

**As Introduced**

**136th General Assembly**

**Regular Session**

**2025-2026**

**H. B. No. 116**

**Representative Demetriou**

**Cosponsors: Representatives Fischer, Lorenz, Mathews, T., McClain, Williams**

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**A BILL**

To amend sections 301.30, 504.04, 715.013, 718.01, 1315.01, and 5747.01 and to enact sections 101.88, 1352.01, 1352.02, 1352.03, and 1352.04 of the Revised Code to enact the Ohio Blockchain Basics Act to address mining, taxation, and regulation of digital assets and digital asset investments by the state retirement systems.

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

**Section 1.** That sections 301.30, 504.04, 715.013, 718.01, 1315.01, and 5747.01 be amended and sections 101.88, 1352.01, 1352.02, 1352.03, and 1352.04 of the Revised Code be enacted to read as follows:

**Sec. 101.88.** The general assembly shall not enact a bill that proposes to impose a fee, tax, assessment, or other charge on digital assets used as a method of payment for goods and services that is based on the use of the digital assets as a method of payment, on the sales, use, or consumption of such digital assets, or on the basis of receipts received from the sale of such digital assets. As used in this section, "digital

asset" has the same meaning as in section 1352.01 of the Revised Code. 19  
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This section does not prohibit the general assembly from enacting a bill imposing a fee, tax, assessment, or other charge if the fee, tax, assessment, or charge would apply if the transaction had taken place with legal tender of the United States. 21  
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**Sec. 301.30.** No county that has adopted a charter under Section 3 of Article X, Ohio Constitution, may ~~impose~~ do either of the following: 26  
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(A) Impose a fee, tax, assessment, or other charge on auxiliary containers, on the sales, use, or consumption of such containers, except as authorized in Chapters 5739. and 5741. of the Revised Code, or on the basis of receipts received from the sale of such containers. As used in this section, "auxiliary container" has the same meaning as in section 3767.32 of the Revised Code. 29  
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(B) Impose a fee, tax, assessment, or other charge on digital assets used as a method of payment for goods and services that is based on the use of the digital assets as a method of payment, on the sales, use, or consumption of such digital assets, or on the basis of receipts received from the sale of such digital assets. As used in this section, "digital asset" has the same meaning as in section 1352.01 of the Revised Code. 36  
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Division (B) of this section does not prohibit the imposition of a fee, tax, assessment, or other charge if the fee, tax, assessment, or charge would apply if the transaction had taken place with legal tender of the United States. 44  
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**Sec. 504.04.** (A) A township that adopts a limited home rule government may do all of the following by resolution, provided that any of these resolutions, other than a resolution to supply water or sewer services in accordance with sections 504.18 to 504.20 of the Revised Code, may be enforced only by the imposition of civil fines as authorized in this chapter:

(1) Exercise all powers of local self-government within the unincorporated area of the township, other than powers that are in conflict with general laws, except that the township shall comply with the requirements and prohibitions of this chapter, and shall enact no taxes other than those authorized by general law, and except that no resolution adopted pursuant to this chapter shall encroach upon the powers, duties, and privileges of elected township officers or change, alter, combine, eliminate, or otherwise modify the form or structure of the township government unless the change is required or permitted by this chapter;

(2) Adopt and enforce within the unincorporated area of the township local police, sanitary, and other similar regulations that are not in conflict with general laws or otherwise prohibited by division (B) of this section;

(3) Supply water and sewer services to users within the unincorporated area of the township in accordance with sections 504.18 to 504.20 of the Revised Code;

(4) Adopt and enforce within the unincorporated area of the township any resolution of a type described in section 503.52 or 503.60 of the Revised Code.

(B) No resolution adopted pursuant to this chapter shall do any of the following:

(1) Create a criminal offense or impose criminal penalties, except as authorized by division (A) of this section or by section 503.52 of the Revised Code;	77 78 79
(2) Impose civil fines other than as authorized by this chapter;	80 81
(3) Establish or revise subdivision regulations, road construction standards, urban sediment rules, or storm water and drainage regulations, except as provided in section 504.21 of the Revised Code;	82 83 84 85
(4) Establish or revise building standards, building codes, and other standard codes except as provided in section 504.13 of the Revised Code;	86 87 88
(5) Increase, decrease, or otherwise alter the powers or duties of a township under any other chapter of the Revised Code pertaining to agriculture or the conservation or development of natural resources;	89 90 91 92
(6) Establish regulations affecting hunting, trapping, fishing, or the possession, use, or sale of firearms;	93 94
(7) Establish or revise water or sewer regulations, except in accordance with section 504.18, 504.19, or 504.21 of the Revised Code;	95 96 97
(8) Impose a fee, assessment, or other charge on auxiliary containers, on the sale, use, or consumption of such containers, or on the basis of receipts received from the sale of such containers. As used in this division, "auxiliary container" has the same meaning as in section 3767.32 of the Revised Code.	98 99 100 101 102
<u>(9) Impose a fee, tax, assessment, or other charge on digital assets used as a method of payment for goods and</u>	103 104

services that is based on the use of the digital assets as a 105  
method of payment, on the sales, use, or consumption of such 106  
digital assets, or on the basis of receipts received from the 107  
sale of such digital assets. As used in this section, "digital 108  
asset" has the same meaning as in section 1352.01 of the Revised 109  
Code. 110

Division (B) (9) of this section does not prohibit the 111  
imposition of a fee, tax, assessment, or other charge if the 112  
fee, tax, assessment, or charge would apply if the transaction 113  
had taken place with legal tender of the United States. 114

Nothing in this chapter shall be construed as affecting 115  
the powers of counties with regard to the subjects listed in 116  
divisions (B) (3) to (5) of this section. 117

(C) Under a limited home rule government, all officers 118  
shall have the qualifications, and be nominated, elected, or 119  
appointed, as provided in Chapter 505. of the Revised Code, 120  
except that the board of township trustees shall appoint a full- 121  
time or part-time law director pursuant to section 504.15 of the 122  
Revised Code, and except that a five-member board of township 123  
trustees approved for the township before September 26, 2003, 124  
shall continue to serve as the legislative authority with 125  
successive members serving for four-year terms of office until a 126  
termination of a limited home rule government under section 127  
504.03 of the Revised Code. 128

(D) In case of conflict between resolutions enacted by a 129  
board of township trustees and municipal ordinances or 130  
resolutions, the ordinance or resolution enacted by the 131  
municipal corporation prevails. In case of conflict between 132  
resolutions enacted by a board of township trustees and any 133  
county resolution, the resolution enacted by the board of 134

township trustees prevails. 135

**Sec. 715.013.** (A) Except as otherwise expressly authorized 136  
by the Revised Code, no municipal corporation shall levy a tax 137  
that is the same as or similar to a tax levied under Chapter 138  
322., 3734., 3769., 4123., 4141., 4301., 4303., 4305., 4307., 139  
4309., 5707., 5725., 5726., 5727., 5728., 5729., 5731., 5735., 140  
5736., 5737., 5739., 5741., 5743., 5747., 5749., or 5751. of the 141  
Revised Code. 142

(B) No municipal corporation may impose ~~any~~ either of the 143  
following: 144

(1) A tax, fee, assessment, or other charge on auxiliary 145  
containers, on the sale, use, or consumption of such containers, 146  
or on the basis of receipts received from the sale of such 147  
containers. As used in this division, "auxiliary container" has 148  
the same meaning as in section 3767.32 of the Revised Code. 149

(2) A fee, tax, assessment, or other charge on digital 150  
assets used as a method of payment for goods and services that 151  
is based on the use of the digital assets as a method of 152  
payment, on the sales, use, or consumption of such digital 153  
assets, or on the basis of receipts received from the sale of 154  
such digital assets. As used in this section, "digital asset" 155  
has the same meaning as in section 1352.01 of the Revised Code. 156

Division (B) (2) of this section does not prohibit the 157  
imposition of a fee, tax, assessment, or other charge if the 158  
fee, tax, assessment, or charge would apply if the transaction 159  
had taken place with legal tender of the United States. 160

(C) This section does not prohibit a municipal corporation 161  
from levying an income tax or withholding tax in accordance with 162  
Chapter 718. of the Revised Code, or a tax on any of the 163

following:	164
(1) Amounts received for admission to any place;	165
(2) The income of an electric company or combined company, as defined in section 5727.01 of the Revised Code;	166 167
(3) On and after January 1, 2004, the income of a telephone company, as defined in section 5727.01 of the Revised Code.	168 169 170
<b>Sec. 718.01.</b> Any term used in this chapter that is not otherwise defined in this chapter has the same meaning as when used in a comparable context in laws of the United States relating to federal income taxation or in Title LVII of the Revised Code, unless a different meaning is clearly required. Except as provided in section 718.81 of the Revised Code, if a term used in this chapter 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 control over the use of the term in Title LVII of the Revised Code.	171 172 173 174 175 176 177 178 179 180 181 182 183
Except as otherwise provided in section 718.81 of the Revised Code, as used in this chapter:	184 185
(A) (1) "Municipal taxable income" means the following:	186
(a) For a person other than an individual, income apportioned or situated to the municipal corporation under section 718.02 of the Revised Code, as applicable, reduced by any pre-2017 net operating loss carryforward available to the person for the municipal corporation.	187 188 189 190 191

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

(ii) For an individual who is a resident of a qualified municipal corporation, Ohio adjusted gross income reduced by income exempted, and increased by deductions excluded, by the qualified municipal corporation from the qualified municipal corporation's tax. If a qualified municipal corporation, on or before December 31, 2013, exempts income earned by individuals who are not residents of the qualified municipal corporation and net profit of persons that are not wholly located within the qualified municipal corporation, such individual or person shall have no municipal taxable income for the purposes of the tax levied by the qualified municipal corporation and may be exempted by the qualified municipal corporation from the requirements of section 718.03 of the Revised Code.

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

(2) In computing the municipal taxable income of a taxpayer who is an individual, the taxpayer may subtract, as



provided in division (A) (1) (b) (i) or (c) of this section, the 222  
amount of the individual's employee business expenses reported 223  
on the individual's form 2106 that the individual deducted for 224  
federal income tax purposes for the taxable year, subject to the 225  
limitation imposed by section 67 of the Internal Revenue Code. 226  
For the municipal corporation in which the taxpayer is a 227  
resident, the taxpayer may deduct all such expenses allowed for 228  
federal income tax purposes. For a municipal corporation in 229  
which the taxpayer is not a resident, the taxpayer may deduct 230  
such expenses only to the extent the expenses are related to the 231  
taxpayer's performance of personal services in that nonresident 232  
municipal corporation. 233

(B) "Income" means the following: 234

(1) (a) For residents, all income, salaries, qualifying 235  
wages, commissions, and other compensation from whatever source 236  
earned or received by the resident, including the resident's 237  
distributive share of the net profit of pass-through entities 238  
owned directly or indirectly by the resident and any net profit 239  
of the resident, except as provided in division (D) (5) of this 240  
section. 241

(b) For the purposes of division (B) (1) (a) of this 242  
section: 243

(i) Any net operating loss of the resident incurred in the 244  
taxable year and the resident's distributive share of any net 245  
operating loss generated in the same taxable year and 246  
attributable to the resident's ownership interest in a pass- 247  
through entity shall be allowed as a deduction, for that taxable 248  
year and the following five taxable years, against any other net 249  
profit of the resident or the resident's distributive share of 250  
any net profit attributable to the resident's ownership interest 251

in a pass-through entity until fully utilized, subject to 252  
division (B) (1) (d) of this section; 253

(ii) The resident's distributive share of the net profit 254  
of each pass-through entity owned directly or indirectly by the 255  
resident shall be calculated without regard to any net operating 256  
loss that is carried forward by that entity from a prior taxable 257  
year and applied to reduce the entity's net profit for the 258  
current taxable year. 259

(c) Division (B) (1) (b) of this section does not apply with 260  
respect to any net profit or net operating loss attributable to 261  
an ownership interest in an S corporation unless shareholders' 262  
distributive shares of net profits from S corporations are 263  
subject to tax in the municipal corporation as provided in 264  
division (C) (14) (b) or (c) of this section. 265

(d) Any amount of a net operating loss used to reduce a 266  
taxpayer's net profit for a taxable year shall reduce the amount 267  
of net operating loss that may be carried forward to any 268  
subsequent year for use by that taxpayer. In no event shall the 269  
cumulative deductions for all taxable years with respect to a 270  
taxpayer's net operating loss exceed the original amount of that 271  
net operating loss available to that taxpayer. 272

(2) In the case of nonresidents, all income, salaries, 273  
qualifying wages, commissions, and other compensation from 274  
whatever source earned or received by the nonresident for work 275  
done, services performed or rendered, or activities conducted in 276  
the municipal corporation, including any net profit of the 277  
nonresident, but excluding the nonresident's distributive share 278  
of the net profit or loss of only pass-through entities owned 279  
directly or indirectly by the nonresident. 280

(3) For taxpayers that are not individuals, net profit of the taxpayer;	281 282
(4) Lottery, sweepstakes, gambling and sports winnings, winnings from games of chance, and prizes and awards. If the taxpayer is a professional gambler for federal income tax purposes, the taxpayer may deduct related wagering losses and expenses to the extent authorized under the Internal Revenue Code and claimed against such winnings.	283 284 285 286 287 288
(C) "Exempt income" means all of the following:	289
(1) The military pay or allowances of members of the armed forces of the United States or members of their reserve components, including the national guard of any state;	290 291 292
(2) (a) Except as provided in division (C) (2) (b) of this section, intangible income;	293 294
(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, <u>except for capital gains received from the sale of a digital asset, as defined in section 1352.01 of the Revised Code, used as a method of payment for goods or services, provided the amount of payment in the transaction does not exceed the deduction threshold, as applicable to the taxable year under division (A) (44) of section 5747.01 of the Revised Code,</u> 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.	295 296 297 298 299 300 301 302 303 304 305 306 307
(3) Social security benefits, railroad retirement benefits, unemployment compensation, pensions, retirement	308 309

benefit payments, payments from annuities, and similar payments 310  
made to an employee or to the beneficiary of an employee under a 311  
retirement program or plan, disability payments received from 312  
private industry or local, state, or federal governments or from 313  
charitable, religious or educational organizations, and the 314  
proceeds of sickness, accident, or liability insurance policies. 315  
As used in division (C) (3) of this section, "unemployment 316  
compensation" does not include supplemental unemployment 317  
compensation described in section 3402(o) (2) of the Internal 318  
Revenue Code. 319

(4) The income of religious, fraternal, charitable, 320  
scientific, literary, or educational institutions to the extent 321  
such income is derived from tax-exempt real estate, tax-exempt 322  
tangible or intangible property, or tax-exempt activities. 323

(5) Compensation paid under section 3501.28 or 3501.36 of 324  
the Revised Code to a person serving as a precinct election 325  
official to the extent that such compensation does not exceed 326  
one thousand dollars for the taxable year. Such compensation in 327  
excess of one thousand dollars for the taxable year may be 328  
subject to taxation by a municipal corporation. A municipal 329  
corporation shall not require the payer of such compensation to 330  
withhold any tax from that compensation. 331

(6) Dues, contributions, and similar payments received by 332  
charitable, religious, educational, or literary organizations or 333  
labor unions, lodges, and similar organizations; 334

(7) Alimony and child support received; 335

(8) Compensation for personal injuries or for damages to 336  
property from insurance proceeds or otherwise, excluding 337  
compensation paid for lost salaries or wages or compensation 338

from punitive damages;	339
(9) Income of a public utility when that public utility is subject to the tax levied under section 5727.24 or 5727.30 of the Revised Code. Division (C) (9) of this section does not apply for purposes of Chapter 5745. of the Revised Code.	340 341 342 343
(10) Gains from involuntary conversions, interest on federal obligations, items of income subject to a tax levied by the state and that a municipal corporation is specifically prohibited by law from taxing, and income of a decedent's estate during the period of administration except such income from the operation of a trade or business;	344 345 346 347 348 349
(11) Compensation or allowances excluded from federal gross income under section 107 of the Internal Revenue Code;	350 351
(12) Employee compensation that is not qualifying wages as defined in division (R) of this section;	352 353
(13) Compensation paid to a person employed within the boundaries of a United States air force base under the jurisdiction of the United States air force that is used for the housing of members of the United States air force and is a center for air force operations, unless the person is subject to taxation because of residence or domicile. If the compensation is subject to taxation because of residence or domicile, tax on such income shall be payable only to the municipal corporation of residence or domicile.	354 355 356 357 358 359 360 361 362
(14) (a) Except as provided in division (C) (14) (b) or (c) of this section, an S corporation shareholder's distributive share of net profits of the S corporation, other than any part of the distributive share of net profits that represents wages as defined in section 3121(a) of the Internal Revenue Code or	363 364 365 366 367

net earnings from self-employment as defined in section 1402(a) 368  
of the Internal Revenue Code. 369

(b) If, pursuant to division (H) of former section 718.01 370  
of the Revised Code as it existed before March 11, 2004, a 371  
majority of the electors of a municipal corporation voted in 372  
favor of the question at an election held on November 4, 2003, 373  
the municipal corporation may continue after 2002 to tax an S 374  
corporation shareholder's distributive share of net profits of 375  
an S corporation. 376

(c) If, on December 6, 2002, a municipal corporation was 377  
imposing, assessing, and collecting a tax on an S corporation 378  
shareholder's distributive share of net profits of the S 379  
corporation to the extent the distributive share would be 380  
allocated or apportioned to this state under divisions (B) (1) 381  
and (2) of section 5733.05 of the Revised Code if the S 382  
corporation were a corporation subject to taxes imposed under 383  
Chapter 5733. of the Revised Code, the municipal corporation may 384  
continue to impose the tax on such distributive shares to the 385  
extent such shares would be so allocated or apportioned to this 386  
state only until December 31, 2004, unless a majority of the 387  
electors of the municipal corporation voting on the question of 388  
continuing to tax such shares after that date voted in favor of 389  
that question at an election held November 2, 2004. If a 390  
majority of those electors voted in favor of the question, the 391  
municipal corporation may continue after December 31, 2004, to 392  
impose the tax on such distributive shares only to the extent 393  
such shares would be so allocated or apportioned to this state. 394

(d) A municipal corporation shall be deemed to have 395  
elected to tax S corporation shareholders' distributive shares 396  
of net profits of the S corporation in the hands of the 397

shareholders if a majority of the electors of a municipal 398  
corporation voted in favor of a question at an election held 399  
under division (C) (14) (b) or (c) of this section. The municipal 400  
corporation shall specify by resolution or ordinance that the 401  
tax applies to the distributive share of a shareholder of an S 402  
corporation in the hands of the shareholder of the S 403  
corporation. 404

(15) The income of individuals under eighteen years of 405  
age. 406

(16) (a) Except as provided in divisions (C) (16) (b), (c), 407  
and (d) of this section, qualifying wages described in division 408  
(B) (1) or (E) of section 718.011 of the Revised Code to the 409  
extent the qualifying wages are not subject to withholding for 410  
the municipal corporation under either of those divisions. 411

(b) The exemption provided in division (C) (16) (a) of this 412  
section does not apply with respect to the municipal corporation 413  
in which the employee resided at the time the employee earned 414  
the qualifying wages. 415

(c) The exemption provided in division (C) (16) (a) of this 416  
section does not apply to qualifying wages that an employer 417  
elects to withhold under division (D) (2) of section 718.011 of 418  
the Revised Code. 419

(d) The exemption provided in division (C) (16) (a) of this 420  
section does not apply to qualifying wages if both of the 421  
following conditions apply: 422

(i) For qualifying wages described in division (B) (1) of 423  
section 718.011 of the Revised Code, the employee's employer 424  
withholds and remits tax on the qualifying wages to the 425  
municipal corporation in which the employee's principal place of 426

work is situated, or, for qualifying wages described in division 427  
(E) of section 718.011 of the Revised Code, the employee's 428  
employer withholds and remits tax on the qualifying wages to the 429  
municipal corporation in which the employer's fixed location is 430  
located; 431

(ii) The employee receives a refund of the tax described 432  
in division (C) (16) (d) (i) of this section on the basis of the 433  
employee not performing services in that municipal corporation. 434

(17) (a) Except as provided in division (C) (17) (b) or (c) 435  
of this section, compensation that is not qualifying wages paid 436  
to a nonresident individual for personal services performed in 437  
the municipal corporation on not more than twenty days in a 438  
taxable year. 439

(b) The exemption provided in division (C) (17) (a) of this 440  
section does not apply under either of the following 441  
circumstances: 442

(i) The individual's base of operation is located in the 443  
municipal corporation. 444

(ii) The individual is a professional athlete, 445  
professional entertainer, or public figure, and the compensation 446  
is paid for the performance of services in the individual's 447  
capacity as a professional athlete, professional entertainer, or 448  
public figure. For purposes of division (C) (17) (b) (ii) of this 449  
section, "professional athlete," "professional entertainer," and 450  
"public figure" have the same meanings as in section 718.011 of 451  
the Revised Code. 452

(c) Compensation to which division (C) (17) of this section 453  
applies shall be treated as earned or received at the 454  
individual's base of operation. If the individual does not have 455



a base of operation, the compensation shall be treated as earned 456  
or received where the individual is domiciled. 457

(d) For purposes of division (C)(17) of this section, 458  
"base of operation" means the location where an individual owns 459  
or rents an office, storefront, or similar facility to which the 460  
individual regularly reports and at which the individual 461  
regularly performs personal services for compensation. 462

(18) Compensation paid to a person for personal services 463  
performed for a political subdivision on property owned by the 464  
political subdivision, regardless of whether the compensation is 465  
received by an employee of the subdivision or another person 466  
performing services for the subdivision under a contract with 467  
the subdivision, if the property on which services are performed 468  
is annexed to a municipal corporation pursuant to section 469  
709.023 of the Revised Code on or after March 27, 2013, unless 470  
the person is subject to such taxation because of residence. If 471  
the compensation is subject to taxation because of residence, 472  
municipal income tax shall be payable only to the municipal 473  
corporation of residence. 474

(19) In the case of a tax administered, collected, and 475  
enforced by a municipal corporation pursuant to an agreement 476  
with the board of directors of a joint economic development 477  
district under section 715.72 of the Revised Code, the net 478  
profits of a business, and the income of the employees of that 479  
business, exempted from the tax under division (Q) of that 480  
section. 481

(20) All of the following: 482

(a) Income derived from disaster work conducted in this 483  
state by an out-of-state disaster business during a disaster 484

response period pursuant to a qualifying solicitation received 485  
by the business; 486

(b) Income of a qualifying employee described in division 487  
(A) (14) (a) of section 5703.94 of the Revised Code, to the extent 488  
such income is derived from disaster work conducted in this 489  
state by the employee during a disaster response period pursuant 490  
to a qualifying solicitation received by the employee's 491  
employer; 492

(c) Income of a qualifying employee described in division 493  
(A) (14) (b) of section 5703.94 of the Revised Code, to the extent 494  
such income is derived from disaster work conducted in this 495  
state by the employee during a disaster response period on 496  
critical infrastructure owned or used by the employee's 497  
employer. 498

(21) Income the taxation of which is prohibited by the 499  
constitution or laws of the United States. 500

Any item of income that is exempt income of a pass-through 501  
entity under division (C) of this section is exempt income of 502  
each owner of the pass-through entity to the extent of that 503  
owner's distributive or proportionate share of that item of the 504  
entity's income. 505

(D) (1) "Net profit" for a person who is an individual 506  
means the individual's net profit required to be reported on 507  
schedule C, schedule E, or schedule F reduced by any net 508  
operating loss carried forward. For the purposes of division (D) 509  
(1) of this section, the net operating loss carried forward 510  
shall be calculated and deducted in the same manner as provided 511  
in division (D) (3) of this section. 512

(2) "Net profit" for a person other than an individual 513

means adjusted federal taxable income reduced by any net 514  
operating loss incurred by the person in a taxable year 515  
beginning on or after January 1, 2017, subject to the 516  
limitations of division (D) (3) of this section. 517

(3) (a) The amount of such net operating loss shall be 518  
deducted from net profit to the extent necessary to reduce 519  
municipal taxable income to zero, with any remaining unused 520  
portion of the net operating loss carried forward to not more 521  
than five consecutive taxable years following the taxable year 522  
in which the loss was incurred, but in no case for more years 523  
than necessary for the deduction to be fully utilized. 524

(b) No person shall use the deduction allowed by division 525  
(D) (3) of this section to offset qualifying wages. 526

(c) (i) For taxable years beginning in 2018, 2019, 2020, 527  
2021, or 2022, a person may not deduct, for purposes of an 528  
income tax levied by a municipal corporation that levies an 529  
income tax before January 1, 2016, more than fifty per cent of 530  
the amount of the deduction otherwise allowed by division (D) (3) 531  
of this section. 532

(ii) For taxable years beginning in 2023 or thereafter, a 533  
person may deduct, for purposes of an income tax levied by a 534  
municipal corporation that levies an income tax before January 535  
1, 2016, the full amount allowed by division (D) (3) of this 536  
section without regard to the limitation of division (D) (3) (c) 537  
(i) of this section. 538

(d) Any pre-2017 net operating loss carryforward deduction 539  
that is available may be utilized before a taxpayer may deduct 540  
any amount pursuant to division (D) (3) of this section. 541

(e) Nothing in division (D) (3) (c) (i) of this section 542

precludes a person from carrying forward, for use with respect 543  
to any return filed for a taxable year beginning after 2018, any 544  
amount of net operating loss that was not fully utilized by 545  
operation of division (D) (3) (c) (i) of this section. To the 546  
extent that an amount of net operating loss that was not fully 547  
utilized in one or more taxable years by operation of division 548  
(D) (3) (c) (i) of this section is carried forward for use with 549  
respect to a return filed for a taxable year beginning in 2019, 550  
2020, 2021, or 2022, the limitation described in division (D) (3) 551  
(c) (i) of this section shall apply to the amount carried 552  
forward. 553

(4) For the purposes of this chapter, and notwithstanding 554  
division (D) (2) of this section, net profit of a disregarded 555  
entity shall not be taxable as against that disregarded entity, 556  
but shall instead be included in the net profit of the owner of 557  
the disregarded entity. 558

(5) For the purposes of this chapter, and notwithstanding 559  
any other provision of this chapter, the net profit of a 560  
publicly traded partnership that makes the election described in 561  
division (D) (5) of this section shall be taxed as if the 562  
partnership were a C corporation, and shall not be treated as 563  
the net profit or income of any owner of the partnership. 564

A publicly traded partnership that is treated as a 565  
partnership for federal income tax purposes and that is subject 566  
to tax on its net profits in one or more municipal corporations 567  
in this state may elect to be treated as a C corporation for 568  
municipal income tax purposes. The publicly traded partnership 569  
shall make the election in every municipal corporation in which 570  
the partnership is subject to taxation on its net profits. The 571  
election shall be made on the annual tax return filed in each 572

such municipal corporation. The publicly traded partnership 573  
shall not be required to file the election with any municipal 574  
corporation in which the partnership is not subject to taxation 575  
on its net profits, but division (D) (5) of this section applies 576  
to all municipal corporations in which an individual owner of 577  
the partnership resides. 578

(E) "Adjusted federal taxable income," for a person 579  
required to file as a C corporation, or for a person that has 580  
elected to be taxed as a C corporation under division (D) (5) of 581  
this section, means a C corporation's federal taxable income 582  
before net operating losses and special deductions as determined 583  
under the Internal Revenue Code, adjusted as follows: 584

(1) Deduct intangible income to the extent included in 585  
federal taxable income. The deduction shall be allowed 586  
regardless of whether the intangible income relates to assets 587  
used in a trade or business or assets held for the production of 588  
income. 589

(2) Add an amount equal to five per cent of intangible 590  
income deducted under division (E) (1) of this section, but 591  
excluding that portion of intangible income directly related to 592  
the sale, exchange, or other disposition of property described 593  
in section 1221 of the Internal Revenue Code; 594

(3) Add any losses allowed as a deduction in the 595  
computation of federal taxable income if the losses directly 596  
relate to the sale, exchange, or other disposition of an asset 597  
described in section 1221 or 1231 of the Internal Revenue Code; 598

(4) (a) Except as provided in division (E) (4) (b) of this 599  
section, deduct income and gain included in federal taxable 600  
income to the extent the income and gain directly relate to the 601

sale, exchange, or other disposition of an asset described in 602  
section 1221 or 1231 of the Internal Revenue Code; 603

(b) Division (E) (4) (a) of this section does not apply to 604  
the extent the income or gain is income or gain described in 605  
section 1245 or 1250 of the Internal Revenue Code. 606

(5) Add taxes on or measured by net income allowed as a 607  
deduction in the computation of federal taxable income; 608

(6) In the case of a real estate investment trust or 609  
regulated investment company, add all amounts with respect to 610  
dividends to, distributions to, or amounts set aside for or 611  
credited to the benefit of investors and allowed as a deduction 612  
in the computation of federal taxable income; 613

(7) Deduct, to the extent not otherwise deducted or 614  
excluded in computing federal taxable income, any income derived 615  
from a transfer agreement or from the enterprise transferred 616  
under that agreement under section 4313.02 of the Revised Code; 617

(8) Deduct exempt income to the extent not otherwise 618  
deducted or excluded in computing adjusted federal taxable 619  
income. 620

(9) Deduct any net profit of a pass-through entity owned 621  
directly or indirectly by the taxpayer and included in the 622  
taxpayer's federal taxable income unless an affiliated group of 623  
corporations includes that net profit in the group's federal 624  
taxable income in accordance with division (E) (3) (b) of section 625  
718.06 of the Revised Code. 626

(10) Add any loss incurred by a pass-through entity owned 627  
directly or indirectly by the taxpayer and included in the 628  
taxpayer's federal taxable income unless an affiliated group of 629  
corporations includes that loss in the group's federal taxable 630

income in accordance with division (E) (3) (b) of section 718.06 631  
of the Revised Code. 632

If the taxpayer is not a C corporation, is not a 633  
disregarded entity that has made the election described in 634  
division (L) (2) of this section, is not a publicly traded 635  
partnership that has made the election described in division (D) 636  
(5) of this section, and is not an individual, the taxpayer 637  
shall compute adjusted federal taxable income under this section 638  
as if the taxpayer were a C corporation, except guaranteed 639  
payments and other similar amounts paid or accrued to a partner, 640  
former partner, shareholder, former shareholder, member, or 641  
former member shall not be allowed as a deductible expense 642  
unless such payments are a pension or retirement benefit payment 643  
paid to a retired partner, retired shareholder, or retired 644  
member or are in consideration for the use of capital and 645  
treated as payment of interest under section 469 of the Internal 646  
Revenue Code or United States treasury regulations. Amounts paid 647  
or accrued to a qualified self-employed retirement plan with 648  
respect to a partner, former partner, shareholder, former 649  
shareholder, member, or former member of the taxpayer, amounts 650  
paid or accrued to or for health insurance for a partner, former 651  
partner, shareholder, former shareholder, member, or former 652  
member, and amounts paid or accrued to or for life insurance for 653  
a partner, former partner, shareholder, former shareholder, 654  
member, or former member shall not be allowed as a deduction. 655

Nothing in division (E) of this section shall be construed 656  
as allowing the taxpayer to add or deduct any amount more than 657  
once or shall be construed as allowing any taxpayer to deduct 658  
any amount paid to or accrued for purposes of federal self- 659  
employment tax. 660

(F) "Schedule C" means internal revenue service schedule C (form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	661 662 663
(G) "Schedule E" means internal revenue service schedule E (form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	664 665 666
(H) "Schedule F" means internal revenue service schedule F (form 1040) filed by a taxpayer pursuant to the Internal Revenue Code.	667 668 669
(I) "Internal Revenue Code" has the same meaning as in section 5747.01 of the Revised Code.	670 671
(J) "Resident" means an individual who is domiciled in the municipal corporation as determined under section 718.012 of the Revised Code.	672 673 674
(K) "Nonresident" means an individual that is not a resident.	675 676
(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.	677 678 679 680 681
(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:	682 683 684 685 686 687
(i) The limited liability company's single member is also	688



a limited liability company. 689

(ii) The limited liability company and its single member 690  
were formed and doing business in one or more Ohio municipal 691  
corporations for at least five years before January 1, 2004. 692

(iii) Not later than December 31, 2004, the limited 693  
liability company and its single member each made an election to 694  
be treated as a separate taxpayer under division (L) of this 695  
section as this section existed on December 31, 2004. 696

(iv) The limited liability company was not formed for the 697  
purpose of evading or reducing Ohio municipal corporation income 698  
tax liability of the limited liability company or its single 699  
member. 700

(v) The Ohio municipal corporation that was the primary 701  
place of business of the sole member of the limited liability 702  
company consented to the election. 703

(b) For purposes of division (L) (2) (a) (v) of this section, 704  
a municipal corporation was the primary place of business of a 705  
limited liability company if, for the limited liability 706  
company's taxable year ending in 2003, its income tax liability 707  
was greater in that municipal corporation than in any other 708  
municipal corporation in Ohio, and that tax liability to that 709  
municipal corporation for its taxable year ending in 2003 was at 710  
least four hundred thousand dollars. 711

(M) "Person" includes individuals, firms, companies, joint 712  
stock companies, business trusts, estates, trusts, partnerships, 713  
limited liability partnerships, limited liability companies, 714  
associations, C corporations, S corporations, governmental 715  
entities, and any other entity. 716

(N) "Pass-through entity" means a partnership not treated 717

as an association taxable as a C corporation for federal income 718  
tax purposes, a limited liability company not treated as an 719  
association taxable as a C corporation for federal income tax 720  
purposes, an S corporation, or any other class of entity from 721  
which the income or profits of the entity are given pass-through 722  
treatment for federal income tax purposes. "Pass-through entity" 723  
does not include a trust, estate, grantor of a grantor trust, or 724  
disregarded entity. 725

(O) "S corporation" means a person that has made an 726  
election under subchapter S of Chapter 1 of Subtitle A of the 727  
Internal Revenue Code for its taxable year. 728

(P) "Single member limited liability company" means a 729  
limited liability company that has one direct member. 730

(Q) "Limited liability company" means a limited liability 731  
company formed under former Chapter 1705. of the Revised Code as 732  
that chapter existed prior to February 11, 2022, Chapter 1706. 733  
of the Revised Code, or the laws of another state. 734

(R) "Qualifying wages" means wages, as defined in section 735  
3121(a) of the Internal Revenue Code, without regard to any wage 736  
limitations, adjusted as follows: 737

(1) Deduct the following amounts: 738

(a) Any amount included in wages if the amount constitutes 739  
compensation attributable to a plan or program described in 740  
section 125 of the Internal Revenue Code. 741

(b) Any amount included in wages if the amount constitutes 742  
payment on account of a disability related to sickness or an 743  
accident paid by a party unrelated to the employer, agent of an 744  
employer, or other payer. 745

(c) Any amount attributable to a nonqualified deferred 746  
compensation plan or program described in section 3121(v) (2) (C) 747  
of the Internal Revenue Code if the compensation is included in 748  
wages and the municipal corporation has, by resolution or 749  
ordinance adopted before January 1, 2016, exempted the amount 750  
from withholding and tax. 751

(d) Any amount included in wages if the amount arises from 752  
the sale, exchange, or other disposition of a stock option, the 753  
exercise of a stock option, or the sale, exchange, or other 754  
disposition of stock purchased under a stock option and the 755  
municipal corporation has, by resolution or ordinance adopted 756  
before January 1, 2016, exempted the amount from withholding and 757  
tax. 758

(e) Any amount included in wages that is exempt income. 759

(2) Add the following amounts: 760

(a) Any amount not included in wages solely because the 761  
employee was employed by the employer before April 1, 1986. 762

(b) Any amount not included in wages because the amount 763  
arises from the sale, exchange, or other disposition of a stock 764  
option, the exercise of a stock option, or the sale, exchange, 765  
or other disposition of stock purchased under a stock option and 766  
the municipal corporation has not, by resolution or ordinance, 767  
exempted the amount from withholding and tax adopted before 768  
January 1, 2016. Division (R) (2) (b) of this section applies only 769  
to those amounts constituting ordinary income. 770

(c) Any amount not included in wages if the amount is an 771  
amount described in section 401(k), 403(b), or 457 of the 772  
Internal Revenue Code. Division (R) (2) (c) of this section 773  
applies only to employee contributions and employee deferrals. 774

(d) Any amount that is supplemental unemployment 775  
compensation benefits described in section 3402(o) (2) of the 776  
Internal Revenue Code and not included in wages. 777

(e) Any amount received that is treated as self-employment 778  
income for federal tax purposes in accordance with section 779  
1402(a) (8) of the Internal Revenue Code. 780

(f) Any amount not included in wages if all of the 781  
following apply: 782

(i) For the taxable year the amount is employee 783  
compensation that is earned outside of the United States and 784  
that either is included in the taxpayer's gross income for 785  
federal income tax purposes or would have been included in the 786  
taxpayer's gross income for such purposes if the taxpayer did 787  
not elect to exclude the income under section 911 of the 788  
Internal Revenue Code; 789

(ii) For no preceding taxable year did the amount 790  
constitute wages as defined in section 3121(a) of the Internal 791  
Revenue Code; 792

(iii) For no succeeding taxable year will the amount 793  
constitute wages; and 794

(iv) For any taxable year the amount has not otherwise 795  
been added to wages pursuant to either division (R) (2) of this 796  
section or section 718.03 of the Revised Code, as that section 797  
existed before the effective date of H.B. 5 of the 130th general 798  
assembly, March 23, 2015. 799

(S) "Intangible income" means income of any of the 800  
following types: income yield, interest, capital gains, 801  
dividends, or other income arising from the ownership, sale, 802  
exchange, or other disposition of intangible property including, 803

but not limited to, investments, deposits, money, or credits as 804  
those terms are defined in Chapter 5701. of the Revised Code, 805  
and patents, copyrights, trademarks, tradenames, investments in 806  
real estate investment trusts, investments in regulated 807  
investment companies, and appreciation on deferred compensation. 808  
"Intangible income" does not include prizes, awards, or other 809  
income associated with any lottery winnings, gambling winnings, 810  
or other similar games of chance. 811

(T) "Taxable year" means the corresponding tax reporting 812  
period as prescribed for the taxpayer under the Internal Revenue 813  
Code. 814

(U) (1) "Tax administrator" means, subject to division (U) 815  
(2) of this section, the individual charged with direct 816  
responsibility for administration of an income tax levied by a 817  
municipal corporation in accordance with this chapter, and also 818  
includes the following: 819

(a) A municipal corporation acting as the agent of another 820  
municipal corporation; 821

(b) A person retained by a municipal corporation to 822  
administer a tax levied by the municipal corporation, but only 823  
if the municipal corporation does not compensate the person in 824  
whole or in part on a contingency basis; 825

(c) The central collection agency or the regional income 826  
tax agency or their successors in interest, or another entity 827  
organized to perform functions similar to those performed by the 828  
central collection agency and the regional income tax agency. 829

(2) "Tax administrator" does not include the tax 830  
commissioner. 831

(3) A private individual or entity serving in any position 832

described in division (U) (1) (b) or (c) of this section shall 833  
have no access to criminal history record information. 834

(V) "Employer" means a person that is an employer for 835  
federal income tax purposes. 836

(W) "Employee" means an individual who is an employee for 837  
federal income tax purposes. 838

(X) "Other payer" means any person, other than an 839  
individual's employer or the employer's agent, that pays an 840  
individual any amount included in the federal gross income of 841  
the individual. "Other payer" includes casino operators and 842  
video lottery terminal sales agents. 843

(Y) "Calendar quarter" means the three-month period ending 844  
on the last day of March, June, September, or December. 845

(Z) "Form 2106" means internal revenue service form 2106 846  
filed by a taxpayer pursuant to the Internal Revenue Code. 847

(AA) "Municipal corporation" includes a joint economic 848  
development district or joint economic development zone that 849  
levies an income tax under section 715.691, 715.70, 715.71, or 850  
715.72 of the Revised Code. 851

(BB) "Disregarded entity" means a single member limited 852  
liability company, a qualifying subchapter S subsidiary, or 853  
another entity if the company, subsidiary, or entity is a 854  
disregarded entity for federal income tax purposes. 855

(CC) "Generic form" means an electronic or paper form that 856  
is not prescribed by a particular municipal corporation and that 857  
is designed for reporting taxes withheld by an employer, agent 858  
of an employer, or other payer, estimated municipal income 859  
taxes, or annual municipal income tax liability or for filing a 860

refund claim.	861
(DD) "Tax return preparer" means any individual described	862
in section 7701(a) (36) of the Internal Revenue Code and 26	863
C.F.R. 301.7701-15.	864
(EE) "Ohio business gateway" means the online computer	865
network system created under section 125.30 of the Revised Code	866
or any successor electronic filing and payment system.	867
(FF) "Local board of tax review" and "board of tax review"	868
mean the entity created under section 718.11 of the Revised	869
Code.	870
(GG) "Net operating loss" means a loss incurred by a	871
person in the operation of a trade or business. "Net operating	872
loss" does not include unutilized losses resulting from basis	873
limitations, at-risk limitations, or passive activity loss	874
limitations.	875
(HH) "Casino operator" and "casino facility" have the same	876
meanings as in section 3772.01 of the Revised Code.	877
(II) "Video lottery terminal" has the same meaning as in	878
section 3770.21 of the Revised Code.	879
(JJ) "Video lottery terminal sales agent" means a lottery	880
sales agent licensed under Chapter 3770. of the Revised Code to	881
conduct video lottery terminals on behalf of the state pursuant	882
to section 3770.21 of the Revised Code.	883
(KK) "Postal service" means the United States postal	884
service.	885
(LL) "Certified mail," "express mail," "United States	886
mail," "postal service," and similar terms include any delivery	887
service authorized pursuant to section 5703.056 of the Revised	888

Code.	889
(MM) "Postmark date," "date of postmark," and similar	890
terms include the date recorded and marked in the manner	891
described in division (B) (3) of section 5703.056 of the Revised	892
Code.	893
(NN) "Related member" means a person that, with respect to	894
the taxpayer during all or any portion of the taxable year, is	895
either a related entity, a component member as defined in	896
section 1563(b) of the Internal Revenue Code, or a person to or	897
from whom there is attribution of stock ownership in accordance	898
with section 1563(e) of the Internal Revenue Code except, for	899
purposes of determining whether a person is a related member	900
under this division, "twenty per cent" shall be substituted for	901
"5 percent" wherever "5 percent" appears in section 1563(e) of	902
the Internal Revenue Code.	903
(OO) "Related entity" means any of the following:	904
(1) An individual stockholder, or a member of the	905
stockholder's family enumerated in section 318 of the Internal	906
Revenue Code, if the stockholder and the members of the	907
stockholder's family own directly, indirectly, beneficially, or	908
constructively, in the aggregate, at least fifty per cent of the	909
value of the taxpayer's outstanding stock;	910
(2) A stockholder, or a stockholder's partnership, estate,	911
trust, or corporation, if the stockholder and the stockholder's	912
partnerships, estates, trusts, or corporations own directly,	913
indirectly, beneficially, or constructively, in the aggregate,	914
at least fifty per cent of the value of the taxpayer's	915
outstanding stock;	916
(3) A corporation, or a party related to the corporation	917



in a manner that would require an attribution of stock from the 918  
corporation to the party or from the party to the corporation 919  
under division (OO) (4) of this section, provided the taxpayer 920  
owns directly, indirectly, beneficially, or constructively, at 921  
least fifty per cent of the value of the corporation's 922  
outstanding stock; 923

(4) The attribution rules described in section 318 of the 924  
Internal Revenue Code apply for the purpose of determining 925  
whether the ownership requirements in divisions (OO) (1) to (3) 926  
of this section have been met. 927

(PP) (1) "Assessment" means a written finding by the tax 928  
administrator that a person has underpaid municipal income tax, 929  
or owes penalty and interest, or any combination of tax, 930  
penalty, or interest, to the municipal corporation that 931  
commences the person's time limitation for making an appeal to 932  
the local board of tax review pursuant to section 718.11 of the 933  
Revised Code, and has "ASSESSMENT" written in all capital 934  
letters at the top of such finding. 935

(2) "Assessment" does not include an informal notice 936  
denying a request for refund issued under division (B) (3) of 937  
section 718.19 of the Revised Code, a billing statement 938  
notifying a taxpayer of current or past-due balances owed to the 939  
municipal corporation, a tax administrator's request for 940  
additional information, a notification to the taxpayer of 941  
mathematical errors, or a tax administrator's other written 942  
correspondence to a person or taxpayer that does not meet the 943  
criteria prescribed by division (PP) (1) of this section. 944

(QQ) "Taxpayers' rights and responsibilities" means the 945  
rights provided to taxpayers in sections 718.11, 718.12, 718.19, 946  
718.23, 718.36, 718.37, 718.38, 5717.011, and 5717.03 of the 947

Revised Code and the responsibilities of taxpayers to file, 948  
report, withhold, remit, and pay municipal income tax and 949  
otherwise comply with Chapter 718. of the Revised Code and 950  
resolutions, ordinances, and rules adopted by a municipal 951  
corporation for the imposition and administration of a municipal 952  
income tax. 953

(RR) "Qualified municipal corporation" means a municipal 954  
corporation that, by resolution or ordinance adopted on or 955  
before December 31, 2011, adopted Ohio adjusted gross income, as 956  
defined by section 5747.01 of the Revised Code, as the income 957  
subject to tax for the purposes of imposing a municipal income 958  
tax. 959

(SS) (1) "Pre-2017 net operating loss carryforward" means 960  
any net operating loss incurred in a taxable year beginning 961  
before January 1, 2017, to the extent such loss was permitted, 962  
by a resolution or ordinance of the municipal corporation that 963  
was adopted by the municipal corporation before January 1, 2016, 964  
to be carried forward and utilized to offset income or net 965  
profit generated in such municipal corporation in future taxable 966  
years. 967

(2) For the purpose of calculating municipal taxable 968  
income, any pre-2017 net operating loss carryforward may be 969  
carried forward to any taxable year, including taxable years 970  
beginning in 2017 or thereafter, for the number of taxable years 971  
provided in the resolution or ordinance or until fully utilized, 972  
whichever is earlier. 973

(TT) "Small employer" means any employer that had total 974  
revenue of less than five hundred thousand dollars during the 975  
preceding taxable year. For purposes of this division, "total 976  
revenue" means receipts of any type or kind, including, but not 977

limited to, sales receipts; payments; rents; profits; gains,	978
dividends, and other investment income; compensation;	979
commissions; premiums; money; property; grants; contributions;	980
donations; gifts; program service revenue; patient service	981
revenue; premiums; fees, including premium fees and service	982
fees; tuition payments; unrelated business revenue;	983
reimbursements; any type of payment from a governmental unit,	984
including grants and other allocations; and any other similar	985
receipts reported for federal income tax purposes or under	986
generally accepted accounting principles. "Small employer" does	987
not include the federal government; any state government,	988
including any state agency or instrumentality; any political	989
subdivision; or any entity treated as a government for financial	990
accounting and reporting purposes.	991
(UU) "Audit" means the examination of a person or the	992
inspection of the books, records, memoranda, or accounts of a	993
person for the purpose of determining liability for a municipal	994
income tax.	995
(VV) "Publicly traded partnership" means any partnership,	996
an interest in which is regularly traded on an established	997
securities market. A "publicly traded partnership" may have any	998
number of partners.	999
(WW) "Tax commissioner" means the tax commissioner	1000
appointed under section 121.03 of the Revised Code.	1001
(XX) "Out-of-state disaster business," "qualifying	1002
solicitation," "qualifying employee," "disaster work," "critical	1003
infrastructure," and "disaster response period" have the same	1004
meanings as in section 5703.94 of the Revised Code.	1005
(YY) "Pension" means a retirement benefit plan, regardless	1006

of whether the plan satisfies the qualifications described under 1007  
section 401(a) of the Internal Revenue Code, including amounts 1008  
that are taxable under the "Federal Insurance Contributions 1009  
Act," Chapter 21 of the Internal Revenue Code, excluding 1010  
employee contributions and elective deferrals, and regardless of 1011  
whether such amounts are paid in the same taxable year in which 1012  
the amounts are included in the employee's wages, as defined by 1013  
section 3121(a) of the Internal Revenue Code. 1014

(ZZ) "Retirement benefit plan" means an arrangement 1015  
whereby an entity provides benefits to individuals either on or 1016  
after their termination of service because of retirement or 1017  
disability. "Retirement benefit plan" does not include wage 1018  
continuation payments, severance payments, or payments made for 1019  
accrued personal or vacation time. 1020

**Sec. 1315.01.** Except when the context otherwise requires, 1021  
as used in sections 1315.01 to 1315.18 of the Revised Code: 1022

(A) "Authorized delegate" means a person designated by a 1023  
licensee under section 1315.11 of the Revised Code to receive, 1024  
directly or indirectly, money or its equivalent for transmission 1025  
by the licensee. 1026

(B) "Control" means the power, directly or indirectly, to 1027  
direct the management and policies of a licensee or the 1028  
ownership, control of, or power to vote twenty-five per cent or 1029  
more of any class of the outstanding voting securities of a 1030  
controlling person. For purposes of determining the percentage 1031  
of a licensee controlled by any person, the person's interest 1032  
shall be aggregated with the interest of any other person 1033  
controlled by the person or by any spouse, parent, or child of 1034  
the person. 1035

(C) "Controlling person" means any person that controls a licensee. 1036  
1037

(D) "Executive officer" means the licensee's president, treasurer, secretary, each senior officer responsible for the licensee's business, and any other person that performs similar functions. 1038  
1039  
1040  
1041

(E) "Licensee" means a person licensed under sections 1315.01 to 1315.18 of the Revised Code to receive, directly or indirectly, for transmission, money or its equivalent from persons located in this state. 1042  
1043  
1044  
1045

(F) "Outstandings" means the total of all moneys received for transmission that are not yet delivered, paid, or accessed. 1046  
1047

(G) "Transmit money" means to receive, directly or indirectly and by any means, money or its equivalent from a person and to deliver, pay, or make accessible, by any means, method, manner, or device, whether or not a payment instrument is used, the money received or its equivalent to the same or another person, at the same or another time, and at the same or another place, but does not include transactions in which the recipient of the money or its equivalent is the principal or authorized representative of the principal in a transaction for which the money or its equivalent is received, other than the transmission of money or its equivalent. "Transmit money" also includes the sale of checks and other payment instruments. 1048  
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"Transmit money" does not include digital asset mining, staking, exchanging a digital asset for another digital asset, developing or deploying software which allows for the exchange of a digital asset for another digital asset, or operating a node on a blockchain protocol, as those terms are defined in section 1352.01 of the Revised Code. 1060  
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<u>Sec. 1352.01. As used in this chapter:</u>	1066
<u>(A) "Blockchain" means data that is both of the following:</u>	1067
<u>(1) Shared across a peer-to-peer network to create a</u>	1068
<u>ledger of verified transactions or information among network</u>	1069
<u>participants linked together using cryptography to maintain the</u>	1070
<u>integrity of the ledger and to execute other functions;</u>	1071
<u>(2) Distributed among network participants in an automated</u>	1072
<u>fashion to concurrently update network participants on the state</u>	1073
<u>of the ledger and any other functions.</u>	1074
<u>(B) "Blockchain protocol" means any executable software</u>	1075
<u>that is all of the following:</u>	1076
<u>(1) Governed by a set of predefined rules which execute</u>	1077
<u>autonomously without human intervention and can be altered by</u>	1078
<u>some predetermined mechanism;</u>	1079
<u>(2) Deployed to a blockchain, typically referred to as a</u>	1080
<u>smart contract, including an additional standardized set of</u>	1081
<u>rules based on a previously existing blockchain;</u>	1082
<u>(3) Used to facilitate the transfer of data and electronic</u>	1083
<u>records and allow that data and those electronic records to be</u>	1084
<u>broadcast to nodes.</u>	1085
<u>(C) "Digital asset" means virtual currencies,</u>	1086
<u>cryptocurrencies, native electronic assets, including</u>	1087
<u>stablecoins and non-fungible tokens, and other digital-only</u>	1088
<u>assets that confer economic, proprietary, or access rights or</u>	1089
<u>powers.</u>	1090
<u>(D) "Digital asset mining" means using computer hardware</u>	1091
<u>and software specifically designed or utilized for the purpose</u>	1092
<u>of validating data and securing a blockchain network.</u>	1093

(E) "Digital asset mining business" means multiple digital asset mining devices at a single site that consume more than one megawatt of electricity on an average annual basis for the purpose of generating digital assets by securing a blockchain network. 1094  
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(F) "Digital asset mining device" means computing hardware specifically designed or utilized to participate in digital asset mining for the purpose of securing a blockchain network. 1099  
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(G) "Hardware wallet" means a physical device that is not continuously connected to the internet, allows an individual to secure and transfer digital assets, and under which the owner of the digital assets retains independent control over the digital assets. 1102  
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(H) "Node" means a computational device that communicates with other devices or participants on a blockchain to maintain consensus and integrity of that blockchain, create and validate transaction blocks, contain and update a copy of a blockchain, or any combination of the foregoing. 1107  
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(I) "Political subdivision" means a county, township, or municipal corporation. 1112  
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(J) "Self-hosted wallet" means a digital interface used to secure and transfer digital assets and under which the owner of the digital assets retains independent control over the digital assets. 1114  
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(K) "Staking" means committing digital assets to a blockchain network's operations by validating transactions, proposing and attesting to blocks, and securing the network. 1118  
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(L) "Staking services" means the provision of technical staking services, including the operation of nodes and 1121  
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associated infrastructure necessary to facilitate participation 1123  
in blockchain networks' consensus mechanisms by the service 1124  
provider on behalf of an individual or entity that owns the 1125  
digital asset being staked. 1126

Sec. 1352.02. No department, agency, or instrumentality of 1127  
this state and no political subdivision of this state shall 1128  
prohibit, restrict, or otherwise impair the ability of an 1129  
individual to do either of the following: 1130

(A) Accept digital assets as a method of payment for legal 1131  
goods and services; 1132

(B) Take custody of digital assets using a hardware wallet 1133  
or self-hosted wallet. 1134

Sec. 1352.03. (A) Any person may engage in digital asset 1135  
mining in areas of this state zoned for residential use, 1136  
provided that the person complies with all applicable local 1137  
ordinances, resolutions, regulations, and orders in areas zoned 1138  
for residential use, including those adopted in accordance with 1139  
sections 505.172 and 715.49 of the Revised Code. 1140

(B) A digital asset mining business may operate in any 1141  
area of this state that is zoned for industrial use, provided 1142  
the digital asset mining business meets the requirements for 1143  
industrial use. 1144

(C) A political subdivision of this state shall not adopt 1145  
or enforce an ordinance, resolution, regulation, or order 1146  
specific to digital asset mining businesses that does not also 1147  
apply to other similarly situated businesses. 1148

(D) A political subdivision of this state shall not rezone 1149  
or redistrict parcels in a manner that affects a digital asset 1150  
mining business without going through the proper notice and 1151



comment process. 1152

(E) A digital asset mining business that believes a 1153  
political subdivision rezoned or redistricted parcels in a 1154  
manner that discriminates against the business may appeal the 1155  
rezoning or redistricting to the court of common pleas of the 1156  
county where the business is located. 1157

**Sec. 1352.04.** (A) No person is required to obtain a money 1158  
transmitter license under Chapter 1315. of the Revised Code 1159  
solely to engage in any of the following: 1160

(1) Digital asset mining; 1161

(2) Staking; 1162

(3) Exchanging a digital asset for another digital asset; 1163

(4) Developing or deploying software which allows for the 1164  
exchange of a digital asset for another digital asset; 1165

(5) Operating a node or series of nodes on a blockchain 1166  
protocol. 1167

(B) A business providing or offering to provide digital 1168  
asset mining or staking services is not considered to be 1169  
offering a security or investment contract for the purposes of 1170  
Chapter 1308. of the Revised Code. 1171

**Sec. 5747.01.** Except as otherwise expressly provided or 1172  
clearly appearing from the context, any term used in this 1173  
chapter that is not otherwise defined in this section has the 1174  
same meaning as when used in a comparable context in the laws of 1175  
the United States relating to federal income taxes or if not 1176  
used in a comparable context in those laws, has the same meaning 1177  
as in section 5733.40 of the Revised Code. Any reference in this 1178  
chapter to the Internal Revenue Code includes other laws of the 1179

United States relating to federal income taxes.	1180
As used in this chapter:	1181
(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:	1182 1183 1184 1185
(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.	1186 1187 1188 1189
(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.	1190 1191 1192 1193 1194
(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.	1195 1196 1197 1198 1199 1200
(4) Deduct disability and survivor's benefits to the extent included in federal adjusted gross income.	1201 1202
(5) Deduct the following, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income:	1203 1204 1205
(a) Benefits under Title II of the Social Security Act and tier 1 railroad retirement;	1206 1207

(b) Railroad retirement benefits, other than tier 1	1208
railroad retirement benefits, to the extent such amounts are	1209
exempt from state taxation under federal law.	1210
(6) Deduct the amount of wages and salaries, if any, not	1211
otherwise allowable as a deduction but that would have been	1212
allowable as a deduction in computing federal adjusted gross	1213
income for the taxable year, had the work opportunity tax credit	1214
allowed and determined under sections 38, 51, and 52 of the	1215
Internal Revenue Code not been in effect.	1216
(7) Deduct any interest or interest equivalent on public	1217
obligations and purchase obligations to the extent that the	1218
interest or interest equivalent is included in federal adjusted	1219
gross income.	1220
(8) Add any loss or deduct any gain resulting from the	1221
sale, exchange, or other disposition of public obligations to	1222
the extent that the loss has been deducted or the gain has been	1223
included in computing federal adjusted gross income.	1224
(9) Deduct or add amounts, as provided under section	1225
5747.70 of the Revised Code, related to contributions made to or	1226
tuition units purchased under a qualified tuition program	1227
established pursuant to section 529 of the Internal Revenue	1228
Code.	1229
(10) (a) Deduct, to the extent not otherwise allowable as a	1230
deduction or exclusion in computing federal or Ohio adjusted	1231
gross income for the taxable year, the amount the taxpayer paid	1232
during the taxable year for medical care insurance and qualified	1233
long-term care insurance for the taxpayer, the taxpayer's	1234
spouse, and dependents. No deduction for medical care insurance	1235
under division (A) (10) (a) of this section shall be allowed	1236

either to any taxpayer who is eligible to participate in any 1237  
subsidized health plan maintained by any employer of the 1238  
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 1239  
entitled to, or on application would be entitled to, benefits 1240  
under part A of Title XVIII of the "Social Security Act," 49 1241  
Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 1242  
division (A)(10)(a) of this section, "subsidized health plan" 1243  
means a health plan for which the employer pays any portion of 1244  
the plan's cost. The deduction allowed under division (A)(10)(a) 1245  
of this section shall be the net of any related premium refunds, 1246  
related premium reimbursements, or related insurance premium 1247  
dividends received during the taxable year. 1248

(b) Deduct, to the extent not otherwise deducted or 1249  
excluded in computing federal or Ohio adjusted gross income 1250  
during the taxable year, the amount the taxpayer paid during the 1251  
taxable year, not compensated for by any insurance or otherwise, 1252  
for medical care of the taxpayer, the taxpayer's spouse, and 1253  
dependents, to the extent the expenses exceed seven and one-half 1254  
per cent of the taxpayer's federal adjusted gross income. 1255

(c) For purposes of division (A)(10) of this section, 1256  
"medical care" has the meaning given in section 213 of the 1257  
Internal Revenue Code, subject to the special rules, 1258  
limitations, and exclusions set forth therein, and "qualified 1259  
long-term care" has the same meaning given in section 7702B(c) 1260  
of the Internal Revenue Code. Solely for purposes of division 1261  
(A)(10)(a) of this section, "dependent" includes a person who 1262  
otherwise would be a "qualifying relative" and thus a 1263  
"dependent" under section 152 of the Internal Revenue Code but 1264  
for the fact that the person fails to meet the income and 1265  
support limitations under section 152(d)(1)(B) and (C) of the 1266  
Internal Revenue Code. 1267

(11) (a) Deduct any amount included in federal adjusted 1268  
gross income solely because the amount represents a 1269  
reimbursement or refund of expenses that in any year the 1270  
taxpayer had deducted as an itemized deduction pursuant to 1271  
section 63 of the Internal Revenue Code and applicable United 1272  
States department of the treasury regulations. The deduction 1273  
otherwise allowed under division (A) (11) (a) of this section 1274  
shall be reduced to the extent the reimbursement is attributable 1275  
to an amount the taxpayer deducted under this section in any 1276  
taxable year. 1277

(b) Add any amount not otherwise included in Ohio adjusted 1278  
gross income for any taxable year to the extent that the amount 1279  
is attributable to the recovery during the taxable year of any 1280  
amount deducted or excluded in computing federal or Ohio 1281  
adjusted gross income in any taxable year. 1282

(12) Deduct any portion of the deduction described in 1283  
section 1341(a) (2) of the Internal Revenue Code, for repaying 1284  
previously reported income received under a claim of right, that 1285  
meets both of the following requirements: 1286

(a) It is allowable for repayment of an item that was 1287  
included in the taxpayer's adjusted gross income for a prior 1288  
taxable year and did not qualify for a credit under division (A) 1289  
or (B) of section 5747.05 of the Revised Code for that year; 1290

(b) It does not otherwise reduce the taxpayer's adjusted 1291  
gross income for the current or any other taxable year. 1292

(13) Deduct an amount equal to the deposits made to, and 1293  
net investment earnings of, a medical savings account during the 1294  
taxable year, in accordance with section 3924.66 of the Revised 1295  
Code. The deduction allowed by division (A) (13) of this section 1296

does not apply to medical savings account deposits and earnings 1297  
otherwise deducted or excluded for the current or any other 1298  
taxable year from the taxpayer's federal adjusted gross income. 1299

(14) (a) Add an amount equal to the funds withdrawn from a 1300  
medical savings account during the taxable year, and the net 1301  
investment earnings on those funds, when the funds withdrawn 1302  
were used for any purpose other than to reimburse an account 1303  
holder for, or to pay, eligible medical expenses, in accordance 1304  
with section 3924.66 of the Revised Code; 1305

(b) Add the amounts distributed from a medical savings 1306  
account under division (A) (2) of section 3924.68 of the Revised 1307  
Code during the taxable year. 1308

(15) Add any amount claimed as a credit under section 1309  
5747.059 of the Revised Code to the extent that such amount 1310  
satisfies either of the following: 1311

(a) The amount was deducted or excluded from the 1312  
computation of the taxpayer's federal adjusted gross income as 1313  
required to be reported for the taxpayer's taxable year under 1314  
the Internal Revenue Code; 1315

(b) The amount resulted in a reduction of the taxpayer's 1316  
federal adjusted gross income as required to be reported for any 1317  
of the taxpayer's taxable years under the Internal Revenue Code. 1318

(16) Deduct the amount contributed by the taxpayer to an 1319  
individual development account program established by a county 1320  
department of job and family services pursuant to sections 1321  
329.11 to 329.14 of the Revised Code for the purpose of matching 1322  
funds deposited by program participants. On request of the tax 1323  
commissioner, the taxpayer shall provide any information that, 1324  
in the tax commissioner's opinion, is necessary to establish the 1325

amount deducted under division (A) (16) of this section. 1326

(17) (a) (i) Subject to divisions (A) (17) (a) (iii), (iv), and 1327  
(v) of this section, add five-sixths of the amount of 1328  
depreciation expense allowed by subsection (k) of section 168 of 1329  
the Internal Revenue Code, including the taxpayer's 1330  
proportionate or distributive share of the amount of 1331  
depreciation expense allowed by that subsection to a pass- 1332  
through entity in which the taxpayer has a direct or indirect 1333  
ownership interest. 1334

(ii) Subject to divisions (A) (17) (a) (iii), (iv), and (v) 1335  
of this section, add five-sixths of the amount of qualifying 1336  
section 179 depreciation expense, including the taxpayer's 1337  
proportionate or distributive share of the amount of qualifying 1338  
section 179 depreciation expense allowed to any pass-through 1339  
entity in which the taxpayer has a direct or indirect ownership 1340  
interest. 1341

(iii) Subject to division (A) (17) (a) (v) of this section, 1342  
for taxable years beginning in 2012 or thereafter, if the 1343  
increase in income taxes withheld by the taxpayer is equal to or 1344  
greater than ten per cent of income taxes withheld by the 1345  
taxpayer during the taxpayer's immediately preceding taxable 1346  
year, "two-thirds" shall be substituted for "five-sixths" for 1347  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 1348

(iv) Subject to division (A) (17) (a) (v) of this section, 1349  
for taxable years beginning in 2012 or thereafter, a taxpayer is 1350  
not required to add an amount under division (A) (17) of this 1351  
section if the increase in income taxes withheld by the taxpayer 1352  
and by any pass-through entity in which the taxpayer has a 1353  
direct or indirect ownership interest is equal to or greater 1354  
than the sum of (I) the amount of qualifying section 179 1355

depreciation expense and (II) the amount of depreciation expense 1356  
allowed to the taxpayer by subsection (k) of section 168 of the 1357  
Internal Revenue Code, and including the taxpayer's 1358  
proportionate or distributive shares of such amounts allowed to 1359  
any such pass-through entities. 1360

(v) If a taxpayer directly or indirectly incurs a net 1361  
operating loss for the taxable year for federal income tax 1362  
purposes, to the extent such loss resulted from depreciation 1363  
expense allowed by subsection (k) of section 168 of the Internal 1364  
Revenue Code and by qualifying section 179 depreciation expense, 1365  
"the entire" shall be substituted for "five-sixths of the" for 1366  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 1367

The tax commissioner, under procedures established by the 1368  
commissioner, may waive the add-backs related to a pass-through 1369  
entity if the taxpayer owns, directly or indirectly, less than 1370  
five per cent of the pass-through entity. 1371

(b) Nothing in division (A) (17) of this section shall be 1372  
construed to adjust or modify the adjusted basis of any asset. 1373

(c) To the extent the add-back required under division (A) 1374  
(17) (a) of this section is attributable to property generating 1375  
nonbusiness income or loss allocated under section 5747.20 of 1376  
the Revised Code, the add-back shall be situated to the same 1377  
location as the nonbusiness income or loss generated by the 1378  
property for the purpose of determining the credit under 1379  
division (A) of section 5747.05 of the Revised Code. Otherwise, 1380  
the add-back shall be apportioned, subject to one or more of the 1381  
four alternative methods of apportionment enumerated in section 1382  
5747.21 of the Revised Code. 1383

(d) For the purposes of division (A) (17) (a) (v) of this 1384



section, net operating loss carryback and carryforward shall not 1385  
include the allowance of any net operating loss deduction 1386  
carryback or carryforward to the taxable year to the extent such 1387  
loss resulted from depreciation allowed by section 168(k) of the 1388  
Internal Revenue Code and by the qualifying section 179 1389  
depreciation expense amount. 1390

(e) For the purposes of divisions (A) (17) and (18) of this 1391  
section: 1392

(i) "Income taxes withheld" means the total amount 1393  
withheld and remitted under sections 5747.06 and 5747.07 of the 1394  
Revised Code by an employer during the employer's taxable year. 1395

(ii) "Increase in income taxes withheld" means the amount 1396  
by which the amount of income taxes withheld by an employer 1397  
during the employer's current taxable year exceeds the amount of 1398  
income taxes withheld by that employer during the employer's 1399  
immediately preceding taxable year. 1400

(iii) "Qualifying section 179 depreciation expense" means 1401  
the difference between (I) the amount of depreciation expense 1402  
directly or indirectly allowed to a taxpayer under section 179 1403  
of the Internal Revised Code, and (II) the amount of 1404  
depreciation expense directly or indirectly allowed to the 1405  
taxpayer under section 179 of the Internal Revenue Code as that 1406  
section existed on December 31, 2002. 1407

(18) (a) If the taxpayer was required to add an amount 1408  
under division (A) (17) (a) of this section for a taxable year, 1409  
deduct one of the following: 1410

(i) One-fifth of the amount so added for each of the five 1411  
succeeding taxable years if the amount so added was five-sixths 1412  
of qualifying section 179 depreciation expense or depreciation 1413

expense allowed by subsection (k) of section 168 of the Internal Revenue Code; 1414  
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(ii) One-half of the amount so added for each of the two succeeding taxable years if the amount so added was two-thirds of such depreciation expense; 1416  
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(iii) One-sixth of the amount so added for each of the six succeeding taxable years if the entire amount of such depreciation expense was so added. 1419  
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(b) If the amount deducted under division (A) (18) (a) of this section is attributable to an add-back allocated under division (A) (17) (c) of this section, the amount deducted shall be situated to the same location. Otherwise, the add-back shall be apportioned using the apportionment factors for the taxable year in which the deduction is taken, subject to one or more of the four alternative methods of apportionment enumerated in section 5747.21 of the Revised Code. 1422  
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(c) No deduction is available under division (A) (18) (a) of this section with regard to any depreciation allowed by section 168(k) of the Internal Revenue Code and by the qualifying section 179 depreciation expense amount to the extent that such depreciation results in or increases a federal net operating loss carryback or carryforward. If no such deduction is available for a taxable year, the taxpayer may carry forward the amount not deducted in such taxable year to the next taxable year and add that amount to any deduction otherwise available under division (A) (18) (a) of this section for that next taxable year. The carryforward of amounts not so deducted shall continue until the entire addition required by division (A) (17) (a) of this section has been deducted. 1430  
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(19) Deduct, to the extent not otherwise deducted or 1443  
excluded in computing federal or Ohio adjusted gross income for 1444  
the taxable year, the amount the taxpayer received during the 1445  
taxable year as reimbursement for life insurance premiums under 1446  
section 5919.31 of the Revised Code. 1447

(20) Deduct, to the extent not otherwise deducted or 1448  
excluded in computing federal or Ohio adjusted gross income for 1449  
the taxable year, the amount the taxpayer received during the 1450  
taxable year as a death benefit paid by the adjutant general 1451  
under section 5919.33 of the Revised Code. 1452

(21) Deduct, to the extent included in federal adjusted 1453  
gross income and not otherwise allowable as a deduction or 1454  
exclusion in computing federal or Ohio adjusted gross income for 1455  
the taxable year, military pay and allowances received by the 1456  
taxpayer during the taxable year for active duty service in the 1457  
United States army, air force, navy, marine corps, or coast 1458  
guard or reserve components thereof or the national guard. The 1459  
deduction may not be claimed for military pay and allowances 1460  
received by the taxpayer while the taxpayer is stationed in this 1461  
state. 1462

(22) Deduct, to the extent not otherwise allowable as a 1463  
deduction or exclusion in computing federal or Ohio adjusted 1464  
gross income for the taxable year and not otherwise compensated 1465  
for by any other source, the amount of qualified organ donation 1466  
expenses incurred by the taxpayer during the taxable year, not 1467  
to exceed ten thousand dollars. A taxpayer may deduct qualified 1468  
organ donation expenses only once for all taxable years 1469  
beginning with taxable years beginning in 2007. 1470

For the purposes of division (A) (22) of this section: 1471

(a) "Human organ" means all or any portion of a human 1472  
liver, pancreas, kidney, intestine, or lung, and any portion of 1473  
human bone marrow. 1474

(b) "Qualified organ donation expenses" means travel 1475  
expenses, lodging expenses, and wages and salary forgone by a 1476  
taxpayer in connection with the taxpayer's donation, while 1477  
living, of one or more of the taxpayer's human organs to another 1478  
human being. 1479

(23) Deduct, to the extent not otherwise deducted or 1480  
excluded in computing federal or Ohio adjusted gross income for 1481  
the taxable year, amounts received by the taxpayer as retired 1482  
personnel pay for service in the uniformed services or reserve 1483  
components thereof, or the national guard, or received by the 1484  
surviving spouse or former spouse of such a taxpayer under the 1485  
survivor benefit plan on account of such a taxpayer's death. If 1486  
the taxpayer receives income on account of retirement paid under 1487  
the federal civil service retirement system or federal employees 1488  
retirement system, or under any successor retirement program 1489  
enacted by the congress of the United States that is established 1490  
and maintained for retired employees of the United States 1491  
government, and such retirement income is based, in whole or in 1492  
part, on credit for the taxpayer's uniformed service, the 1493  
deduction allowed under this division shall include only that 1494  
portion of such retirement income that is attributable to the 1495  
taxpayer's uniformed service, to the extent that portion of such 1496  
retirement income is otherwise included in federal adjusted 1497  
gross income and is not otherwise deducted under this section. 1498  
Any amount deducted under division (A) (23) of this section is 1499  
not included in a taxpayer's adjusted gross income for the 1500  
purposes of section 5747.055 of the Revised Code. No amount may 1501  
be deducted under division (A) (23) of this section on the basis 1502

of which a credit was claimed under section 5747.055 of the Revised Code.

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

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

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

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

(28) Deduct from the portion of an individual's federal 1533  
adjusted gross income that is business income, to the extent not 1534  
otherwise deducted or excluded in computing federal adjusted 1535  
gross income for the taxable year, one hundred twenty-five 1536  
thousand dollars for each spouse if spouses file separate 1537  
returns under section 5747.08 of the Revised Code or two hundred 1538  
fifty thousand dollars for all other individuals. 1539

(29) Deduct, as provided under section 5747.78 of the 1540  
Revised Code, contributions to ABLE savings accounts made in 1541  
accordance with sections 113.50 to 113.56 of the Revised Code. 1542

(30) (a) Deduct, to the extent not otherwise deducted or 1543  
excluded in computing federal or Ohio adjusted gross income 1544  
during the taxable year, all of the following: 1545

(i) Compensation paid to a qualifying employee described 1546  
in division (A) (14) (a) of section 5703.94 of the Revised Code to 1547  
the extent such compensation is for disaster work conducted in 1548  
this state during a disaster response period pursuant to a 1549  
qualifying solicitation received by the employee's employer; 1550

(ii) Compensation paid to a qualifying employee described 1551  
in division (A) (14) (b) of section 5703.94 of the Revised Code to 1552  
the extent such compensation is for disaster work conducted in 1553  
this state by the employee during the disaster response period 1554  
on critical infrastructure owned or used by the employee's 1555  
employer; 1556

(iii) Income received by an out-of-state disaster business 1557  
for disaster work conducted in this state during a disaster 1558  
response period, or, if the out-of-state disaster business is a 1559  
pass-through entity, a taxpayer's distributive share of the 1560  
pass-through entity's income from the business conducting 1561

disaster work in this state during a disaster response period, 1562  
if, in either case, the disaster work is conducted pursuant to a 1563  
qualifying solicitation received by the business. 1564

(b) All terms used in division (A) (30) of this section 1565  
have the same meanings as in section 5703.94 of the Revised 1566  
Code. 1567

(31) For a taxpayer who is a qualifying Ohio educator, 1568  
deduct, to the extent not otherwise deducted or excluded in 1569  
computing federal or Ohio adjusted gross income for the taxable 1570  
year, the lesser of two hundred fifty dollars or the amount of 1571  
expenses described in subsections (a) (2) (D) (i) and (ii) of 1572  
section 62 of the Internal Revenue Code paid or incurred by the 1573  
taxpayer during the taxpayer's taxable year in excess of the 1574  
amount the taxpayer is authorized to deduct for that taxable 1575  
year under subsection (a) (2) (D) of that section. 1576

(32) Deduct, to the extent not otherwise deducted or 1577  
excluded in computing federal or Ohio adjusted gross income for 1578  
the taxable year, amounts received by the taxpayer as a 1579  
disability severance payment, computed under 10 U.S.C. 1212, 1580  
following discharge or release under honorable conditions from 1581  
the armed forces of the United States, as defined in section 1582  
5907.01 of the Revised Code. 1583

(33) Deduct, to the extent not otherwise deducted or 1584  
excluded in computing federal adjusted gross income or Ohio 1585  
adjusted gross income, amounts not subject to tax due to an 1586  
agreement entered into under division (A) (2) of section 5747.05 1587  
of the Revised Code. 1588

(34) Deduct amounts as provided under section 5747.79 of 1589  
the Revised Code related to the taxpayer's qualifying capital 1590

gains and deductible payroll. 1591

To the extent a qualifying capital gain described under 1592  
division (A) (34) of this section is business income, the 1593  
taxpayer shall deduct those gains under this division before 1594  
deducting any such gains under division (A) (28) of this section. 1595

(35) (a) For taxable years beginning in or after 2026, 1596  
deduct, to the extent not otherwise deducted or excluded in 1597  
computing federal or Ohio adjusted gross income for the taxable 1598  
year: 1599

(i) One hundred per cent of the capital gain received by 1600  
the taxpayer in the taxable year from a qualifying interest in 1601  
an Ohio venture capital operating company attributable to the 1602  
company's investments in Ohio businesses during the period for 1603  
which the company was an Ohio venture operating company; and 1604

(ii) Fifty per cent of the capital gain received by the 1605  
taxpayer in the taxable year from a qualifying interest in an 1606  
Ohio venture capital operating company attributable to the 1607  
company's investments in all other businesses during the period 1608  
for which the company was an Ohio venture operating company. 1609

(b) Add amounts previously deducted by the taxpayer under 1610  
division (A) (35) (a) of this section if the director of 1611  
development certifies to the tax commissioner that the 1612  
requirements for the deduction were not met. 1613

(c) All terms used in division (A) (35) of this section 1614  
have the same meanings as in section 122.851 of the Revised 1615  
Code. 1616

(d) To the extent a capital gain described in division (A) 1617  
(35) (a) of this section is business income, the taxpayer shall 1618  
apply that division before applying division (A) (28) of this 1619



section. 1620

(36) Add, to the extent not otherwise included in 1621  
computing federal or Ohio adjusted gross income for any taxable 1622  
year, the taxpayer's proportionate share of the amount of the 1623  
tax levied under section 5747.38 of the Revised Code and paid by 1624  
an electing pass-through entity for the taxable year. 1625

Notwithstanding any provision of the Revised Code to the 1626  
contrary, the portion of the addition required by division (A) 1627  
(36) of this section related to the apportioned business income 1628  
of the pass-through entity shall be considered business income 1629  
under division (B) of this section. Such addition is eligible 1630  
for the deduction in division (A)(28) of this section, subject 1631  
to the applicable dollar limitations, and the tax rate 1632  
prescribed by division (A)(4)(a) of section 5747.02 of the 1633  
Revised Code. The taxpayer shall provide, upon request of the 1634  
tax commissioner, any documentation necessary to verify the 1635  
portion of the addition that is business income under this 1636  
division. 1637

(37) Deduct, to the extent not otherwise deducted or 1638  
excluded in computing federal or Ohio adjusted gross income for 1639  
the taxable year, amounts delivered to a qualifying institution 1640  
pursuant to section 3333.128 of the Revised Code for the benefit 1641  
of the taxpayer or the taxpayer's spouse or dependent. 1642

(38) Deduct, to the extent not otherwise deducted or 1643  
excluded in computing federal or Ohio adjusted gross income for 1644  
the taxable year, amounts received under the Ohio adoption grant 1645  
program pursuant to section 5101.191 of the Revised Code. 1646

(39) Deduct, to the extent included in federal adjusted 1647  
gross income, income attributable to amounts provided to a 1648

taxpayer for any of the purposes for which an exclusion would 1649  
have been authorized under section 139 of the Internal Revenue 1650  
Code if the train derailment near the city of East Palestine on 1651  
February 3, 2023, had been a qualified disaster pursuant to that 1652  
section, or to compensate for lost business resulting from that 1653  
derailment, if such amounts are provided by any of the 1654  
following: 1655

(a) A federal, state, or local government agency; 1656

(b) A railroad company, as that term is defined in section 1657  
5727.01 of the Revised Code; 1658

(c) Any subsidiary, insurer, or agent of a railroad 1659  
company or any related person. 1660

Notwithstanding any provision to the contrary, the 1661  
derailment is not required to meet the definition of a 1662  
"qualified disaster" pursuant to section 139 of the Internal 1663  
Revenue Code to qualify for the deduction under this section. 1664

(40) Deduct, to the extent included in federal adjusted 1665  
gross income, income attributable to loan repayments on behalf 1666  
of the taxpayer under the rural practice incentive program under 1667  
section 3333.135 of the Revised Code. 1668

(41) Add any income taxes deducted in computing federal or 1669  
Ohio adjusted gross income to the extent the income taxes were 1670  
derived from income subject to a tax levied in another state or 1671  
the District of Columbia when such tax was enacted for purposes 1672  
of complying with internal revenue service notice 2020-75. 1673

Notwithstanding any provision of the Revised Code to the 1674  
contrary, the portion of the addition required by division (A) 1675  
(41) of this section related to the apportioned business income 1676  
of the pass-through entity shall be considered business income 1677

under division (B) of this section. Such addition is eligible 1678  
for the deduction in division (A) (28) of this section, subject 1679  
to the applicable dollar limitations, and the tax rate 1680  
prescribed by division (A) (4) (a) of section 5747.02 of the 1681  
Revised Code. The taxpayer shall provide, upon request of the 1682  
tax commissioner, any documentation necessary to verify the 1683  
portion of the addition that is business income under this 1684  
division. 1685

(42) Deduct amounts contributed to a homeownership savings 1686  
account and calculated pursuant to divisions (B) and (C) of 1687  
section 5747.85 of the Revised Code. 1688

(43) If the taxpayer is the account owner, add the amount 1689  
of funds withdrawn from a homeownership savings account not used 1690  
for eligible expenses, regardless of who deposited those funds. 1691  
As used in division (A) (43) of this section, "homeownership 1692  
savings account," "account owner," and "eligible expenses" have 1693  
the same meanings as in section 5747.85 of the Revised Code. 1694

(44) Deduct, to the extent not otherwise deducted or 1695  
excluded in computing federal or Ohio adjusted gross income for 1696  
the taxable year, capital gains received by the taxpayer from 1697  
the sale of a digital asset used as a method of payment for 1698  
goods or services, provided the amount of payment in the 1699  
transaction does not exceed the deduction threshold. 1700

For the purpose of division (A) (44) of this section: 1701

(a) The "deduction threshold" equals two hundred dollars 1702  
for the taxable year ending on or after the effective date of 1703  
this amendment. In August of each year, starting in the first 1704  
following taxable year, the tax commissioner shall determine the 1705  
percentage increase in the consumer price index from the first 1706

day of January of the preceding calendar year to the last day of 1707  
December of the preceding year, and make a new adjustment to the 1708  
deduction threshold for taxable years beginning in the current 1709  
calendar year by multiplying that amount by the percentage 1710  
increase in the consumer price index for that period; adding the 1711  
resulting product to the deduction threshold for taxable years 1712  
beginning in the preceding calendar year; and rounding the 1713  
resulting sum upward to the nearest multiple of five dollars. 1714  
The adjusted amount applies to taxable years beginning in the 1715  
calendar year in which the adjustment is made and to taxable 1716  
years beginning in each ensuing calendar year until a calendar 1717  
year in which a new adjustment is made pursuant to this 1718  
division. The commissioner shall not make a new adjustment in 1719  
any calendar year in which the amount resulting from the 1720  
adjustment would be less than the amount resulting from the 1721  
adjustment in the preceding calendar year. After making an 1722  
adjustment, the commissioner shall certify the new deduction 1723  
threshold to the tax administrator of each municipal corporation 1724  
to which division (C) (2) (b) of section 718.01 of the Revised 1725  
Code applies. 1726

(b) "Consumer price index" means the consumer price index 1727  
for all urban consumers (United States city average, all items), 1728  
prepared by the United States department of labor, bureau of 1729  
labor statistics. 1730

(c) "Digital asset" has the same meaning as in section 1731  
1352.01 of the Revised Code. 1732

(B) "Business income" means income, including gain or 1733  
loss, arising from transactions, activities, and sources in the 1734  
regular course of a trade or business and includes income, gain, 1735  
or loss from real property, tangible property, and intangible 1736

property if the acquisition, rental, management, and disposition 1737  
of the property constitute integral parts of the regular course 1738  
of a trade or business operation. "Business income" includes 1739  
income, including gain or loss, from a partial or complete 1740  
liquidation of a business, including, but not limited to, gain 1741  
or loss from the sale or other disposition of goodwill or the 1742  
sale of an equity or ownership interest in a business. 1743

As used in this division, the "sale of an equity or 1744  
ownership interest in a business" means sales to which either or 1745  
both of the following apply: 1746

(1) The sale is treated for federal income tax purposes as 1747  
the sale of assets. 1748

(2) The seller materially participated, as described in 26 1749  
C.F.R. 1.469-5T, in the activities of the business during the 1750  
taxable year in which the sale occurs or during any of the five 1751  
preceding taxable years. 1752

(C) "Nonbusiness income" means all income other than 1753  
business income and may include, but is not limited to, 1754  
compensation, rents and royalties from real or tangible personal 1755  
property, capital gains, interest, dividends and distributions, 1756  
patent or copyright royalties, or lottery winnings, prizes, and 1757  
awards. 1758

(D) "Compensation" means any form of remuneration paid to 1759  
an employee for personal services. 1760

(E) "Fiduciary" means a guardian, trustee, executor, 1761  
administrator, receiver, conservator, or any other person acting 1762  
in any fiduciary capacity for any individual, trust, or estate. 1763

(F) "Fiscal year" means an accounting period of twelve 1764  
months ending on the last day of any month other than December. 1765

(G) "Individual" means any natural person.	1766
(H) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.	1767 1768
(I) "Resident" means any of the following:	1769
(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code;	1770 1771
(2) The estate of a decedent who at the time of death was domiciled in this state. The domicile tests of section 5747.24 of the Revised Code are not controlling for purposes of division (I) (2) of this section.	1772 1773 1774 1775
(3) A trust that, in whole or part, resides in this state. If only part of a trust resides in this state, the trust is a resident only with respect to that part.	1776 1777 1778
For the purposes of division (I) (3) of this section:	1779
(a) A trust resides in this state for the trust's current taxable year to the extent, as described in division (I) (3) (d) of this section, that the trust consists directly or indirectly, in whole or in part, of assets, net of any related liabilities, that were transferred, or caused to be transferred, directly or indirectly, to the trust by any of the following:	1780 1781 1782 1783 1784 1785
(i) A person, a court, or a governmental entity or instrumentality on account of the death of a decedent, but only if the trust is described in division (I) (3) (e) (i) or (ii) of this section;	1786 1787 1788 1789
(ii) A person who was domiciled in this state for the purposes of this chapter when the person directly or indirectly transferred assets to an irrevocable trust, but only if at least one of the trust's qualifying beneficiaries is domiciled in this	1790 1791 1792 1793

state for the purposes of this chapter during all or some 1794  
portion of the trust's current taxable year; 1795

(iii) A person who was domiciled in this state for the 1796  
purposes of this chapter when the trust document or instrument 1797  
or part of the trust document or instrument became irrevocable, 1798  
but only if at least one of the trust's qualifying beneficiaries 1799  
is a resident domiciled in this state for the purposes of this 1800  
chapter during all or some portion of the trust's current 1801  
taxable year. If a trust document or instrument became 1802  
irrevocable upon the death of a person who at the time of death 1803  
was domiciled in this state for purposes of this chapter, that 1804  
person is a person described in division (I) (3) (a) (iii) of this 1805  
section. 1806

(b) A trust is irrevocable to the extent that the 1807  
transferor is not considered to be the owner of the net assets 1808  
of the trust under sections 671 to 678 of the Internal Revenue 1809  
Code. 1810

(c) With respect to a trust other than a charitable lead 1811  
trust, "qualifying beneficiary" has the same meaning as 1812  
"potential current beneficiary" as defined in section 1361(e) (2) 1813  
of the Internal Revenue Code, and with respect to a charitable 1814  
lead trust "qualifying beneficiary" is any current, future, or 1815  
contingent beneficiary, but with respect to any trust 1816  
"qualifying beneficiary" excludes a person or a governmental 1817  
entity or instrumentality to any of which a contribution would 1818  
qualify for the charitable deduction under section 170 of the 1819  
Internal Revenue Code. 1820

(d) For the purposes of division (I) (3) (a) of this 1821  
section, the extent to which a trust consists directly or 1822  
indirectly, in whole or in part, of assets, net of any related 1823

liabilities, that were transferred directly or indirectly, in 1824  
whole or part, to the trust by any of the sources enumerated in 1825  
that division shall be ascertained by multiplying the fair 1826  
market value of the trust's assets, net of related liabilities, 1827  
by the qualifying ratio, which shall be computed as follows: 1828

(i) The first time the trust receives assets, the 1829  
numerator of the qualifying ratio is the fair market value of 1830  
those assets at that time, net of any related liabilities, from 1831  
sources enumerated in division (I) (3) (a) of this section. The 1832  
denominator of the qualifying ratio is the fair market value of 1833  
all the trust's assets at that time, net of any related 1834  
liabilities. 1835

(ii) Each subsequent time the trust receives assets, a 1836  
revised qualifying ratio shall be computed. The numerator of the 1837  
revised qualifying ratio is the sum of (1) the fair market value 1838  
of the trust's assets immediately prior to the subsequent 1839  
transfer, net of any related liabilities, multiplied by the 1840  
qualifying ratio last computed without regard to the subsequent 1841  
transfer, and (2) the fair market value of the subsequently 1842  
transferred assets at the time transferred, net of any related 1843  
liabilities, from sources enumerated in division (I) (3) (a) of 1844  
this section. The denominator of the revised qualifying ratio is 1845  
the fair market value of all the trust's assets immediately 1846  
after the subsequent transfer, net of any related liabilities. 1847

(iii) Whether a transfer to the trust is by or from any of 1848  
the sources enumerated in division (I) (3) (a) of this section 1849  
shall be ascertained without regard to the domicile of the 1850  
trust's beneficiaries. 1851

(e) For the purposes of division (I) (3) (a) (i) of this 1852  
section: 1853



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

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

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

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

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

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

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

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

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

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

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

(K) "Pass-through entity" has the same meaning as in

section 5733.04 of the Revised Code. 1912

(L) "Return" means the notifications and reports required 1913  
to be filed pursuant to this chapter for the purpose of 1914  
reporting the tax due and includes declarations of estimated tax 1915  
when so required. 1916

(M) "Taxable year" means the calendar year or the 1917  
taxpayer's fiscal year ending during the calendar year, or 1918  
fractional part thereof, upon which the adjusted gross income is 1919  
calculated pursuant to this chapter. 1920

(N) "Taxpayer" means any person subject to the tax imposed 1921  
by section 5747.02 of the Revised Code or any pass-through 1922  
entity that makes the election under division (D) of section 1923  
5747.08 of the Revised Code. 1924

(O) "Dependents" means one of the following: 1925

(1) For taxable years beginning on or after January 1, 1926  
2018, and before January 1, 2026, dependents as defined in the 1927  
Internal Revenue Code; 1928

(2) For all other taxable years, dependents as defined in 1929  
the Internal Revenue Code and as claimed in the taxpayer's 1930  
federal income tax return for the taxable year or which the 1931  
taxpayer would have been permitted to claim had the taxpayer 1932  
filed a federal income tax return. 1933

(P) "Principal county of employment" means, in the case of 1934  
a nonresident, the county within the state in which a taxpayer 1935  
performs services for an employer or, if those services are 1936  
performed in more than one county, the county in which the major 1937  
portion of the services are performed. 1938

(Q) As used in sections 5747.50 to 5747.55 of the Revised 1939

Code:	1940
(1) "Subdivision" means any county, municipal corporation, park district, or township.	1941 1942
(2) "Essential local government purposes" includes all functions that any subdivision is required by general law to exercise, including like functions that are exercised under a charter adopted pursuant to the Ohio Constitution.	1943 1944 1945 1946
(R) "Overpayment" means any amount already paid that exceeds the figure determined to be the correct amount of the tax.	1947 1948 1949
(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:	1950 1951 1952 1953
(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:	1954 1955 1956 1957 1958 1959 1960 1961
(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;	1962 1963 1964
(b) The net amount is attributable to the S portion of an electing small business trust for the taxable year.	1965 1966
(2) Add interest or dividends, net of ordinary, necessary,	1967

and reasonable expenses not deducted in computing federal 1968  
taxable income, on obligations of any authority, commission, 1969  
instrumentality, territory, or possession of the United States 1970  
to the extent that the interest or dividends are exempt from 1971  
federal income taxes but not from state income taxes, but only 1972  
to the extent that such net amount is not otherwise includible 1973  
in Ohio taxable income and is described in either division (S) 1974  
(1) (a) or (b) of this section; 1975

(3) Add the amount of personal exemption allowed to the 1976  
estate pursuant to section 642(b) of the Internal Revenue Code; 1977

(4) Deduct interest or dividends, net of related expenses 1978  
deducted in computing federal taxable income, on obligations of 1979  
the United States and its territories and possessions or of any 1980  
authority, commission, or instrumentality of the United States 1981  
to the extent that the interest or dividends are exempt from 1982  
state taxes under the laws of the United States, but only to the 1983  
extent that such amount is included in federal taxable income 1984  
and is described in either division (S) (1) (a) or (b) of this 1985  
section; 1986

(5) Deduct the amount of wages and salaries, if any, not 1987  
otherwise allowable as a deduction but that would have been 1988  
allowable as a deduction in computing federal taxable income for 1989  
the taxable year, had the work opportunity tax credit allowed 1990  
under sections 38, 51, and 52 of the Internal Revenue Code not 1991  
been in effect, but only to the extent such amount relates 1992  
either to income included in federal taxable income for the 1993  
taxable year or to income of the S portion of an electing small 1994  
business trust for the taxable year; 1995

(6) Deduct any interest or interest equivalent, net of 1996  
related expenses deducted in computing federal taxable income, 1997

on public obligations and purchase obligations, but only to the extent that such net amount relates either to income included in federal taxable income for the taxable year or to income of the S portion of an electing small business trust for the taxable year;

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

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

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

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

has not been distributed to beneficiaries for the taxable year. 2028

(10) Deduct any portion of the deduction described in 2029  
section 1341(a)(2) of the Internal Revenue Code, for repaying 2030  
previously reported income received under a claim of right, that 2031  
meets both of the following requirements: 2032

(a) It is allowable for repayment of an item that was 2033  
included in the taxpayer's taxable income or the decedent's 2034  
adjusted gross income for a prior taxable year and did not 2035  
qualify for a credit under division (A) or (B) of section 2036  
5747.05 of the Revised Code for that year. 2037

(b) It does not otherwise reduce the taxpayer's taxable 2038  
income or the decedent's adjusted gross income for the current 2039  
or any other taxable year. 2040

(11) Add any amount claimed as a credit under section 2041  
5747.059 of the Revised Code to the extent that the amount 2042  
satisfies either of the following: 2043

(a) The amount was deducted or excluded from the 2044  
computation of the taxpayer's federal taxable income as required 2045  
to be reported for the taxpayer's taxable year under the 2046  
Internal Revenue Code; 2047

(b) The amount resulted in a reduction in the taxpayer's 2048  
federal taxable income as required to be reported for any of the 2049  
taxpayer's taxable years under the Internal Revenue Code. 2050

(12) Deduct any amount, net of related expenses deducted 2051  
in computing federal taxable income, that a trust is required to 2052  
report as farm income on its federal income tax return, but only 2053  
if the assets of the trust include at least ten acres of land 2054  
satisfying the definition of "land devoted exclusively to 2055  
agricultural use" under section 5713.30 of the Revised Code, 2056

regardless of whether the land is valued for tax purposes as 2057  
such land under sections 5713.30 to 5713.38 of the Revised Code. 2058  
If the trust is a pass-through entity investor, section 5747.231 2059  
of the Revised Code applies in ascertaining if the trust is 2060  
eligible to claim the deduction provided by division (S) (12) of 2061  
this section in connection with the pass-through entity's farm 2062  
income. 2063

Except for farm income attributable to the S portion of an 2064  
electing small business trust, the deduction provided by 2065  
division (S) (12) of this section is allowed only to the extent 2066  
that the trust has not distributed such farm income. 2067

(13) Add the net amount of income described in section 2068  
641(c) of the Internal Revenue Code to the extent that amount is 2069  
not included in federal taxable income. 2070

(14) Deduct the amount the taxpayer would be required to 2071  
deduct under division (A) (18) of this section if the taxpayer's 2072  
Ohio taxable income ~~were~~was computed in the same manner as an 2073  
individual's Ohio adjusted gross income is computed under this 2074  
section. 2075

(15) Add, to the extent not otherwise included in 2076  
computing taxable income or Ohio taxable income for any taxable 2077  
year, the taxpayer's proportionate share of the amount of the 2078  
tax levied under section 5747.38 of the Revised Code and paid by 2079  
an electing pass-through entity for the taxable year. 2080

(16) Add any income taxes deducted in computing federal 2081  
taxable income or Ohio taxable income to the extent the income 2082  
taxes were derived from income subject to a tax levied in 2083  
another state or the District of Columbia when such tax was 2084  
enacted for purposes of complying with internal revenue service 2085



notice 2020-75. 2086

(17) Deduct, to the extent not otherwise deducted or 2087  
excluded in computing federal or Ohio taxable income for the 2088  
taxable year, capital gains received by the trust from the sale 2089  
of a digital asset, as defined in section 1352.01 of the Revised 2090  
Code, used as a method of payment for goods or services, 2091  
provided the amount of payment in the transaction does not 2092  
exceed the deduction threshold, as applicable to the taxable 2093  
year under division (A) (44) of this section. 2094

(T) "School district income" and "school district income 2095  
tax" have the same meanings as in section 5748.01 of the Revised 2096  
Code. 2097

(U) As used in divisions (A) (7), (A) (8), (S) (6), and (S) 2098  
(7) of this section, "public obligations," "purchase 2099  
obligations," and "interest or interest equivalent" have the 2100  
same meanings as in section 5709.76 of the Revised Code. 2101

(V) "Limited liability company" means any limited 2102  
liability company formed under former Chapter 1705. of the 2103  
Revised Code as that chapter existed prior to February 11, 2022, 2104  
Chapter 1706. of the Revised Code, or the laws of any other 2105  
state. 2106

(W) "Pass-through entity investor" means any person who, 2107  
during any portion of a taxable year of a pass-through entity, 2108  
is a partner, member, shareholder, or equity investor in that 2109  
pass-through entity. 2110

(X) "Banking day" has the same meaning as in section 2111  
1304.01 of the Revised Code. 2112

(Y) "Month" means a calendar month. 2113

(Z) "Quarter" means the first three months, the second 2114  
three months, the third three months, or the last three months 2115  
of the taxpayer's taxable year. 2116

(AA) (1) "Modified business income" means the business 2117  
income included in a trust's Ohio taxable income after such 2118  
taxable income is first reduced by the qualifying trust amount, 2119  
if any. 2120

(2) "Qualifying trust amount" of a trust means capital 2121  
gains and losses from the sale, exchange, or other disposition 2122  
of equity or ownership interests in, or debt obligations of, a 2123  
qualifying investee to the extent included in the trust's Ohio 2124  
taxable income, but only if the following requirements are 2125  
satisfied: 2126

(a) The book value of the qualifying investee's physical 2127  
assets in this state and everywhere, as of the last day of the 2128  
qualifying investee's fiscal or calendar year ending immediately 2129  
prior to the date on which the trust recognizes the gain or 2130  
loss, is available to the trust. 2131

(b) The requirements of section 5747.011 of the Revised 2132  
Code are satisfied for the trust's taxable year in which the 2133  
trust recognizes the gain or loss. 2134

Any gain or loss that is not a qualifying trust amount is 2135  
modified business income, qualifying investment income, or 2136  
modified nonbusiness income, as the case may be. 2137

(3) "Modified nonbusiness income" means a trust's Ohio 2138  
taxable income other than modified business income, other than 2139  
the qualifying trust amount, and other than qualifying 2140  
investment income, as defined in section 5747.012 of the Revised 2141  
Code, to the extent such qualifying investment income is not 2142

otherwise part of modified business income. 2143

(4) "Modified Ohio taxable income" applies only to trusts, 2144  
and means the sum of the amounts described in divisions (AA) (4) 2145  
(a) to (c) of this section: 2146

(a) The fraction, calculated under section 5747.013, and 2147  
applying section 5747.231 of the Revised Code, multiplied by the 2148  
sum of the following amounts: 2149

(i) The trust's modified business income; 2150

(ii) The trust's qualifying investment income, as defined 2151  
in section 5747.012 of the Revised Code, but only to the extent 2152  
the qualifying investment income does not otherwise constitute 2153  
modified business income and does not otherwise constitute a 2154  
qualifying trust amount. 2155

(b) The qualifying trust amount multiplied by a fraction, 2156  
the numerator of which is the sum of the book value of the 2157  
qualifying investee's physical assets in this state on the last 2158  
day of the qualifying investee's fiscal or calendar year ending 2159  
immediately prior to the day on which the trust recognizes the 2160  
qualifying trust amount, and the denominator of which is the sum 2161  
of the book value of the qualifying investee's total physical 2162  
assets everywhere on the last day of the qualifying investee's 2163  
fiscal or calendar year ending immediately prior to the day on 2164  
which the trust recognizes the qualifying trust amount. If, for 2165  
a taxable year, the trust recognizes a qualifying trust amount 2166  
with respect to more than one qualifying investee, the amount 2167  
described in division (AA) (4) (b) of this section shall equal the 2168  
sum of the products so computed for each such qualifying 2169  
investee. 2170

(c) (i) With respect to a trust or portion of a trust that 2171

is a resident as ascertained in accordance with division (I) (3) 2172  
(d) of this section, its modified nonbusiness income. 2173

(ii) With respect to a trust or portion of a trust that is 2174  
not a resident as ascertained in accordance with division (I) (3) 2175  
(d) of this section, the amount of its modified nonbusiness 2176  
income satisfying the descriptions in divisions (B) (2) to (5) of 2177  
section 5747.20 of the Revised Code, except as otherwise 2178  
provided in division (AA) (4) (c) (ii) of this section. With 2179  
respect to a trust or portion of a trust that is not a resident 2180  
as ascertained in accordance with division (I) (3) (d) of this 2181  
section, the trust's portion of modified nonbusiness income 2182  
recognized from the sale, exchange, or other disposition of a 2183  
debt interest in or equity interest in a section 5747.212 2184  
entity, as defined in section 5747.212 of the Revised Code, 2185  
without regard to division (A) of that section, shall not be 2186  
allocated to this state in accordance with section 5747.20 of 2187  
the Revised Code but shall be apportioned to this state in 2188  
accordance with division (B) of section 5747.212 of the Revised 2189  
Code without regard to division (A) of that section. 2190

If the allocation and apportionment of a trust's income 2191  
under divisions (AA) (4) (a) and (c) of this section do not fairly 2192  
represent the modified Ohio taxable income of the trust in this 2193  
state, the alternative methods described in division (C) of 2194  
section 5747.21 of the Revised Code may be applied in the manner 2195  
and to the same extent provided in that section. 2196

(5) (a) Except as set forth in division (AA) (5) (b) of this 2197  
section, "qualifying investee" means a person in which a trust 2198  
has an equity or ownership interest, or a person or unit of 2199  
government the debt obligations of either of which are owned by 2200  
a trust. For the purposes of division (AA) (2) (a) of this section 2201

and for the purpose of computing the fraction described in 2202  
division (AA) (4) (b) of this section, all of the following apply: 2203

(i) If the qualifying investee is a member of a qualifying 2204  
controlled group on the last day of the qualifying investee's 2205  
fiscal or calendar year ending immediately prior to the date on 2206  
which the trust recognizes the gain or loss, then "qualifying 2207  
investee" includes all persons in the qualifying controlled 2208  
group on such last day. 2209

(ii) If the qualifying investee, or if the qualifying 2210  
investee and any members of the qualifying controlled group of 2211  
which the qualifying investee is a member on the last day of the 2212  
qualifying investee's fiscal or calendar year ending immediately 2213  
prior to the date on which the trust recognizes the gain or 2214  
loss, separately or cumulatively own, directly or indirectly, on 2215  
the last day of the qualifying investee's fiscal or calendar 2216  
year ending immediately prior to the date on which the trust 2217  
recognizes the qualifying trust amount, more than fifty per cent 2218  
of the equity of a pass-through entity, then the qualifying 2219  
investee and the other members are deemed to own the 2220  
proportionate share of the pass-through entity's physical assets 2221  
which the pass-through entity directly or indirectly owns on the 2222  
last day of the pass-through entity's calendar or fiscal year 2223  
ending within or with the last day of the qualifying investee's 2224  
fiscal or calendar year ending immediately prior to the date on 2225  
which the trust recognizes the qualifying trust amount. 2226

(iii) For the purposes of division (AA) (5) (a) (iii) of this 2227  
section, "upper level pass-through entity" means a pass-through 2228  
entity directly or indirectly owning any equity of another pass- 2229  
through entity, and "lower level pass-through entity" means that 2230  
other pass-through entity. 2231

An upper level pass-through entity, whether or not it is also a qualifying investee, is deemed to own, on the last day of the upper level pass-through entity's calendar or fiscal year, the proportionate share of the lower level pass-through entity's physical assets that the lower level pass-through entity directly or indirectly owns on the last day of the lower level pass-through entity's calendar or fiscal year ending within or with the last day of the upper level pass-through entity's fiscal or calendar year. If the upper level pass-through entity directly and indirectly owns less than fifty per cent of the equity of the lower level pass-through entity on each day of the upper level pass-through entity's calendar or fiscal year in which or with which ends the calendar or fiscal year of the lower level pass-through entity and if, based upon clear and convincing evidence, complete information about the location and cost of the physical assets of the lower pass-through entity is not available to the upper level pass-through entity, then solely for purposes of ascertaining if a gain or loss constitutes a qualifying trust amount, the upper level pass-through entity shall be deemed as owning no equity of the lower level pass-through entity for each day during the upper level pass-through entity's calendar or fiscal year in which or with which ends the lower level pass-through entity's calendar or fiscal year. Nothing in division (AA) (5) (a) (iii) of this section shall be construed to provide for any deduction or exclusion in computing any trust's Ohio taxable income.

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

(i) During the taxable year the trust or part of the trust	2263
recognizes a gain or loss from the sale, exchange, or other	2264
disposition of equity or ownership interests in, or debt	2265
obligations of, the C corporation.	2266
(ii) Such gain or loss constitutes nonbusiness income.	2267
(6) "Available" means information is such that a person is	2268
able to learn of the information by the due date plus	2269
extensions, if any, for filing the return for the taxable year	2270
in which the trust recognizes the gain or loss.	2271
(BB) "Qualifying controlled group" has the same meaning as	2272
in section 5733.04 of the Revised Code.	2273
(CC) "Related member" has the same meaning as in section	2274
5733.042 of the Revised Code.	2275
(DD) (1) For the purposes of division (DD) of this section:	2276
(a) "Qualifying person" means any person other than a	2277
qualifying corporation.	2278
(b) "Qualifying corporation" means any person classified	2279
for federal income tax purposes as an association taxable as a	2280
corporation, except either of the following:	2281
(i) A corporation that has made an election under	2282
subchapter S, chapter one, subtitle A, of the Internal Revenue	2283
Code for its taxable year ending within, or on the last day of,	2284
the investor's taxable year;	2285
(ii) A subsidiary that is wholly owned by any corporation	2286
that has made an election under subchapter S, chapter one,	2287
subtitle A of the Internal Revenue Code for its taxable year	2288
ending within, or on the last day of, the investor's taxable	2289
year.	2290

(2) For the purposes of this chapter, unless expressly 2291  
stated otherwise, no qualifying person indirectly owns any asset 2292  
directly or indirectly owned by any qualifying corporation. 2293

(EE) For purposes of this chapter and Chapter 5751. of the 2294  
Revised Code: 2295

(1) "Trust" does not include a qualified pre-income tax 2296  
trust. 2297

(2) A "qualified pre-income tax trust" is any pre-income 2298  
tax trust that makes a qualifying pre-income tax trust election 2299  
as described in division (EE) (3) of this section. 2300

(3) A "qualifying pre-income tax trust election" is an 2301  
election by a pre-income tax trust to subject to the tax imposed 2302  
by section 5751.02 of the Revised Code the pre-income tax trust 2303  
and all pass-through entities of which the trust owns or 2304  
controls, directly, indirectly, or constructively through 2305  
related interests, five per cent or more of the ownership or 2306  
equity interests. The trustee shall notify the tax commissioner 2307  
in writing of the election on or before April 15, 2006. The 2308  
election, if timely made, shall be effective on and after 2309  
January 1, 2006, and shall apply for all tax periods and tax 2310  
years until revoked by the trustee of the trust. 2311

(4) A "pre-income tax trust" is a trust that satisfies all 2312  
of the following requirements: 2313

(a) The document or instrument creating the trust was 2314  
executed by the grantor before January 1, 1972; 2315

(b) The trust became irrevocable upon the creation of the 2316  
trust; and 2317

(c) The grantor was domiciled in this state at the time 2318



the trust was created. 2319

(FF) "Uniformed services" means all of the following: 2320

(1) "Armed forces of the United States" as defined in 2321  
section 5907.01 of the Revised Code; 2322

(2) The commissioned corps of the national oceanic and 2323  
atmospheric administration; 2324

(3) The commissioned corps of the public health service. 2325

(GG) "Taxable business income" means the amount by which 2326  
an individual's business income that is included in federal 2327  
adjusted gross income exceeds the amount of business income the 2328  
individual is authorized to deduct under division (A) (28) of 2329  
this section for the taxable year. 2330

(HH) "Employer" does not include a franchisor with respect 2331  
to the franchisor's relationship with a franchisee or an 2332  
employee of a franchisee, unless the franchisor agrees to assume 2333  
that role in writing or a court of competent jurisdiction 2334  
determines that the franchisor exercises a type or degree of 2335  
control over the franchisee or the franchisee's employees that 2336  
is not customarily exercised by a franchisor for the purpose of 2337  
protecting the franchisor's trademark, brand, or both. For 2338  
purposes of this division, "franchisor" and "franchisee" have 2339  
the same meanings as in 16 C.F.R. 436.1. 2340

(II) "Modified adjusted gross income" means Ohio adjusted 2341  
gross income plus any amount deducted under divisions (A) (28) 2342  
and (34) of this section for the taxable year. 2343

(JJ) "Qualifying Ohio educator" means an individual who, 2344  
for a taxable year, qualifies as an eligible educator, as that 2345  
term is defined in section 62 of the Internal Revenue Code, and 2346

who holds a certificate, license, or permit described in Chapter 2347  
3319. or section 3301.071 of the Revised Code. 2348

**Section 2.** That existing sections 301.30, 504.04, 715.013, 2349  
718.01, 1315.01, and 5747.01 of the Revised Code are hereby 2350  
repealed. 2351

**Section 3.** The amendment by this act of sections 718.01 2352  
and 5747.01 of the Revised Code applies to taxable years ending 2353  
on or after the effective date of this section. 2354

**Section 4.** (A) As used in this section: 2355

(1) "State retirement system" means the Public Employees 2356  
Retirement System, Ohio Police and Fire Pension Fund, State 2357  
Teachers Retirement System, School Employees Retirement System, 2358  
and State Highway Patrol Retirement System. 2359

(2) "Digital assets" has the same meaning as in section 2360  
1352.01 of the Revised Code, as enacted by this act. 2361

(B) Each state retirement system shall do both of the 2362  
following: 2363

(1) Evaluate the potential risks and benefits of investing 2364  
assets of the system's funds in an exchange-traded fund that has 2365  
holdings in digital assets; 2366

(2) Consult, to the extent practicable, with exchange- 2367  
traded funds registered with the United States Securities and 2368  
Exchange Commission that have holdings in digital assets. 2369

(C) Not later than one year after the effective date of 2370  
this section, each state retirement system shall submit a report 2371  
to the General Assembly that includes both of the following: 2372

(1) Information regarding the feasibility and potential 2373

risks and benefits of investing in an exchange-traded fund that 2374  
has holdings in digital assets; 2375

(2) Options and recommendations for the state retirement 2376  
system to minimize risk if it invests in an exchange-traded fund 2377  
that has holdings in digital assets. 2378

**Section 5.** This act shall be known as the Ohio Blockchain 2379  
Basics Act. 2380

**Section 6.** Section 5747.01 of the Revised Code is 2381  
presented in this act as a composite of the section as amended 2382  
by both H.B. 101 and S.B. 154 of the 135th General Assembly. The 2383  
General Assembly, applying the principle stated in division (B) 2384  
of section 1.52 of the Revised Code that amendments are to be 2385  
harmonized if reasonably capable of simultaneous operation, 2386  
finds that the composite is the resulting version of the section 2387  
in effect prior to the effective date of the section as 2388  
presented in this act. 2389