
trust is an irrevocable inter vivos trust, and at least one of 2981  
the trust's qualifying beneficiaries is domiciled in this state 2982  
for purposes of this chapter during all or some portion of the 2983  
trust's current taxable year. 2984

(f) For the purposes of division (I) (3) (e) (ii) of this 2985  
section, a "qualifying transfer" is a transfer of assets, net of 2986  
any related liabilities, directly or indirectly to a trust, if 2987  
the transfer is described in any of the following: 2988

(i) The transfer is made to a trust, created by the 2989  
decedent before the decedent's death and while the decedent was 2990  
domiciled in this state for the purposes of this chapter, and, 2991  
prior to the death of the decedent, the trust became irrevocable 2992  
while the decedent was domiciled in this state for the purposes 2993  
of this chapter. 2994

(ii) The transfer is made to a trust to which the 2995  
decedent, prior to the decedent's death, had directly or 2996  
indirectly transferred assets, net of any related liabilities, 2997  
while the decedent was domiciled in this state for the purposes 2998  
of this chapter, and prior to the death of the decedent the 2999  
trust became irrevocable while the decedent was domiciled in 3000  
this state for the purposes of this chapter. 3001

(iii) The transfer is made on account of a contractual 3002  
relationship existing directly or indirectly between the 3003  
transferor and either the decedent or the estate of the decedent 3004  
at any time prior to the date of the decedent's death, and the 3005  
decedent was domiciled in this state at the time of death for 3006  
purposes of the taxes levied under Chapter 5731. of the Revised 3007  
Code. 3008

(iv) The transfer is made to a trust on account of a 3009  
contractual relationship existing directly or indirectly between 3010  
the transferor and another person who at the time of the 3011  
decedent's death was domiciled in this state for purposes of 3012  
this chapter. 3013

(v) The transfer is made to a trust on account of the will 3014  
of a testator who was domiciled in this state at the time of the 3015  
testator's death for purposes of the taxes levied under Chapter 3016  
5731. of the Revised Code. 3017

(vi) The transfer is made to a trust created by or caused 3018  
to be created by a court, and the trust was directly or 3019  
indirectly created in connection with or as a result of the 3020  
death of an individual who, for purposes of the taxes levied 3021  
under Chapter 5731. of the Revised Code, was domiciled in this 3022  
state at the time of the individual's death. 3023

(g) The tax commissioner may adopt rules to ascertain the 3024  
part of a trust residing in this state. 3025

(J) "Nonresident" means an individual or estate that is 3026  
not a resident. An individual who is a resident for only part of 3027  
a taxable year is a nonresident for the remainder of that 3028  
taxable year. 3029

(K) "Pass-through entity" has the same meaning as in 3030  
section 5733.04 of the Revised Code. 3031

(L) "Return" means the notifications and reports required 3032  
to be filed pursuant to this chapter for the purpose of 3033  
reporting the tax due and includes declarations of estimated tax 3034  
when so required. 3035

(M) "Taxable year" means the calendar year or the 3036  
taxpayer's fiscal year ending during the calendar year, or 3037

fractional part thereof, upon which the adjusted gross income is 3038  
calculated pursuant to this chapter. 3039

(N) "Taxpayer" means any person subject to the tax imposed 3040  
by section 5747.02 of the Revised Code or any pass-through 3041  
entity that makes the election under division (D) of section 3042  
5747.08 of the Revised Code. 3043

(O) "Dependents" means one of the following: 3044

(1) For taxable years beginning on or after January 1, 3045  
2018, and before January 1, 2026, dependents as defined in the 3046  
Internal Revenue Code; 3047

(2) For all other taxable years, dependents as defined in 3048  
the Internal Revenue Code and as claimed in the taxpayer's 3049  
federal income tax return for the taxable year or which the 3050  
taxpayer would have been permitted to claim had the taxpayer 3051  
filed a federal income tax return. 3052

(P) "Principal county of employment" means, in the case of 3053  
a nonresident, the county within the state in which a taxpayer 3054  
performs services for an employer or, if those services are 3055  
performed in more than one county, the county in which the major 3056  
portion of the services are performed. 3057

(Q) As used in sections 5747.50 to 5747.55 of the Revised 3058  
Code: 3059

(1) "Subdivision" means any county, municipal corporation, 3060  
park district, or township. 3061

(2) "Essential local government purposes" includes all 3062  
functions that any subdivision is required by general law to 3063  
exercise, including like functions that are exercised under a 3064  
charter adopted pursuant to the Ohio Constitution. 3065

(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 3095  
estate pursuant to section 642(b) of the Internal Revenue Code; 3096

(4) Deduct interest or dividends, net of related expenses 3097  
deducted in computing federal taxable income, on obligations of 3098  
the United States and its territories and possessions or of any 3099  
authority, commission, or instrumentality of the United States 3100  
to the extent that the interest or dividends are exempt from 3101  
state taxes under the laws of the United States, but only to the 3102  
extent that such amount is included in federal taxable income 3103  
and is described in either division (S) (1) (a) or (b) of this 3104  
section; 3105

(5) Deduct the amount of wages and salaries, if any, not 3106  
otherwise allowable as a deduction but that would have been 3107  
allowable as a deduction in computing federal taxable income for 3108  
the taxable year, had the work opportunity tax credit allowed 3109  
under sections 38, 51, and 52 of the Internal Revenue Code not 3110  
been in effect, but only to the extent such amount relates 3111  
either to income included in federal taxable income for the 3112  
taxable year or to income of the S portion of an electing small 3113  
business trust for the taxable year; 3114

(6) Deduct any interest or interest equivalent, net of 3115  
related expenses deducted in computing federal taxable income, 3116  
on public obligations and purchase obligations, but only to the 3117  
extent that such net amount relates either to income included in 3118  
federal taxable income for the taxable year or to income of the 3119  
S portion of an electing small business trust for the taxable 3120  
year; 3121

(7) Add any loss or deduct any gain resulting from sale, 3122  
exchange, or other disposition of public obligations to the 3123  
extent that such loss has been deducted or such gain has been 3124

included in computing either federal taxable income or income of 3125  
the S portion of an electing small business trust for the 3126  
taxable year; 3127

(8) Except in the case of the final return of an estate, 3128  
add any amount deducted by the taxpayer on both its Ohio estate 3129  
tax return pursuant to section 5731.14 of the Revised Code, and 3130  
on its federal income tax return in determining federal taxable 3131  
income; 3132

(9) (a) Deduct any amount included in federal taxable 3133  
income solely because the amount represents a reimbursement or 3134  
refund of expenses that in a previous year the decedent had 3135  
deducted as an itemized deduction pursuant to section 63 of the 3136  
Internal Revenue Code and applicable treasury regulations. The 3137  
deduction otherwise allowed under division (S) (9) (a) of this 3138  
section shall be reduced to the extent the reimbursement is 3139  
attributable to an amount the taxpayer or decedent deducted 3140  
under this section in any taxable year. 3141

(b) Add any amount not otherwise included in Ohio taxable 3142  
income for any taxable year to the extent that the amount is 3143  
attributable to the recovery during the taxable year of any 3144  
amount deducted or excluded in computing federal or Ohio taxable 3145  
income in any taxable year, but only to the extent such amount 3146  
has not been distributed to beneficiaries for the taxable year. 3147

(10) Deduct any portion of the deduction described in 3148  
section 1341(a) (2) of the Internal Revenue Code, for repaying 3149  
previously reported income received under a claim of right, that 3150  
meets both of the following requirements: 3151

(a) It is allowable for repayment of an item that was 3152  
included in the taxpayer's taxable income or the decedent's 3153

adjusted gross income for a prior taxable year and did not 3154  
qualify for a credit under division (A) or (B) of section 3155  
5747.05 of the Revised Code for that year. 3156

(b) It does not otherwise reduce the taxpayer's taxable 3157  
income or the decedent's adjusted gross income for the current 3158  
or any other taxable year. 3159

(11) Add any amount claimed as a credit under section 3160  
5747.059 of the Revised Code to the extent that the amount 3161  
satisfies either of the following: 3162

(a) The amount was deducted or excluded from the 3163  
computation of the taxpayer's federal taxable income as required 3164  
to be reported for the taxpayer's taxable year under the 3165  
Internal Revenue Code; 3166

(b) The amount resulted in a reduction in the taxpayer's 3167  
federal taxable income as required to be reported for any of the 3168  
taxpayer's taxable years under the Internal Revenue Code. 3169

(12) Deduct any amount, net of related expenses deducted 3170  
in computing federal taxable income, that a trust is required to 3171  
report as farm income on its federal income tax return, but only 3172  
if the assets of the trust include at least ten acres of land 3173  
satisfying the definition of "land devoted exclusively to 3174  
agricultural use" under section 5713.30 of the Revised Code, 3175  
regardless of whether the land is valued for tax purposes as 3176  
such land under sections 5713.30 to 5713.38 of the Revised Code. 3177  
If the trust is a pass-through entity investor, section 5747.231 3178  
of the Revised Code applies in ascertaining if the trust is 3179  
eligible to claim the deduction provided by division (S) (12) of 3180  
this section in connection with the pass-through entity's farm 3181  
income. 3182

Except for farm income attributable to the S portion of an 3183  
electing small business trust, the deduction provided by 3184  
division (S) (12) of this section is allowed only to the extent 3185  
that the trust has not distributed such farm income. 3186

(13) Add the net amount of income described in section 3187  
641(c) of the Internal Revenue Code to the extent that amount is 3188  
not included in federal taxable income. 3189

(14) Deduct the amount the taxpayer would be required to 3190  
deduct under division (A) (18) of this section if the taxpayer's 3191  
Ohio taxable income ~~were~~was computed in the same manner as an 3192  
individual's Ohio adjusted gross income is computed under this 3193  
section. 3194

(15) Add, to the extent not otherwise included in 3195  
computing taxable income or Ohio taxable income for any taxable 3196  
year, the taxpayer's proportionate share of the amount of the 3197  
tax levied under section 5747.38 of the Revised Code and paid by 3198  
an electing pass-through entity for the taxable year. 3199

(16) Add any income taxes deducted in computing federal 3200  
taxable income or Ohio taxable income to the extent the income 3201  
taxes were derived from income subject to a tax levied in 3202  
another state or the District of Columbia when such tax was 3203  
enacted for purposes of complying with internal revenue service 3204  
notice 2020-75. 3205

(T) "School district income" and "school district income 3206  
tax" have the same meanings as in section 5748.01 of the Revised 3207  
Code. 3208

(U) As used in divisions (A) (7), (A) (8), (S) (6), and (S) 3209  
(7) of this section, "public obligations," "purchase 3210  
obligations," and "interest or interest equivalent" have the 3211



same meanings as in section 5709.76 of the Revised Code.	3212
(V) "Limited liability company" means any limited liability company formed under former Chapter 1705. of the Revised Code as that chapter existed prior to February 11, 2022, Chapter 1706. of the Revised Code, or the laws of any other state.	3213 3214 3215 3216 3217
(W) "Pass-through entity investor" means any person who, during any portion of a taxable year of a pass-through entity, is a partner, member, shareholder, or equity investor in that pass-through entity.	3218 3219 3220 3221
(X) "Banking day" has the same meaning as in section 1304.01 of the Revised Code.	3222 3223
(Y) "Month" means a calendar month.	3224
(Z) "Quarter" means the first three months, the second three months, the third three months, or the last three months of the taxpayer's taxable year.	3225 3226 3227
(AA) (1) "Modified business income" means the business income included in a trust's Ohio taxable income after such taxable income is first reduced by the qualifying trust amount, if any.	3228 3229 3230 3231
(2) "Qualifying trust amount" of a trust means capital gains and losses from the sale, exchange, or other disposition of equity or ownership interests in, or debt obligations of, a qualifying investee to the extent included in the trust's Ohio taxable income, but only if the following requirements are satisfied:	3232 3233 3234 3235 3236 3237
(a) The book value of the qualifying investee's physical assets in this state and everywhere, as of the last day of the	3238 3239

qualifying investee's fiscal or calendar year ending immediately 3240  
prior to the date on which the trust recognizes the gain or 3241  
loss, is available to the trust. 3242

(b) The requirements of section 5747.011 of the Revised 3243  
Code are satisfied for the trust's taxable year in which the 3244  
trust recognizes the gain or loss. 3245

Any gain or loss that is not a qualifying trust amount is 3246  
modified business income, qualifying investment income, or 3247  
modified nonbusiness income, as the case may be. 3248

(3) "Modified nonbusiness income" means a trust's Ohio 3249  
taxable income other than modified business income, other than 3250  
the qualifying trust amount, and other than qualifying 3251  
investment income, as defined in section 5747.012 of the Revised 3252  
Code, to the extent such qualifying investment income is not 3253  
otherwise part of modified business income. 3254

(4) "Modified Ohio taxable income" applies only to trusts, 3255  
and means the sum of the amounts described in divisions (AA) (4) 3256  
(a) to (c) of this section: 3257

(a) The fraction, calculated under section 5747.013, and 3258  
applying section 5747.231 of the Revised Code, multiplied by the 3259  
sum of the following amounts: 3260

(i) The trust's modified business income; 3261

(ii) The trust's qualifying investment income, as defined 3262  
in section 5747.012 of the Revised Code, but only to the extent 3263  
the qualifying investment income does not otherwise constitute 3264  
modified business income and does not otherwise constitute a 3265  
qualifying trust amount. 3266

(b) The qualifying trust amount multiplied by a fraction, 3267

the numerator of which is the sum of the book value of the 3268  
qualifying investee's physical assets in this state on the last 3269  
day of the qualifying investee's fiscal or calendar year ending 3270  
immediately prior to the day on which the trust recognizes the 3271  
qualifying trust amount, and the denominator of which is the sum 3272  
of the book value of the qualifying investee's total physical 3273  
assets everywhere on the last day of the qualifying investee's 3274  
fiscal or calendar year ending immediately prior to the day on 3275  
which the trust recognizes the qualifying trust amount. If, for 3276  
a taxable year, the trust recognizes a qualifying trust amount 3277  
with respect to more than one qualifying investee, the amount 3278  
described in division (AA) (4) (b) of this section shall equal the 3279  
sum of the products so computed for each such qualifying 3280  
investee. 3281

(c) (i) With respect to a trust or portion of a trust that 3282  
is a resident as ascertained in accordance with division (I) (3) 3283  
(d) of this section, its modified nonbusiness income. 3284

(ii) With respect to a trust or portion of a trust that is 3285  
not a resident as ascertained in accordance with division (I) (3) 3286  
(d) of this section, the amount of its modified nonbusiness 3287  
income satisfying the descriptions in divisions (B) (2) to (5) of 3288  
section 5747.20 of the Revised Code, except as otherwise 3289  
provided in division (AA) (4) (c) (ii) of this section. With 3290  
respect to a trust or portion of a trust that is not a resident 3291  
as ascertained in accordance with division (I) (3) (d) of this 3292  
section, the trust's portion of modified nonbusiness income 3293  
recognized from the sale, exchange, or other disposition of a 3294  
debt interest in or equity interest in a section 5747.212 3295  
entity, as defined in section 5747.212 of the Revised Code, 3296  
without regard to division (A) of that section, shall not be 3297  
allocated to this state in accordance with section 5747.20 of 3298

the Revised Code but shall be apportioned to this state in 3299  
accordance with division (B) of section 5747.212 of the Revised 3300  
Code without regard to division (A) of that section. 3301

If the allocation and apportionment of a trust's income 3302  
under divisions (AA) (4) (a) and (c) of this section do not fairly 3303  
represent the modified Ohio taxable income of the trust in this 3304  
state, the alternative methods described in division (C) of 3305  
section 5747.21 of the Revised Code may be applied in the manner 3306  
and to the same extent provided in that section. 3307

(5) (a) Except as set forth in division (AA) (5) (b) of this 3308  
section, "qualifying investee" means a person in which a trust 3309  
has an equity or ownership interest, or a person or unit of 3310  
government the debt obligations of either of which are owned by 3311  
a trust. For the purposes of division (AA) (2) (a) of this section 3312  
and for the purpose of computing the fraction described in 3313  
division (AA) (4) (b) of this section, all of the following apply: 3314

(i) If the qualifying investee is a member of a qualifying 3315  
controlled group on the last day of the qualifying investee's 3316  
fiscal or calendar year ending immediately prior to the date on 3317  
which the trust recognizes the gain or loss, then "qualifying 3318  
investee" includes all persons in the qualifying controlled 3319  
group on such last day. 3320

(ii) If the qualifying investee, or if the qualifying 3321  
investee and any members of the qualifying controlled group of 3322  
which the qualifying investee is a member on the last day of the 3323  
qualifying investee's fiscal or calendar year ending immediately 3324  
prior to the date on which the trust recognizes the gain or 3325  
loss, separately or cumulatively own, directly or indirectly, on 3326  
the last day of the qualifying investee's fiscal or calendar 3327  
year ending immediately prior to the date on which the trust 3328

recognizes the qualifying trust amount, more than fifty per cent 3329  
of the equity of a pass-through entity, then the qualifying 3330  
investee and the other members are deemed to own the 3331  
proportionate share of the pass-through entity's physical assets 3332  
which the pass-through entity directly or indirectly owns on the 3333  
last day of the pass-through entity's calendar or fiscal year 3334  
ending within or with the last day of the qualifying investee's 3335  
fiscal or calendar year ending immediately prior to the date on 3336  
which the trust recognizes the qualifying trust amount. 3337

(iii) For the purposes of division (AA) (5) (a) (iii) of this 3338  
section, "upper level pass-through entity" means a pass-through 3339  
entity directly or indirectly owning any equity of another pass- 3340  
through entity, and "lower level pass-through entity" means that 3341  
other pass-through entity. 3342

An upper level pass-through entity, whether or not it is 3343  
also a qualifying investee, is deemed to own, on the last day of 3344  
the upper level pass-through entity's calendar or fiscal year, 3345  
the proportionate share of the lower level pass-through entity's 3346  
physical assets that the lower level pass-through entity 3347  
directly or indirectly owns on the last day of the lower level 3348  
pass-through entity's calendar or fiscal year ending within or 3349  
with the last day of the upper level pass-through entity's 3350  
fiscal or calendar year. If the upper level pass-through entity 3351  
directly and indirectly owns less than fifty per cent of the 3352  
equity of the lower level pass-through entity on each day of the 3353  
upper level pass-through entity's calendar or fiscal year in 3354  
which or with which ends the calendar or fiscal year of the 3355  
lower level pass-through entity and if, based upon clear and 3356  
convincing evidence, complete information about the location and 3357  
cost of the physical assets of the lower pass-through entity is 3358  
not available to the upper level pass-through entity, then 3359

solely for purposes of ascertaining if a gain or loss 3360  
constitutes a qualifying trust amount, the upper level pass- 3361  
through entity shall be deemed as owning no equity of the lower 3362  
level pass-through entity for each day during the upper level 3363  
pass-through entity's calendar or fiscal year in which or with 3364  
which ends the lower level pass-through entity's calendar or 3365  
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 3366  
shall be construed to provide for any deduction or exclusion in 3367  
computing any trust's Ohio taxable income. 3368

(b) With respect to a trust that is not a resident for the 3369  
taxable year and with respect to a part of a trust that is not a 3370  
resident for the taxable year, "qualifying investee" for that 3371  
taxable year does not include a C corporation if both of the 3372  
following apply: 3373

(i) During the taxable year the trust or part of the trust 3374  
recognizes a gain or loss from the sale, exchange, or other 3375  
disposition of equity or ownership interests in, or debt 3376  
obligations of, the C corporation. 3377

(ii) Such gain or loss constitutes nonbusiness income. 3378

(6) "Available" means information is such that a person is 3379  
able to learn of the information by the due date plus 3380  
extensions, if any, for filing the return for the taxable year 3381  
in which the trust recognizes the gain or loss. 3382

(BB) "Qualifying controlled group" has the same meaning as 3383  
in section 5733.04 of the Revised Code. 3384

(CC) "Related member" has the same meaning as in section 3385  
5733.042 of the Revised Code. 3386

(DD) (1) For the purposes of division (DD) of this section: 3387

(a) "Qualifying person" means any person other than a qualifying corporation.	3388 3389
(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:	3390 3391 3392
(i) A corporation that has made an election under subchapter S, chapter one, subtitle A, of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year;	3393 3394 3395 3396
(ii) A subsidiary that is wholly owned by any corporation that has made an election under subchapter S, chapter one, subtitle A of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year.	3397 3398 3399 3400 3401
(2) For the purposes of this chapter, unless expressly stated otherwise, no qualifying person indirectly owns any asset directly or indirectly owned by any qualifying corporation.	3402 3403 3404
(EE) For purposes of this chapter and Chapter 5751. of the Revised Code:	3405 3406
(1) "Trust" does not include a qualified pre-income tax trust.	3407 3408
(2) A "qualified pre-income tax trust" is any pre-income tax trust that makes a qualifying pre-income tax trust election as described in division (EE) (3) of this section.	3409 3410 3411
(3) A "qualifying pre-income tax trust election" is an election by a pre-income tax trust to subject to the tax imposed by section 5751.02 of the Revised Code the pre-income tax trust and all pass-through entities of which the trust owns or	3412 3413 3414 3415

controls, directly, indirectly, or constructively through 3416  
related interests, five per cent or more of the ownership or 3417  
equity interests. The trustee shall notify the tax commissioner 3418  
in writing of the election on or before April 15, 2006. The 3419  
election, if timely made, shall be effective on and after 3420  
January 1, 2006, and shall apply for all tax periods and tax 3421  
years until revoked by the trustee of the trust. 3422

(4) A "pre-income tax trust" is a trust that satisfies all 3423  
of the following requirements: 3424

(a) The document or instrument creating the trust was 3425  
executed by the grantor before January 1, 1972; 3426

(b) The trust became irrevocable upon the creation of the 3427  
trust; and 3428

(c) The grantor was domiciled in this state at the time 3429  
the trust was created. 3430

(FF) "Uniformed services" has the same meaning as in 10 3431  
U.S.C. 101. 3432

(GG) "Taxable business income" means the amount by which 3433  
an individual's business income that is included in federal 3434  
adjusted gross income exceeds the amount of business income the 3435  
individual is authorized to deduct under division (A) (28) of 3436  
this section for the taxable year. 3437

(HH) "Employer" does not include a franchisor with respect 3438  
to the franchisor's relationship with a franchisee or an 3439  
employee of a franchisee, unless the franchisor agrees to assume 3440  
that role in writing or a court of competent jurisdiction 3441  
determines that the franchisor exercises a type or degree of 3442  
control over the franchisee or the franchisee's employees that 3443  
is not customarily exercised by a franchisor for the purpose of 3444



protecting the franchisor's trademark, brand, or both. For 3445  
purposes of this division, "franchisor" and "franchisee" have 3446  
the same meanings as in 16 C.F.R. 436.1. 3447

(II) "Modified adjusted gross income" means Ohio adjusted 3448  
gross income plus any amount deducted under divisions (A) (28) 3449  
and (34) of this section for the taxable year. 3450

(JJ) "Qualifying Ohio educator" means an individual who, 3451  
for a taxable year, qualifies as an eligible educator, as that 3452  
term is defined in section 62 of the Internal Revenue Code, and 3453  
who holds a certificate, license, or permit described in Chapter 3454  
3319. or section 3301.071 of the Revised Code. 3455

**Section 2.** That existing sections 718.01, 718.81, 928.01, 3456  
928.99, 3780.03, 3780.10, 3780.11, 3780.16, 3780.29, 3780.36, 3457  
3780.99, 3796.01, 3796.03, 3796.05, 3796.08, 3796.09, 3796.18, 3458  
3796.19, 3796.20, 3796.21, 4731.30, and 5747.01 of the Revised 3459  
Code are hereby repealed. 3460

**Section 3.** The amendment by this act of sections 718.01, 3461  
718.81, and 5747.01 of the Revised Code applies to taxable years 3462  
ending on or after the effective date of this section. 3463

**Section 4.** Notwithstanding any contrary provision of 3464  
Chapter 3796. of the Revised Code or any rules adopted in 3465  
accordance with that chapter, a medical marijuana processor 3466  
license issued or renewed before the effective date of this 3467  
section that remains valid on that date expires two years after 3468  
the date the license was issued. 3469