As Introduced

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H. B. No. 1042

Representative King

To amend section 5747.98 and to enact sections 1315.131, 5502.80, and 5747.88 of the Revised Code to levy a transfer fee on certain money transmissions by customers who are not United States citizens or nationals, to authorize an income tax credit based on the amount of the transfer fees paid, and to name this act Ohio's Withholding Illegal Revenue Entering Drug Markets (WIRED) Act.

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

Section 1. That section 5747.98 be amended and sections 1315.131, 5502.80, and 5747.88 of the Revised Code be enacted to read as follows:

Sec. 1315.131. (A)(1) To provide revenue for local law enforcement, a transfer fee is imposed on licensees and authorized delegates that transmit money from a customer in this state.

(2) The amount of the transfer fee equals three per cent of the amount of money, or its equivalent, transmitted by the licensee or authorized delegate in the transaction.

(3) The transfer fee shall only apply to transactions

involving the transmission of money to any location outside the United States.

(4) The transfer fee does not apply to transactions in which either of the following apply:

(a) The transmission is conducted through a funds-transfer system, as defined in section 1304.51 of the Revised Code, provided that a transmission using an automated clearing house shall be exempt from the transfer fee only if the transmission is between accounts in financial institutions;

(b) The transmission is funded through a debit or credit card issued by a financial institution.

For purposes of division (A)(4) of this section, "financial institution" includes a bank, trust company, savings and loan association, savings bank, or credit union organized, chartered, or holding a license authorizing operation under the laws of this state, any other state, or the United States, or the parent or subsidiary of such institutions.

(B) A licensee or authorized delegate may bill or invoice the transfer fee imposed by this section to the customer from which the money is transmitted, but shall provide that customer with an itemized receipt that lists the amount of the transfer fee as a separate line item from any other amounts charged by the licensee or authorized delegate in connection with the transaction.

(C) A person that transmitted money from a customer in this state shall file a quarterly report and pay the aggregate amount of transfer fees due on all such transactions during the previous quarter to the superintendent of financial institutions in a form and manner prescribed by the superintendent. If the

report is filed and the amount of the transfer fees shown on the report to be due is paid on or before the date the report is required to be filed, the person is entitled to a discount equal to three-fourths of one per cent of the amount otherwise shown to be due on the report.

(D) The withholding illegal revenue entering drug markets fund is created in the state treasury. All transfer fees collected by the superintendent under this section shall be deposited into the fund. All investment earnings of the fund shall be credited to the fund. The superintendent and the director of public safety shall use the moneys in the fund to make transfers as required by section 5747.88 of the Revised Code and for the purposes described in section 5502.80 of the Revised Code.

(E) Every licensee and authorized delegate that transfers money from customers in this state shall conspicuously post a notice in the licensee's or authorized delegate's place of business, in a form prescribed by the superintendent, that informs customers of the tax credit authorized by section 5747.88 of the Revised Code for transfer fees imposed by this section that are billed or invoiced to the customer.

Sec. 5502.80. (A) As used in this section, "law enforcement agency" means an organized police department, sheriff's office, or marshal's office of any county, municipal corporation, or township.

(B) The department of public safety shall use moneys deposited to the withholding illegal revenue entering drug markets fund, under section 1315.131 of the Revised Code, to award grants to law enforcement agencies to defray costs incurred by those agencies for investigation of human

trafficking and drug trafficking, and enforcement of related laws.

(C) The director of public safety, in administering the grants, shall do both of the following:

(1) Ensure that funds are distributed equitably to jurisdictions throughout the state and among law enforcement agencies of varying sizes.

(2) Allow more than one law enforcement agency to apply collectively for a grant to fund cooperative efforts to investigate human trafficking and drug trafficking and enforce related laws, including efforts conducted through a drug task force, as defined in section 5502.68 of the Revised Code.

(D) The director of public safety, in consultation with the superintendent of financial institutions, shall adopt rules under Chapter 119. of the Revised Code to establish guidelines for the grant program and for administering the fund and to establish application procedures for law enforcement agencies seeking a grant under this section.

Sec. 5747.88. (A) As used in this section, "authorized delegate," "licensee," and "transmit money" have the same meanings as in section 1315.01 of the Revised Code.

(B) A refundable credit is allowed against a taxpayer's aggregate tax liability under section 5747.02 of the Revised Code. The credit shall equal the amount of transfer fees imposed by section 1315.131 of the Revised Code that are billed or invoiced to, and paid by, a taxpayer in the taxable year, but the amount of credit allowed shall not exceed, for any taxable year, three hundred dollars, including any credit amounts apportioned or allocated to the taxpayer by a pass-through

entity. The credit applies only to transfer fees paid for transactions in which the taxpayer is the customer of a licensee or authorized delegate. The credit is not available for transfer fees paid by a taxpayer acting as a licensee or authorized delegate by transmitting money on behalf of another customer.

The credit shall be claimed in the order required under section 5747.98 of the Revised Code. If the amount of the credit under this section exceeds the aggregate amount of tax otherwise due under section 5747.02 of the Revised Code after deduction of all other credits in that order, the taxpayer is entitled to a refund of the excess.

If the taxpayer is a direct or indirect investor in a pass-through entity that paid transfer fees under section 1315.131 of the Revised Code during the taxpayer's taxable year that would have qualified the entity for the credit if the entity was a taxpayer, the taxpayer may claim its proportionate or distributive share of the credit allowed under this section.

(C) The tax commissioner may require the taxpayer to furnish proof of payment of transfer fees under section 1315.131 of the Revised Code as a condition of obtaining the credit authorized under this section.

(D) On or before the thirtieth day of July of each year, the tax commissioner shall certify to the superintendent of the division of financial institutions and the director of budget and management the amount of tax credits claimed under this section in the preceding fiscal year. Within fifteen days after receipt of this certification, the director of budget and management shall transfer money equal to the certified amount to the general revenue fund from the withholding illegal revenue entering drug markets fund created in section 1315.131 of the

Revised Code.

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

Either the retirement income credit under division (B) of section 5747.055 of the Revised Code or the lump sum retirement income credits under divisions (C), (D), and (E) of that section;

Either the senior citizen credit under division (F) of section 5747.055 of the Revised Code or the lump sum distribution credit under division (G) of that section;

The dependent care credit under section 5747.054 of the Revised Code;

The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;

The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;

The joint filing credit under division (E) of section 5747.05 of the Revised Code;

The earned income credit under section 5747.71 of the Revised Code;

The nonrefundable credit for education expenses under section 5747.72 of the Revised Code;

The nonrefundable credit for donations to scholarship granting organizations under section 5747.73 of the Revised Code;

The nonrefundable credit for tuition paid to a nonchartered nonpublic school under section 5747.75 of the Revised Code;

The nonrefundable vocational job credit under section 5747.057 of the Revised Code;

The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;

The enterprise zone credit under section 5709.66 of the Revised Code;

The credit for beginning farmers who participate in a financial management program under division (B) of section 5747.77 of the Revised Code;

The credit for commercial vehicle operator training expenses under section 5747.82 of the Revised Code;

The nonrefundable welcome home Ohio (WHO) program credit under section 122.633 of the Revised Code;

The nonrefundable credit for transformational mixed use development tax credit certificate holders under section 5747.87 of the Revised Code;

The credit for selling or renting agricultural assets to beginning farmers under division (A) of section 5747.77 of the Revised Code;

The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;

The small business investment credit under section 5747.81 of the Revised Code;

The nonrefundable lead abatement credit under section

5747.26 of the Revised Code;

The opportunity zone investment credit under section 5747.86 of the Revised Code;

The enterprise zone credits under section 5709.65 of the Revised Code;

The research and development credit under section 5747.331 of the Revised Code;

The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;

The nonrefundable Ohio low-income housing tax credit under section 5747.83 of the Revised Code;

The nonrefundable affordable single-family home credit under section 5747.84 of the Revised Code;

The nonresident credit under division (A) of section 5747.05 of the Revised Code;

The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;

The refundable motion picture and broadway theatrical production credit under section 5747.66 of the Revised Code;

The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;

The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;

The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;

The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;

The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;

The refundable credit under section 5747.39 of the Revised Code for taxes levied under section 5747.38 of the Revised Code paid by an electing pass-through entity~~.~~ ;

The refundable credit under section 5747.88 of the Revised Code for the transfer fees paid under section 1315.131 of the Revised Code.

(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the taxpayer's aggregate amount of tax due under section 5747.02 of the Revised Code, after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.

Section 2. That existing section 5747.98 of the Revised Code is hereby repealed.

Section 3. The enactment by this act of section 5747.88 of the Revised Code applies to taxable years beginning on or after the first day of January beginning after the effective date of this section.

Section 4. The transfer fee imposed by section 1315.131 of

the Revised Code, as enacted by this act, applies to transactions on and after the first day of January of the year that begins after the effective date of this section.

Section 5. This act shall be known as Ohio's Withholding Illegal Revenue Entering Drug Markets (WIRED) Act.