

**As Reported by the House Technology and Innovation Committee**

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**Sub. H. B. No. 116**

**Representative Demetriou**

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

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To amend sections 301.30, 504.04, 715.013, 718.01, 1315.01, and 5747.01 and to enact sections 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.

**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 1352.01, 1352.02, 1352.03, and 1352.04 of the Revised Code be enacted to read as follows:

**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:

(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. 20

(B) Impose a fee, tax, assessment, or other charge on 21  
digital assets used as a method of payment for goods and 22  
services that is based on the use of the digital assets as a 23  
method of payment, on the sales, use, or consumption of such 24  
digital assets, or on the basis of receipts received from the 25  
sale of such digital assets. As used in this section, "digital 26  
asset" has the same meaning as in section 1352.01 of the Revised 27  
Code. 28

Division (B) of this section does not prohibit the 29  
imposition of a fee, tax, assessment, or other charge if the 30  
fee, tax, assessment, or charge would apply if the transaction 31  
had taken place with legal tender of the United States. 32

**Sec. 504.04.** (A) A township that adopts a limited home 33  
rule government may do all of the following by resolution, 34  
provided that any of these resolutions, other than a resolution 35  
to supply water or sewer services in accordance with sections 36  
504.18 to 504.20 of the Revised Code, may be enforced only by 37  
the imposition of civil fines as authorized in this chapter: 38

(1) Exercise all powers of local self-government within 39  
the unincorporated area of the township, other than powers that 40  
are in conflict with general laws, except that the township 41  
shall comply with the requirements and prohibitions of this 42  
chapter, and shall enact no taxes other than those authorized by 43  
general law, and except that no resolution adopted pursuant to 44  
this chapter shall encroach upon the powers, duties, and 45  
privileges of elected township officers or change, alter, 46  
combine, eliminate, or otherwise modify the form or structure of 47  
the township government unless the change is required or 48  
permitted by this chapter; 49

(2) Adopt and enforce within the unincorporated area of 50  
the township local police, sanitary, and other similar 51  
regulations that are not in conflict with general laws or 52  
otherwise prohibited by division (B) of this section; 53

(3) Supply water and sewer services to users within the 54  
unincorporated area of the township in accordance with sections 55  
504.18 to 504.20 of the Revised Code; 56

(4) Adopt and enforce within the unincorporated area of 57  
the township any resolution of a type described in section 58  
503.52 or 503.60 of the Revised Code. 59

(B) No resolution adopted pursuant to this chapter shall 60  
do any of the following: 61

(1) Create a criminal offense or impose criminal 62  
penalties, except as authorized by division (A) of this section 63  
or by section 503.52 of the Revised Code; 64

(2) Impose civil fines other than as authorized by this 65  
chapter; 66

(3) Establish or revise subdivision regulations, road 67  
construction standards, urban sediment rules, or storm water and 68  
drainage regulations, except as provided in section 504.21 of 69  
the Revised Code; 70

(4) Establish or revise building standards, building 71  
codes, and other standard codes except as provided in section 72  
504.13 of the Revised Code; 73

(5) Increase, decrease, or otherwise alter the powers or 74  
duties of a township under any other chapter of the Revised Code 75  
pertaining to agriculture or the conservation or development of 76  
natural resources; 77

(6) Establish regulations affecting hunting, trapping, 78  
fishing, or the possession, use, or sale of firearms; 79

(7) Establish or revise water or sewer regulations, except 80  
in accordance with section 504.18, 504.19, or 504.21 of the 81  
Revised Code; 82

(8) Impose a fee, assessment, or other charge on auxiliary 83  
containers, on the sale, use, or consumption of such containers, 84  
or on the basis of receipts received from the sale of such 85  
containers. As used in this division, "auxiliary container" has 86  
the same meaning as in section 3767.32 of the Revised Code. 87

(9) Impose a fee, tax, assessment, or other charge on 88  
digital assets used as a method of payment for goods and 89  
services that is based on the use of the digital assets as a 90  
method of payment, on the sales, use, or consumption of such 91  
digital assets, or on the basis of receipts received from the 92  
sale of such digital assets. As used in this section, "digital 93  
asset" has the same meaning as in section 1352.01 of the Revised 94  
Code. 95

Division (B) (9) of this section does not prohibit the 96  
imposition of a fee, tax, assessment, or other charge if the 97  
fee, tax, assessment, or charge would apply if the transaction 98  
had taken place with legal tender of the United States. 99

Nothing in this chapter shall be construed as affecting 100  
the powers of counties with regard to the subjects listed in 101  
divisions (B) (3) to (5) of this section. 102

(C) Under a limited home rule government, all officers 103  
shall have the qualifications, and be nominated, elected, or 104  
appointed, as provided in Chapter 505. of the Revised Code, 105  
except that the board of township trustees shall appoint a full- 106

time or part-time law director pursuant to section 504.15 of the 107  
Revised Code, and except that a five-member board of township 108  
trustees approved for the township before September 26, 2003, 109  
shall continue to serve as the legislative authority with 110  
successive members serving for four-year terms of office until a 111  
termination of a limited home rule government under section 112  
504.03 of the Revised Code. 113

(D) In case of conflict between resolutions enacted by a 114  
board of township trustees and municipal ordinances or 115  
resolutions, the ordinance or resolution enacted by the 116  
municipal corporation prevails. In case of conflict between 117  
resolutions enacted by a board of township trustees and any 118  
county resolution, the resolution enacted by the board of 119  
township trustees prevails. 120

**Sec. 715.013.** (A) Except as otherwise expressly authorized 121  
by the Revised Code, no municipal corporation shall levy a tax 122  
that is the same as or similar to a tax levied under Chapter 123  
322., 3734., 3769., 4123., 4141., 4301., 4303., 4305., 4307., 124  
4309., 5707., 5725., 5726., 5727., 5728., 5729., 5731., 5735., 125  
5736., 5737., 5739., 5741., 5743., 5747., 5749., or 5751. of the 126  
Revised Code. 127

(B) No municipal corporation may impose ~~any~~ either of the 128  
following: 129

(1) A tax, fee, assessment, or other charge on auxiliary 130  
containers, on the sale, use, or consumption of such containers, 131  
or on the basis of receipts received from the sale of such 132  
containers. As used in this division, "auxiliary container" has 133  
the same meaning as in section 3767.32 of the Revised Code. 134

(2) A fee, tax, assessment, or other charge on digital 135

assets used as a method of payment for goods and services that 136  
is based on the use of the digital assets as a method of 137  
payment, on the sales, use, or consumption of such digital 138  
assets, or on the basis of receipts received from the sale of 139  
such digital assets. As used in this section, "digital asset" 140  
has the same meaning as in section 1352.01 of the Revised Code. 141

Division (B)(2) of this section does not prohibit the 142  
imposition of a fee, tax, assessment, or other charge if the 143  
fee, tax, assessment, or charge would apply if the transaction 144  
had taken place with legal tender of the United States. 145

(C) This section does not prohibit a municipal corporation 146  
from levying an income tax or withholding tax in accordance with 147  
Chapter 718. of the Revised Code, or a tax on any of the 148  
following: 149

(1) Amounts received for admission to any place; 150

(2) The income of an electric company or combined company, 151  
as defined in section 5727.01 of the Revised Code; 152

(3) On and after January 1, 2004, the income of a 153  
telephone company, as defined in section 5727.01 of the Revised 154  
Code. 155

**Sec. 718.01.** Any term used in this chapter that is not 156  
otherwise defined in this chapter has the same meaning as when 157  
used in a comparable context in laws of the United States 158  
relating to federal income taxation or in Title LVII of the 159  
Revised Code, unless a different meaning is clearly required. 160  
Except as provided in section 718.81 of the Revised Code, if a 161  
term used in this chapter that is not otherwise defined in this 162  
chapter is used in a comparable context in both the laws of the 163  
United States relating to federal income tax and in Title LVII 164

of the Revised Code and the use is not consistent, then the use 165  
of the term in the laws of the United States relating to federal 166  
income tax shall control over the use of the term in Title LVII 167  
of the Revised Code. 168

Except as otherwise provided in section 718.81 of the 169  
Revised Code, as used in this chapter: 170

(A) (1) "Municipal taxable income" means the following: 171

(a) For a person other than an individual, income 172  
apportioned or sitused to the municipal corporation under 173  
section 718.02 of the Revised Code, as applicable, reduced by 174  
any pre-2017 net operating loss carryforward available to the 175  
person for the municipal corporation. 176

(b) (i) For an individual who is a resident of a municipal 177  
corporation other than a qualified municipal corporation, income 178  
reduced by exempt income to the extent otherwise included in 179  
income, then reduced as provided in division (A) (2) of this 180  
section, and further reduced by any pre-2017 net operating loss 181  
carryforward available to the individual for the municipal 182  
corporation. 183

(ii) For an individual who is a resident of a qualified 184  
municipal corporation, Ohio adjusted gross income reduced by 185  
income exempted, and increased by deductions excluded, by the 186  
qualified municipal corporation from the qualified municipal 187  
corporation's tax. If a qualified municipal corporation, on or 188  
before December 31, 2013, exempts income earned by individuals 189  
who are not residents of the qualified municipal corporation and 190  
net profit of persons that are not wholly located within the 191  
qualified municipal corporation, such individual or person shall 192  
have no municipal taxable income for the purposes of the tax 193

levied by the qualified municipal corporation and may be 194  
exempted by the qualified municipal corporation from the 195  
requirements of section 718.03 of the Revised Code. 196

(c) For an individual who is a nonresident of a municipal 197  
corporation, income reduced by exempt income to the extent 198  
otherwise included in income and then, as applicable, 199  
apportioned or situated to the municipal corporation under 200  
section 718.02 of the Revised Code, then reduced as provided in 201  
division (A) (2) of this section, and further reduced by any pre- 202  
2017 net operating loss carryforward available to the individual 203  
for the municipal corporation. 204

(2) In computing the municipal taxable income of a 205  
taxpayer who is an individual, the taxpayer may subtract, as 206  
provided in division (A) (1) (b) (i) or (c) of this section, the 207  
amount of the individual's employee business expenses reported 208  
on the individual's form 2106 that the individual deducted for 209  
federal income tax purposes for the taxable year, subject to the 210  
limitation imposed by section 67 of the Internal Revenue Code. 211  
For the municipal corporation in which the taxpayer is a 212  
resident, the taxpayer may deduct all such expenses allowed for 213  
federal income tax purposes. For a municipal corporation in 214  
which the taxpayer is not a resident, the taxpayer may deduct 215  
such expenses only to the extent the expenses are related to the 216  
taxpayer's performance of personal services in that nonresident 217  
municipal corporation. 218

(B) "Income" means the following: 219

(1) (a) For residents, all income, salaries, qualifying 220  
wages, commissions, and other compensation from whatever source 221  
earned or received by the resident, including the resident's 222  
distributive share of the net profit of pass-through entities 223



owned directly or indirectly by the resident and any net profit 224  
of the resident, except as provided in division (D) (5) of this 225  
section. 226

(b) For the purposes of division (B) (1) (a) of this 227  
section: 228

(i) Any net operating loss of the resident incurred in the 229  
taxable year and the resident's distributive share of any net 230  
operating loss generated in the same taxable year and 231  
attributable to the resident's ownership interest in a pass- 232  
through entity shall be allowed as a deduction, for that taxable 233  
year and the following five taxable years, against any other net 234  
profit of the resident or the resident's distributive share of 235  
any net profit attributable to the resident's ownership interest 236  
in a pass-through entity until fully utilized, subject to 237  
division (B) (1) (d) of this section; 238

(ii) The resident's distributive share of the net profit 239  
of each pass-through entity owned directly or indirectly by the 240  
resident shall be calculated without regard to any net operating 241  
loss that is carried forward by that entity from a prior taxable 242  
year and applied to reduce the entity's net profit for the 243  
current taxable year. 244

(c) Division (B) (1) (b) of this section does not apply with 245  
respect to any net profit or net operating loss attributable to 246  
an ownership interest in an S corporation unless shareholders' 247  
distributive shares of net profits from S corporations are 248  
subject to tax in the municipal corporation as provided in 249  
division (C) (14) (b) or (c) of this section. 250

(d) Any amount of a net operating loss used to reduce a 251  
taxpayer's net profit for a taxable year shall reduce the amount 252

of net operating loss that may be carried forward to any 253  
subsequent year for use by that taxpayer. In no event shall the 254  
cumulative deductions for all taxable years with respect to a 255  
taxpayer's net operating loss exceed the original amount of that 256  
net operating loss available to that taxpayer. 257

(2) In the case of nonresidents, all income, salaries, 258  
qualifying wages, commissions, and other compensation from 259  
whatever source earned or received by the nonresident for work 260  
done, services performed or rendered, or activities conducted in 261  
the municipal corporation, including any net profit of the 262  
nonresident, but excluding the nonresident's distributive share 263  
of the net profit or loss of only pass-through entities owned 264  
directly or indirectly by the nonresident. 265

(3) For taxpayers that are not individuals, net profit of 266  
the taxpayer; 267

(4) Lottery, sweepstakes, gambling and sports winnings, 268  
winnings from games of chance, and prizes and awards. If the 269  
taxpayer is a professional gambler for federal income tax 270  
purposes, the taxpayer may deduct related wagering losses and 271  
expenses to the extent authorized under the Internal Revenue 272  
Code and claimed against such winnings. 273

(C) "Exempt income" means all of the following: 274

(1) The military pay or allowances of members of the armed 275  
forces of the United States or members of their reserve 276  
components, including the national guard of any state; 277

(2) (a) Except as provided in division (C) (2) (b) of this 278  
section, intangible income; 279

(b) A municipal corporation that taxed any type of 280  
intangible income on March 29, 1988, pursuant to Section 3 of 281

S.B. 238 of the 116th general assembly, may continue to tax that 282  
type of income, except for capital gains received from the sale 283  
of a digital asset, as defined in section 1352.01 of the Revised 284  
Code, used as a method of payment for goods or services, 285  
provided the amount of payment in the transaction does not 286  
exceed the deduction threshold, as applicable to the taxable 287  
year under division (A) (44) of section 5747.01 of the Revised 288  
Code, if a majority of the electors of the municipal corporation 289  
voting on the question of whether to permit the taxation of that 290  
type of intangible income after 1988 voted in favor thereof at 291  
an election held on November 8, 1988. 292

(3) Social security benefits, railroad retirement 293  
benefits, unemployment compensation, pensions, retirement 294  
benefit payments, payments from annuities, and similar payments 295  
made to an employee or to the beneficiary of an employee under a 296  
retirement program or plan, disability payments received from 297  
private industry or local, state, or federal governments or from 298  
charitable, religious or educational organizations, and the 299  
proceeds of sickness, accident, or liability insurance policies. 300  
As used in division (C) (3) of this section, "unemployment 301  
compensation" does not include supplemental unemployment 302  
compensation described in section 3402(o) (2) of the Internal 303  
Revenue Code. 304

(4) The income of religious, fraternal, charitable, 305  
scientific, literary, or educational institutions to the extent 306  
such income is derived from tax-exempt real estate, tax-exempt 307  
tangible or intangible property, or tax-exempt activities. 308

(5) Compensation paid under section 3501.28 or 3501.36 of 309  
the Revised Code to a person serving as a precinct election 310  
official to the extent that such compensation does not exceed 311

one thousand dollars for the taxable year. Such compensation in 312  
excess of one thousand dollars for the taxable year may be 313  
subject to taxation by a municipal corporation. A municipal 314  
corporation shall not require the payer of such compensation to 315  
withhold any tax from that compensation. 316

(6) Dues, contributions, and similar payments received by 317  
charitable, religious, educational, or literary organizations or 318  
labor unions, lodges, and similar organizations; 319

(7) Alimony and child support received; 320

(8) Compensation for personal injuries or for damages to 321  
property from insurance proceeds or otherwise, excluding 322  
compensation paid for lost salaries or wages or compensation 323  
from punitive damages; 324

(9) Income of a public utility when that public utility is 325  
subject to the tax levied under section 5727.24 or 5727.30 of 326  
the Revised Code. Division (C) (9) of this section does not apply 327  
for purposes of Chapter 5745. of the Revised Code. 328

(10) Gains from involuntary conversions, interest on 329  
federal obligations, items of income subject to a tax levied by 330  
the state and that a municipal corporation is specifically 331  
prohibited by law from taxing, and income of a decedent's estate 332  
during the period of administration except such income from the 333  
operation of a trade or business; 334

(11) Compensation or allowances excluded from federal 335  
gross income under section 107 of the Internal Revenue Code; 336

(12) Employee compensation that is not qualifying wages as 337  
defined in division (R) of this section; 338

(13) Compensation paid to a person employed within the 339

boundaries of a United States air force base under the 340  
jurisdiction of the United States air force that is used for the 341  
housing of members of the United States air force and is a 342  
center for air force operations, unless the person is subject to 343  
taxation because of residence or domicile. If the compensation 344  
is subject to taxation because of residence or domicile, tax on 345  
such income shall be payable only to the municipal corporation 346  
of residence or domicile. 347

(14) (a) Except as provided in division (C) (14) (b) or (c) 348  
of this section, an S corporation shareholder's distributive 349  
share of net profits of the S corporation, other than any part 350  
of the distributive share of net profits that represents wages 351  
as defined in section 3121(a) of the Internal Revenue Code or 352  
net earnings from self-employment as defined in section 1402(a) 353  
of the Internal Revenue Code. 354

(b) If, pursuant to division (H) of former section 718.01 355  
of the Revised Code as it existed before March 11, 2004, a 356  
majority of the electors of a municipal corporation voted in 357  
favor of the question at an election held on November 4, 2003, 358  
the municipal corporation may continue after 2002 to tax an S 359  
corporation shareholder's distributive share of net profits of 360  
an S corporation. 361

(c) If, on December 6, 2002, a municipal corporation was 362  
imposing, assessing, and collecting a tax on an S corporation 363  
shareholder's distributive share of net profits of the S 364  
corporation to the extent the distributive share would be 365  
allocated or apportioned to this state under divisions (B) (1) 366  
and (2) of section 5733.05 of the Revised Code if the S 367  
corporation were a corporation subject to taxes imposed under 368  
Chapter 5733. of the Revised Code, the municipal corporation may 369

continue to impose the tax on such distributive shares to the 370  
extent such shares would be so allocated or apportioned to this 371  
state only until December 31, 2004, unless a majority of the 372  
electors of the municipal corporation voting on the question of 373  
continuing to tax such shares after that date voted in favor of 374  
that question at an election held November 2, 2004. If a 375  
majority of those electors voted in favor of the question, the 376  
municipal corporation may continue after December 31, 2004, to 377  
impose the tax on such distributive shares only to the extent 378  
such shares would be so allocated or apportioned to this state. 379

(d) A municipal corporation shall be deemed to have 380  
elected to tax S corporation shareholders' distributive shares 381  
of net profits of the S corporation in the hands of the 382  
shareholders if a majority of the electors of a municipal 383  
corporation voted in favor of a question at an election held 384  
under division (C) (14) (b) or (c) of this section. The municipal 385  
corporation shall specify by resolution or ordinance that the 386  
tax applies to the distributive share of a shareholder of an S 387  
corporation in the hands of the shareholder of the S 388  
corporation. 389

(15) The income of individuals under eighteen years of 390  
age. 391

(16) (a) Except as provided in divisions (C) (16) (b), (c), 392  
and (d) of this section, qualifying wages described in division 393  
(B) (1) or (E) of section 718.011 of the Revised Code to the 394  
extent the qualifying wages are not subject to withholding for 395  
the municipal corporation under either of those divisions. 396

(b) The exemption provided in division (C) (16) (a) of this 397  
section does not apply with respect to the municipal corporation 398  
in which the employee resided at the time the employee earned 399

the qualifying wages. 400

(c) The exemption provided in division (C)(16)(a) of this 401  
section does not apply to qualifying wages that an employer 402  
elects to withhold under division (D)(2) of section 718.011 of 403  
the Revised Code. 404

(d) The exemption provided in division (C)(16)(a) of this 405  
section does not apply to qualifying wages if both of the 406  
following conditions apply: 407

(i) For qualifying wages described in division (B)(1) of 408  
section 718.011 of the Revised Code, the employee's employer 409  
withholds and remits tax on the qualifying wages to the 410  
municipal corporation in which the employee's principal place of 411  
work is situated, or, for qualifying wages described in division 412  
(E) of section 718.011 of the Revised Code, the employee's 413  
employer withholds and remits tax on the qualifying wages to the 414  
municipal corporation in which the employer's fixed location is 415  
located; 416

(ii) The employee receives a refund of the tax described 417  
in division (C)(16)(d)(i) of this section on the basis of the 418  
employee not performing services in that municipal corporation. 419

(17)(a) Except as provided in division (C)(17)(b) or (c) 420  
of this section, compensation that is not qualifying wages paid 421  
to a nonresident individual for personal services performed in 422  
the municipal corporation on not more than twenty days in a 423  
taxable year. 424

(b) The exemption provided in division (C)(17)(a) of this 425  
section does not apply under either of the following 426  
circumstances: 427

(i) The individual's base of operation is located in the 428

municipal corporation. 429

(ii) The individual is a professional athlete, 430  
professional entertainer, or public figure, and the compensation 431  
is paid for the performance of services in the individual's 432  
capacity as a professional athlete, professional entertainer, or 433  
public figure. For purposes of division (C) (17) (b) (ii) of this 434  
section, "professional athlete," "professional entertainer," and 435  
"public figure" have the same meanings as in section 718.011 of 436  
the Revised Code. 437

(c) Compensation to which division (C) (17) of this section 438  
applies shall be treated as earned or received at the 439  
individual's base of operation. If the individual does not have 440  
a base of operation, the compensation shall be treated as earned 441  
or received where the individual is domiciled. 442

(d) For purposes of division (C) (17) of this section, 443  
"base of operation" means the location where an individual owns 444  
or rents an office, storefront, or similar facility to which the 445  
individual regularly reports and at which the individual 446  
regularly performs personal services for compensation. 447

(18) Compensation paid to a person for personal services 448  
performed for a political subdivision on property owned by the 449  
political subdivision, regardless of whether the compensation is 450  
received by an employee of the subdivision or another person 451  
performing services for the subdivision under a contract with 452  
the subdivision, if the property on which services are performed 453  
is annexed to a municipal corporation pursuant to section 454  
709.023 of the Revised Code on or after March 27, 2013, unless 455  
the person is subject to such taxation because of residence. If 456  
the compensation is subject to taxation because of residence, 457  
municipal income tax shall be payable only to the municipal 458



corporation of residence. 459

(19) In the case of a tax administered, collected, and 460  
enforced by a municipal corporation pursuant to an agreement 461  
with the board of directors of a joint economic development 462  
district under section 715.72 of the Revised Code, the net 463  
profits of a business, and the income of the employees of that 464  
business, exempted from the tax under division (Q) of that 465  
section. 466

(20) All of the following: 467

(a) Income derived from disaster work conducted in this 468  
state by an out-of-state disaster business during a disaster 469  
response period pursuant to a qualifying solicitation received 470  
by the business; 471

(b) Income of a qualifying employee described in division 472  
(A) (14) (a) of section 5703.94 of the Revised Code, to the extent 473  
such income is derived from disaster work conducted in this 474  
state by the employee during a disaster response period pursuant 475  
to a qualifying solicitation received by the employee's 476  
employer; 477

(c) Income of a qualifying employee described in division 478  
(A) (14) (b) of section 5703.94 of the Revised Code, to the extent 479  
such income is derived from disaster work conducted in this 480  
state by the employee during a disaster response period on 481  
critical infrastructure owned or used by the employee's 482  
employer. 483

(21) Income the taxation of which is prohibited by the 484  
constitution or laws of the United States. 485

Any item of income that is exempt income of a pass-through 486  
entity under division (C) of this section is exempt income of 487

each owner of the pass-through entity to the extent of that 488  
owner's distributive or proportionate share of that item of the 489  
entity's income. 490

(D) (1) "Net profit" for a person who is an individual 491  
means the individual's net profit required to be reported on 492  
schedule C, schedule E, or schedule F reduced by any net 493  
operating loss carried forward. For the purposes of division (D) 494  
(1) of this section, the net operating loss carried forward 495  
shall be calculated and deducted in the same manner as provided 496  
in division (D) (3) of this section. 497

(2) "Net profit" for a person other than an individual 498  
means adjusted federal taxable income reduced by any net 499  
operating loss incurred by the person in a taxable year 500  
beginning on or after January 1, 2017, subject to the 501  
limitations of division (D) (3) of this section. 502

(3) (a) The amount of such net operating loss shall be 503  
deducted from net profit to the extent necessary to reduce 504  
municipal taxable income to zero, with any remaining unused 505  
portion of the net operating loss carried forward to not more 506  
than five consecutive taxable years following the taxable year 507  
in which the loss was incurred, but in no case for more years 508  
than necessary for the deduction to be fully utilized. 509

(b) No person shall use the deduction allowed by division 510  
(D) (3) of this section to offset qualifying wages. 511

(c) (i) For taxable years beginning in 2018, 2019, 2020, 512  
2021, or 2022, a person may not deduct, for purposes of an 513  
income tax levied by a municipal corporation that levies an 514  
income tax before January 1, 2016, more than fifty per cent of 515  
the amount of the deduction otherwise allowed by division (D) (3) 516

of this section. 517

(ii) For taxable years beginning in 2023 or thereafter, a 518  
person may deduct, for purposes of an income tax levied by a 519  
municipal corporation that levies an income tax before January 520  
1, 2016, the full amount allowed by division (D) (3) of this 521  
section without regard to the limitation of division (D) (3) (c) 522  
(i) of this section. 523

(d) Any pre-2017 net operating loss carryforward deduction 524  
that is available may be utilized before a taxpayer may deduct 525  
any amount pursuant to division (D) (3) of this section. 526

(e) Nothing in division (D) (3) (c) (i) of this section 527  
precludes a person from carrying forward, for use with respect 528  
to any return filed for a taxable year beginning after 2018, any 529  
amount of net operating loss that was not fully utilized by 530  
operation of division (D) (3) (c) (i) of this section. To the 531  
extent that an amount of net operating loss that was not fully 532  
utilized in one or more taxable years by operation of division 533  
(D) (3) (c) (i) of this section is carried forward for use with 534  
respect to a return filed for a taxable year beginning in 2019, 535  
2020, 2021, or 2022, the limitation described in division (D) (3) 536  
(c) (i) of this section shall apply to the amount carried 537  
forward. 538

(4) For the purposes of this chapter, and notwithstanding 539  
division (D) (2) of this section, net profit of a disregarded 540  
entity shall not be taxable as against that disregarded entity, 541  
but shall instead be included in the net profit of the owner of 542  
the disregarded entity. 543

(5) For the purposes of this chapter, and notwithstanding 544  
any other provision of this chapter, the net profit of a 545

publicly traded partnership that makes the election described in 546  
division (D) (5) of this section shall be taxed as if the 547  
partnership were a C corporation, and shall not be treated as 548  
the net profit or income of any owner of the partnership. 549

A publicly traded partnership that is treated as a 550  
partnership for federal income tax purposes and that is subject 551  
to tax on its net profits in one or more municipal corporations 552  
in this state may elect to be treated as a C corporation for 553  
municipal income tax purposes. The publicly traded partnership 554  
shall make the election in every municipal corporation in which 555  
the partnership is subject to taxation on its net profits. The 556  
election shall be made on the annual tax return filed in each 557  
such municipal corporation. The publicly traded partnership 558  
shall not be required to file the election with any municipal 559  
corporation in which the partnership is not subject to taxation 560  
on its net profits, but division (D) (5) of this section applies 561  
to all municipal corporations in which an individual owner of 562  
the partnership resides. 563

(E) "Adjusted federal taxable income," for a person 564  
required to file as a C corporation, or for a person that has 565  
elected to be taxed as a C corporation under division (D) (5) of 566  
this section, means a C corporation's federal taxable income 567  
before net operating losses and special deductions as determined 568  
under the Internal Revenue Code, adjusted as follows: 569

(1) Deduct intangible income to the extent included in 570  
federal taxable income. The deduction shall be allowed 571  
regardless of whether the intangible income relates to assets 572  
used in a trade or business or assets held for the production of 573  
income. 574

(2) Add an amount equal to five per cent of intangible 575

income deducted under division (E) (1) of this section, but 576  
excluding that portion of intangible income directly related to 577  
the sale, exchange, or other disposition of property described 578  
in section 1221 of the Internal Revenue Code; 579

(3) Add any losses allowed as a deduction in the 580  
computation of federal taxable income if the losses directly 581  
relate to the sale, exchange, or other disposition of an asset 582  
described in section 1221 or 1231 of the Internal Revenue Code; 583

(4) (a) Except as provided in division (E) (4) (b) of this 584  
section, deduct income and gain included in federal taxable 585  
income to the extent the income and gain directly relate to the 586  
sale, exchange, or other disposition of an asset described in 587  
section 1221 or 1231 of the Internal Revenue Code; 588

(b) Division (E) (4) (a) of this section does not apply to 589  
the extent the income or gain is income or gain described in 590  
section 1245 or 1250 of the Internal Revenue Code. 591

(5) Add taxes on or measured by net income allowed as a 592  
deduction in the computation of federal taxable income; 593

(6) In the case of a real estate investment trust or 594  
regulated investment company, add all amounts with respect to 595  
dividends to, distributions to, or amounts set aside for or 596  
credited to the benefit of investors and allowed as a deduction 597  
in the computation of federal taxable income; 598

(7) Deduct, to the extent not otherwise deducted or 599  
excluded in computing federal taxable income, any income derived 600  
from a transfer agreement or from the enterprise transferred 601  
under that agreement under section 4313.02 of the Revised Code; 602

(8) Deduct exempt income to the extent not otherwise 603  
deducted or excluded in computing adjusted federal taxable 604

income. 605

(9) Deduct any net profit of a pass-through entity owned 606  
directly or indirectly by the taxpayer and included in the 607  
taxpayer's federal taxable income unless an affiliated group of 608  
corporations includes that net profit in the group's federal 609  
taxable income in accordance with division (E) (3) (b) of section 610  
718.06 of the Revised Code. 611

(10) Add any loss incurred by a pass-through entity owned 612  
directly or indirectly by the taxpayer and included in the 613  
taxpayer's federal taxable income unless an affiliated group of 614  
corporations includes that loss in the group's federal taxable 615  
income in accordance with division (E) (3) (b) of section 718.06 616  
of the Revised Code. 617

If the taxpayer is not a C corporation, is not a 618  
disregarded entity that has made the election described in 619  
division (L) (2) of this section, is not a publicly traded 620  
partnership that has made the election described in division (D) 621  
(5) of this section, and is not an individual, the taxpayer 622  
shall compute adjusted federal taxable income under this section 623  
as if the taxpayer were a C corporation, except guaranteed 624  
payments and other similar amounts paid or accrued to a partner, 625  
former partner, shareholder, former shareholder, member, or 626  
former member shall not be allowed as a deductible expense 627  
unless such payments are a pension or retirement benefit payment 628  
paid to a retired partner, retired shareholder, or retired 629  
member or are in consideration for the use of capital and 630  
treated as payment of interest under section 469 of the Internal 631  
Revenue Code or United States treasury regulations. Amounts paid 632  
or accrued to a qualified self-employed retirement plan with 633  
respect to a partner, former partner, shareholder, former 634

shareholder, member, or former member of the taxpayer, amounts 635  
paid or accrued to or for health insurance for a partner, former 636  
partner, shareholder, former shareholder, member, or former 637  
member, and amounts paid or accrued to or for life insurance for 638  
a partner, former partner, shareholder, former shareholder, 639  
member, or former member shall not be allowed as a deduction. 640

Nothing in division (E) of this section shall be construed 641  
as allowing the taxpayer to add or deduct any amount more than 642  
once or shall be construed as allowing any taxpayer to deduct 643  
any amount paid to or accrued for purposes of federal self- 644  
employment tax. 645

(F) "Schedule C" means internal revenue service schedule C 646  
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 647  
Code. 648

(G) "Schedule E" means internal revenue service schedule E 649  
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 650  
Code. 651

(H) "Schedule F" means internal revenue service schedule F 652  
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 653  
Code. 654

(I) "Internal Revenue Code" has the same meaning as in 655  
section 5747.01 of the Revised Code. 656

(J) "Resident" means an individual who is domiciled in the 657  
municipal corporation as determined under section 718.012 of the 658  
Revised Code. 659

(K) "Nonresident" means an individual that is not a 660  
resident. 661

(L) (1) "Taxpayer" means a person subject to a tax levied 662

on income by a municipal corporation in accordance with this 663  
chapter. "Taxpayer" does not include a grantor trust or, except 664  
as provided in division (L) (2) (a) of this section, a disregarded 665  
entity. 666

(2) (a) A single member limited liability company that is a 667  
disregarded entity for federal tax purposes may be a separate 668  
taxpayer from its single member in all Ohio municipal 669  
corporations in which it either filed as a separate taxpayer or 670  
did not file for its taxable year ending in 2003, if all of the 671  
following conditions are met: 672

(i) The limited liability company's single member is also 673  
a limited liability company. 674

(ii) The limited liability company and its single member 675  
were formed and doing business in one or more Ohio municipal 676  
corporations for at least five years before January 1, 2004. 677

(iii) Not later than December 31, 2004, the limited 678  
liability company and its single member each made an election to 679  
be treated as a separate taxpayer under division (L) of this 680  
section as this section existed on December 31, 2004. 681

(iv) The limited liability company was not formed for the 682  
purpose of evading or reducing Ohio municipal corporation income 683  
tax liability of the limited liability company or its single 684  
member. 685

(v) The Ohio municipal corporation that was the primary 686  
place of business of the sole member of the limited liability 687  
company consented to the election. 688

(b) For purposes of division (L) (2) (a) (v) of this section, 689  
a municipal corporation was the primary place of business of a 690  
limited liability company if, for the limited liability 691



company's taxable year ending in 2003, its income tax liability 692  
was greater in that municipal corporation than in any other 693  
municipal corporation in Ohio, and that tax liability to that 694  
municipal corporation for its taxable year ending in 2003 was at 695  
least four hundred thousand dollars. 696

(M) "Person" includes individuals, firms, companies, joint 697  
stock companies, business trusts, estates, trusts, partnerships, 698  
limited liability partnerships, limited liability companies, 699  
associations, C corporations, S corporations, governmental 700  
entities, and any other entity. 701

(N) "Pass-through entity" means a partnership not treated 702  
as an association taxable as a C corporation for federal income 703  
tax purposes, a limited liability company not treated as an 704  
association taxable as a C corporation for federal income tax 705  
purposes, an S corporation, or any other class of entity from 706  
which the income or profits of the entity are given pass-through 707  
treatment for federal income tax purposes. "Pass-through entity" 708  
does not include a trust, estate, grantor of a grantor trust, or 709  
disregarded entity. 710

(O) "S corporation" means a person that has made an 711  
election under subchapter S of Chapter 1 of Subtitle A of the 712  
Internal Revenue Code for its taxable year. 713

(P) "Single member limited liability company" means a 714  
limited liability company that has one direct member. 715

(Q) "Limited liability company" means a limited liability 716  
company formed under former Chapter 1705. of the Revised Code as 717  
that chapter existed prior to February 11, 2022, Chapter 1706. 718  
of the Revised Code, or the laws of another state. 719

(R) "Qualifying wages" means wages, as defined in section 720

3121(a) of the Internal Revenue Code, without regard to any wage 721  
limitations, adjusted as follows: 722

(1) Deduct the following amounts: 723

(a) Any amount included in wages if the amount constitutes 724  
compensation attributable to a plan or program described in 725  
section 125 of the Internal Revenue Code. 726

(b) Any amount included in wages if the amount constitutes 727  
payment on account of a disability related to sickness or an 728  
accident paid by a party unrelated to the employer, agent of an 729  
employer, or other payer. 730

(c) Any amount attributable to a nonqualified deferred 731  
compensation plan or program described in section 3121(v)(2)(C) 732  
of the Internal Revenue Code if the compensation is included in 733  
wages and the municipal corporation has, by resolution or 734  
ordinance adopted before January 1, 2016, exempted the amount 735  
from withholding and tax. 736

(d) Any amount included in wages if the amount arises from 737  
the sale, exchange, or other disposition of a stock option, the 738  
exercise of a stock option, or the sale, exchange, or other 739  
disposition of stock purchased under a stock option and the 740  
municipal corporation has, by resolution or ordinance adopted 741  
before January 1, 2016, exempted the amount from withholding and 742  
tax. 743

(e) Any amount included in wages that is exempt income. 744

(2) Add the following amounts: 745

(a) Any amount not included in wages solely because the 746  
employee was employed by the employer before April 1, 1986. 747

(b) Any amount not included in wages because the amount 748

arises from the sale, exchange, or other disposition of a stock 749  
option, the exercise of a stock option, or the sale, exchange, 750  
or other disposition of stock purchased under a stock option and 751  
the municipal corporation has not, by resolution or ordinance, 752  
exempted the amount from withholding and tax adopted before 753  
January 1, 2016. Division (R) (2) (b) of this section applies only 754  
to those amounts constituting ordinary income. 755

(c) Any amount not included in wages if the amount is an 756  
amount described in section 401(k), 403(b), or 457 of the 757  
Internal Revenue Code. Division (R) (2) (c) of this section 758  
applies only to employee contributions and employee deferrals. 759

(d) Any amount that is supplemental unemployment 760  
compensation benefits described in section 3402(o) (2) of the 761  
Internal Revenue Code and not included in wages. 762

(e) Any amount received that is treated as self-employment 763  
income for federal tax purposes in accordance with section 764  
1402(a) (8) of the Internal Revenue Code. 765

(f) Any amount not included in wages if all of the 766  
following apply: 767

(i) For the taxable year the amount is employee 768  
compensation that is earned outside of the United States and 769  
that either is included in the taxpayer's gross income for 770  
federal income tax purposes or would have been included in the 771  
taxpayer's gross income for such purposes if the taxpayer did 772  
not elect to exclude the income under section 911 of the 773  
Internal Revenue Code; 774

(ii) For no preceding taxable year did the amount 775  
constitute wages as defined in section 3121(a) of the Internal 776  
Revenue Code; 777

(iii) For no succeeding taxable year will the amount 778  
constitute wages; and 779

(iv) For any taxable year the amount has not otherwise 780  
been added to wages pursuant to either division (R)(2) of this 781  
section or section 718.03 of the Revised Code, as that section 782  
existed before the effective date of H.B. 5 of the 130th general 783  
assembly, March 23, 2015. 784

(S) "Intangible income" means income of any of the 785  
following types: income yield, interest, capital gains, 786  
dividends, or other income arising from the ownership, sale, 787  
exchange, or other disposition of intangible property including, 788  
but not limited to, investments, deposits, money, or credits as 789  
those terms are defined in Chapter 5701. of the Revised Code, 790  
and patents, copyrights, trademarks, tradenames, investments in 791  
real estate investment trusts, investments in regulated 792  
investment companies, and appreciation on deferred compensation. 793  
"Intangible income" does not include prizes, awards, or other 794  
income associated with any lottery winnings, gambling winnings, 795  
or other similar games of chance. 796

(T) "Taxable year" means the corresponding tax reporting 797  
period as prescribed for the taxpayer under the Internal Revenue 798  
Code. 799

(U) (1) "Tax administrator" means, subject to division (U) 800  
(2) of this section, the individual charged with direct 801  
responsibility for administration of an income tax levied by a 802  
municipal corporation in accordance with this chapter, and also 803  
includes the following: 804

(a) A municipal corporation acting as the agent of another 805  
municipal corporation; 806

(b) A person retained by a municipal corporation to 807  
administer a tax levied by the municipal corporation, but only 808  
if the municipal corporation does not compensate the person in 809  
whole or in part on a contingency basis; 810

(c) The central collection agency or the regional income 811  
tax agency or their successors in interest, or another entity 812  
organized to perform functions similar to those performed by the 813  
central collection agency and the regional income tax agency. 814

(2) "Tax administrator" does not include the tax 815  
commissioner. 816

(3) A private individual or entity serving in any position 817  
described in division (U) (1) (b) or (c) of this section shall 818  
have no access to criminal history record information. 819

(V) "Employer" means a person that is an employer for 820  
federal income tax purposes. 821

(W) "Employee" means an individual who is an employee for 822  
federal income tax purposes. 823

(X) "Other payer" means any person, other than an 824  
individual's employer or the employer's agent, that pays an 825  
individual any amount included in the federal gross income of 826  
the individual. "Other payer" includes casino operators and 827  
video lottery terminal sales agents. 828

(Y) "Calendar quarter" means the three-month period ending 829  
on the last day of March, June, September, or December. 830

(Z) "Form 2106" means internal revenue service form 2106 831  
filed by a taxpayer pursuant to the Internal Revenue Code. 832

(AA) "Municipal corporation" includes a joint economic 833  
development district or joint economic development zone that 834

levies an income tax under section 715.691, 715.70, 715.71, or 835  
715.72 of the Revised Code. 836

(BB) "Disregarded entity" means a single member limited 837  
liability company, a qualifying subchapter S subsidiary, or 838  
another entity if the company, subsidiary, or entity is a 839  
disregarded entity for federal income tax purposes. 840

(CC) "Generic form" means an electronic or paper form that 841  
is not prescribed by a particular municipal corporation and that 842  
is designed for reporting taxes withheld by an employer, agent 843  
of an employer, or other payer, estimated municipal income 844  
taxes, or annual municipal income tax liability or for filing a 845  
refund claim. 846

(DD) "Tax return preparer" means any individual described 847  
in section 7701(a)(36) of the Internal Revenue Code and 26 848  
C.F.R. 301.7701-15. 849

(EE) "Ohio business gateway" means the online computer 850  
network system created under section 125.30 of the Revised Code 851  
or any successor electronic filing and payment system. 852

(FF) "Local board of tax review" and "board of tax review" 853  
mean the entity created under section 718.11 of the Revised 854  
Code. 855

(GG) "Net operating loss" means a loss incurred by a 856  
person in the operation of a trade or business. "Net operating 857  
loss" does not include unutilized losses resulting from basis 858  
limitations, at-risk limitations, or passive activity loss 859  
limitations. 860

(HH) "Casino operator" and "casino facility" have the same 861  
meanings as in section 3772.01 of the Revised Code. 862

(II) "Video lottery terminal" has the same meaning as in 863  
section 3770.21 of the Revised Code. 864

(JJ) "Video lottery terminal sales agent" means a lottery 865  
sales agent licensed under Chapter 3770. of the Revised Code to 866  
conduct video lottery terminals on behalf of the state pursuant 867  
to section 3770.21 of the Revised Code. 868

(KK) "Postal service" means the United States postal 869  
service. 870

(LL) "Certified mail," "express mail," "United States 871  
mail," "postal service," and similar terms include any delivery 872  
service authorized pursuant to section 5703.056 of the Revised 873  
Code. 874

(MM) "Postmark date," "date of postmark," and similar 875  
terms include the date recorded and marked in the manner 876  
described in division (B) (3) of section 5703.056 of the Revised 877  
Code. 878

(NN) "Related member" means a person that, with respect to 879  
the taxpayer during all or any portion of the taxable year, is 880  
either a related entity, a component member as defined in 881  
section 1563(b) of the Internal Revenue Code, or a person to or 882  
from whom there is attribution of stock ownership in accordance 883  
with section 1563(e) of the Internal Revenue Code except, for 884  
purposes of determining whether a person is a related member 885  
under this division, "twenty per cent" shall be substituted for 886  
"5 percent" wherever "5 percent" appears in section 1563(e) of 887  
the Internal Revenue Code. 888

(OO) "Related entity" means any of the following: 889

(1) An individual stockholder, or a member of the 890  
stockholder's family enumerated in section 318 of the Internal 891

Revenue Code, if the stockholder and the members of the 892  
stockholder's family own directly, indirectly, beneficially, or 893  
constructively, in the aggregate, at least fifty per cent of the 894  
value of the taxpayer's outstanding stock; 895

(2) A stockholder, or a stockholder's partnership, estate, 896  
trust, or corporation, if the stockholder and the stockholder's 897  
partnerships, estates, trusts, or corporations own directly, 898  
indirectly, beneficially, or constructively, in the aggregate, 899  
at least fifty per cent of the value of the taxpayer's 900  
outstanding stock; 901

(3) A corporation, or a party related to the corporation 902  
in a manner that would require an attribution of stock from the 903  
corporation to the party or from the party to the corporation 904  
under division (00) (4) of this section, provided the taxpayer 905  
owns directly, indirectly, beneficially, or constructively, at 906  
least fifty per cent of the value of the corporation's 907  
outstanding stock; 908

(4) The attribution rules described in section 318 of the 909  
Internal Revenue Code apply for the purpose of determining 910  
whether the ownership requirements in divisions (00) (1) to (3) 911  
of this section have been met. 912

(PP) (1) "Assessment" means a written finding by the tax 913  
administrator that a person has underpaid municipal income tax, 914  
or owes penalty and interest, or any combination of tax, 915  
penalty, or interest, to the municipal corporation that 916  
commences the person's time limitation for making an appeal to 917  
the local board of tax review pursuant to section 718.11 of the 918  
Revised Code, and has "ASSESSMENT" written in all capital 919  
letters at the top of such finding. 920



(2) "Assessment" does not include an informal notice 921  
denying a request for refund issued under division (B)(3) of 922  
section 718.19 of the Revised Code, a billing statement 923  
notifying a taxpayer of current or past-due balances owed to the 924  
municipal corporation, a tax administrator's request for 925  
additional information, a notification to the taxpayer of 926  
mathematical errors, or a tax administrator's other written 927  
correspondence to a person or taxpayer that does not meet the 928  
criteria prescribed by division (PP)(1) of this section. 929

(QQ) "Taxpayers' rights and responsibilities" means the 930  
rights provided to taxpayers in sections 718.11, 718.12, 718.19, 931  
718.23, 718.36, 718.37, 718.38, 5717.011, and 5717.03 of the 932  
Revised Code and the responsibilities of taxpayers to file, 933  
report, withhold, remit, and pay municipal income tax and 934  
otherwise comply with Chapter 718. of the Revised Code and 935  
resolutions, ordinances, and rules adopted by a municipal 936  
corporation for the imposition and administration of a municipal 937  
income tax. 938

(RR) "Qualified municipal corporation" means a municipal 939  
corporation that, by resolution or ordinance adopted on or 940  
before December 31, 2011, adopted Ohio adjusted gross income, as 941  
defined by section 5747.01 of the Revised Code, as the income 942  
subject to tax for the purposes of imposing a municipal income 943  
tax. 944

(SS)(1) "Pre-2017 net operating loss carryforward" means 945  
any net operating loss incurred in a taxable year beginning 946  
before January 1, 2017, to the extent such loss was permitted, 947  
by a resolution or ordinance of the municipal corporation that 948  
was adopted by the municipal corporation before January 1, 2016, 949  
to be carried forward and utilized to offset income or net 950

profit generated in such municipal corporation in future taxable 951  
years. 952

(2) For the purpose of calculating municipal taxable 953  
income, any pre-2017 net operating loss carryforward may be 954  
carried forward to any taxable year, including taxable years 955  
beginning in 2017 or thereafter, for the number of taxable years 956  
provided in the resolution or ordinance or until fully utilized, 957  
whichever is earlier. 958

(TT) "Small employer" means any employer that had total 959  
revenue of less than five hundred thousand dollars during the 960  
preceding taxable year. For purposes of this division, "total 961  
revenue" means receipts of any type or kind, including, but not 962  
limited to, sales receipts; payments; rents; profits; gains, 963  
dividends, and other investment income; compensation; 964  
commissions; premiums; money; property; grants; contributions; 965  
donations; gifts; program service revenue; patient service 966  
revenue; premiums; fees, including premium fees and service 967  
fees; tuition payments; unrelated business revenue; 968  
reimbursements; any type of payment from a governmental unit, 969  
including grants and other allocations; and any other similar 970  
receipts reported for federal income tax purposes or under 971  
generally accepted accounting principles. "Small employer" does 972  
not include the federal government; any state government, 973  
including any state agency or instrumentality; any political 974  
subdivision; or any entity treated as a government for financial 975  
accounting and reporting purposes. 976

(UU) "Audit" means the examination of a person or the 977  
inspection of the books, records, memoranda, or accounts of a 978  
person for the purpose of determining liability for a municipal 979  
income tax. 980

(VV) "Publicly traded partnership" means any partnership, 981  
an interest in which is regularly traded on an established 982  
securities market. A "publicly traded partnership" may have any 983  
number of partners. 984

(WW) "Tax commissioner" means the tax commissioner 985  
appointed under section 121.03 of the Revised Code. 986

(XX) "Out-of-state disaster business," "qualifying 987  
solicitation," "qualifying employee," "disaster work," "critical 988  
infrastructure," and "disaster response period" have the same 989  
meanings as in section 5703.94 of the Revised Code. 990

(YY) "Pension" means a retirement benefit plan, regardless 991  
of whether the plan satisfies the qualifications described under 992  
section 401(a) of the Internal Revenue Code, including amounts 993  
that are taxable under the "Federal Insurance Contributions 994  
Act," Chapter 21 of the Internal Revenue Code, excluding 995  
employee contributions and elective deferrals, and regardless of 996  
whether such amounts are paid in the same taxable year in which 997  
the amounts are included in the employee's wages, as defined by 998  
section 3121(a) of the Internal Revenue Code. 999

(ZZ) "Retirement benefit plan" means an arrangement 1000  
whereby an entity provides benefits to individuals either on or 1001  
after their termination of service because of retirement or 1002  
disability. "Retirement benefit plan" does not include wage 1003  
continuation payments, severance payments, or payments made for 1004  
accrued personal or vacation time. 1005

**Sec. 1315.01.** Except when the context otherwise requires, 1006  
as used in sections 1315.01 to 1315.18 of the Revised Code: 1007

(A) "Authorized delegate" means a person designated by a 1008  
licensee under section 1315.11 of the Revised Code to receive, 1009

directly or indirectly, money or its equivalent for transmission 1010  
by the licensee. 1011

(B) "Control" means the power, directly or indirectly, to 1012  
direct the management and policies of a licensee or the 1013  
ownership, control of, or power to vote twenty-five per cent or 1014  
more of any class of the outstanding voting securities of a 1015  
controlling person. For purposes of determining the percentage 1016  
of a licensee controlled by any person, the person's interest 1017  
shall be aggregated with the interest of any other person 1018  
controlled by the person or by any spouse, parent, or child of 1019  
the person. 1020

(C) "Controlling person" means any person that controls a 1021  
licensee. 1022

(D) "Executive officer" means the licensee's president, 1023  
treasurer, secretary, each senior officer responsible for the 1024  
licensee's business, and any other person that performs similar 1025  
functions. 1026

(E) "Licensee" means a person licensed under sections 1027  
1315.01 to 1315.18 of the Revised Code to receive, directly or 1028  
indirectly, for transmission, money or its equivalent from 1029  
persons located in this state. 1030

(F) "Outstandings" means the total of all moneys received 1031  
for transmission that are not yet delivered, paid, or accessed. 1032

(G) "Transmit money" means to receive, directly or 1033  
indirectly and by any means, money or its equivalent from a 1034  
person and to deliver, pay, or make accessible, by any means, 1035  
method, manner, or device, whether or not a payment instrument 1036  
is used, the money received or its equivalent to the same or 1037  
another person, at the same or another time, and at the same or 1038

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.\_  
"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.

**Sec. 1352.01.** As used in this chapter:

(A) "Blockchain" means data that is both of the following:

(1) Shared across a peer-to-peer network to create a  
ledger of verified transactions or information among network  
participants linked together using cryptography to maintain the  
integrity of the ledger and to execute other functions;

(2) Distributed among network participants in an automated  
fashion to concurrently update network participants on the state  
of the ledger and any other functions.

(B) "Blockchain protocol" means any executable software  
that is all of the following:

(1) Governed by a set of predefined rules which execute  
autonomously without human intervention and can be altered by  
some predetermined mechanism;

(2) Deployed to a blockchain, typically referred to as a  
smart contract, including an additional standardized set of  
rules based on a previously existing blockchain;

(3) Used to facilitate the transfer of data and electronic 1068  
records and allow that data and those electronic records to be 1069  
broadcast to nodes. 1070

(C) "Digital asset" means virtual currencies, 1071  
cryptocurrencies, native electronic assets, including 1072  
stablecoins and non-fungible tokens, and other digital-only 1073  
assets that confer economic, proprietary, or access rights or 1074  
powers. 1075

(D) "Digital asset mining" means using computer hardware 1076  
and software specifically designed or utilized for the purpose 1077  
of validating data and securing a blockchain network. 1078

(E) "Digital asset mining business" means multiple digital 1079  
asset mining devices at a single site that consume more than one 1080  
megawatt of electricity on an average annual basis for the 1081  
purpose of generating digital assets by securing a blockchain 1082  
network. 1083

(F) "Digital asset mining device" means computing hardware 1084  
specifically designed or utilized to participate in digital 1085  
asset mining for the purpose of securing a blockchain network. 1086

(G) "Hardware wallet" means a physical device that is not 1087  
continuously connected to the internet, allows an individual to 1088  
secure and transfer digital assets, and under which the owner of 1089  
the digital assets retains independent control over the digital 1090  
assets. 1091

(H) "Node" means a computational device that communicates 1092  
with other devices or participants on a blockchain to maintain 1093  
consensus and integrity of that blockchain, create and validate 1094  
transaction blocks, contain and update a copy of a blockchain, 1095  
or any combination of the foregoing. 1096

(I) "Political subdivision" means a county, township, or 1097  
municipal corporation. 1098

(J) "Self-hosted wallet" means a digital interface used to 1099  
secure and transfer digital assets and under which the owner of 1100  
the digital assets retains independent control over the digital 1101  
assets. 1102

(K) "Staking" means committing digital assets to a 1103  
blockchain network's operations by validating transactions, 1104  
proposing and attesting to blocks, and securing the network. 1105

(L) "Staking services" means the provision of technical 1106  
staking services, including the operation of nodes and 1107  
associated infrastructure necessary to facilitate participation 1108  
in blockchain networks' consensus mechanisms by the service 1109  
provider on behalf of an individual or entity that owns the 1110  
digital asset being staked. 1111

**Sec. 1352.02.** No department, agency, or instrumentality of 1112  
this state and no political subdivision of this state shall 1113  
prohibit, restrict, or otherwise impair the ability of an 1114  
individual to do either of the following: 1115

(A) Accept digital assets as a method of payment for legal 1116  
goods and services; 1117

(B) Take custody of digital assets using a hardware wallet 1118  
or self-hosted wallet. 1119

**Sec. 1352.03.** (A) Any person may engage in digital asset 1120  
mining in areas of this state zoned for residential use, 1121  
provided that the person complies with all applicable local 1122  
ordinances, resolutions, regulations, and orders in areas zoned 1123  
for residential use, including those adopted in accordance with 1124  
sections 505.172 and 715.49 of the Revised Code. 1125

(B) A digital asset mining business may operate in any 1126  
area of this state that is zoned for industrial use, provided 1127  
the digital asset mining business meets the requirements for 1128  
industrial use. 1129

(C) A political subdivision of this state shall not adopt 1130  
or enforce an ordinance, resolution, regulation, or order 1131  
specific to digital asset mining businesses that does not also 1132  
apply to other similarly situated businesses. 1133

(D) A political subdivision of this state shall not rezone 1134  
or redistrict parcels in a manner that affects a digital asset 1135  
mining business without going through the proper notice and 1136  
comment process. 1137

(E) A digital asset mining business that believes a 1138  
political subdivision rezoned or redistricted parcels in a 1139  
manner that discriminates against the business may appeal the 1140  
rezoning or redistricting to the court of common pleas of the 1141  
county where the business is located. 1142

**Sec. 1352.04.** (A) No person is required to obtain a money 1143  
transmitter license under Chapter 1315. of the Revised Code 1144  
solely to engage in any of the following: 1145

(1) Digital asset mining; 1146

(2) Staking; 1147

(3) Exchanging a digital asset for another digital asset; 1148

(4) Developing or deploying software which allows for the 1149  
exchange of a digital asset for another digital asset; 1150

(5) Operating a node or series of nodes on a blockchain 1151  
protocol. 1152



(B) A business providing or offering to provide digital 1153  
asset mining or staking services is not considered to be 1154  
offering a security or investment contract for the purposes of 1155  
Chapter 1308. of the Revised Code. 1156

**Sec. 5747.01.** Except as otherwise expressly provided or 1157  
clearly appearing from the context, any term used in this 1158  
chapter that is not otherwise defined in this section has the 1159  
same meaning as when used in a comparable context in the laws of 1160  
the United States relating to federal income taxes or if not 1161  
used in a comparable context in those laws, has the same meaning 1162  
as in section 5733.40 of the Revised Code. Any reference in this 1163  
chapter to the Internal Revenue Code includes other laws of the 1164  
United States relating to federal income taxes. 1165

As used in this chapter: 1166

(A) "Adjusted gross income" or "Ohio adjusted gross 1167  
income" means federal adjusted gross income, as defined and used 1168  
in the Internal Revenue Code, adjusted as provided in this 1169  
section: 1170

(1) Add interest or dividends on obligations or securities 1171  
of any state or of any political subdivision or authority of any 1172  
state, other than this state and its subdivisions and 1173  
authorities. 1174

(2) Add interest or dividends on obligations of any 1175  
authority, commission, instrumentality, territory, or possession 1176  
of the United States to the extent that the interest or 1177  
dividends are exempt from federal income taxes but not from 1178  
state income taxes. 1179

(3) Deduct interest or dividends on obligations of the 1180  
United States and its territories and possessions or of any 1181

authority, commission, or instrumentality of the United States 1182  
to the extent that the interest or dividends are included in 1183  
federal adjusted gross income but exempt from state income taxes 1184  
under the laws of the United States. 1185

(4) Deduct disability and survivor's benefits to the 1186  
extent included in federal adjusted gross income. 1187

(5) Deduct the following, to the extent not otherwise 1188  
deducted or excluded in computing federal or Ohio adjusted gross 1189  
income: 1190

(a) Benefits under Title II of the Social Security Act and 1191  
tier 1 railroad retirement; 1192

(b) Railroad retirement benefits, other than tier 1 1193  
railroad retirement benefits, to the extent such amounts are 1194  
exempt from state taxation under federal law. 1195

(6) Deduct the amount of wages and salaries, if any, not 1196  
otherwise allowable as a deduction but that would have been 1197  
allowable as a deduction in computing federal adjusted gross 1198  
income for the taxable year, had the work opportunity tax credit 1199  
allowed and determined under sections 38, 51, and 52 of the 1200  
Internal Revenue Code not been in effect. 1201

(7) Deduct any interest or interest equivalent on public 1202  
obligations and purchase obligations to the extent that the 1203  
interest or interest equivalent is included in federal adjusted 1204  
gross income. 1205

(8) Add any loss or deduct any gain resulting from the 1206  
sale, exchange, or other disposition of public obligations to 1207  
the extent that the loss has been deducted or the gain has been 1208  
included in computing federal adjusted gross income. 1209

(9) Deduct or add amounts, as provided under section 1210  
5747.70 of the Revised Code, related to contributions made to or 1211  
tuition units purchased under a qualified tuition program 1212  
established pursuant to section 529 of the Internal Revenue 1213  
Code. 1214

(10) (a) Deduct, to the extent not otherwise allowable as a 1215  
deduction or exclusion in computing federal or Ohio adjusted 1216  
gross income for the taxable year, the amount the taxpayer paid 1217  
during the taxable year for medical care insurance and qualified 1218  
long-term care insurance for the taxpayer, the taxpayer's 1219  
spouse, and dependents. No deduction for medical care insurance 1220  
under division (A) (10) (a) of this section shall be allowed 1221  
either to any taxpayer who is eligible to participate in any 1222  
subsidized health plan maintained by any employer of the 1223  
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 1224  
entitled to, or on application would be entitled to, benefits 1225  
under part A of Title XVIII of the "Social Security Act," 49 1226  
Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 1227  
division (A) (10) (a) of this section, "subsidized health plan" 1228  
means a health plan for which the employer pays any portion of 1229  
the plan's cost. The deduction allowed under division (A) (10) (a) 1230  
of this section shall be the net of any related premium refunds, 1231  
related premium reimbursements, or related insurance premium 1232  
dividends received during the taxable year. 1233

(b) Deduct, to the extent not otherwise deducted or 1234  
excluded in computing federal or Ohio adjusted gross income 1235  
during the taxable year, the amount the taxpayer paid during the 1236  
taxable year, not compensated for by any insurance or otherwise, 1237  
for medical care of the taxpayer, the taxpayer's spouse, and 1238  
dependents, to the extent the expenses exceed seven and one-half 1239  
per cent of the taxpayer's federal adjusted gross income. 1240

(c) For purposes of division (A)(10) of this section, 1241  
"medical care" has the meaning given in section 213 of the 1242  
Internal Revenue Code, subject to the special rules, 1243  
limitations, and exclusions set forth therein, and "qualified 1244  
long-term care" has the same meaning given in section 7702B(c) 1245  
of the Internal Revenue Code. Solely for purposes of division 1246  
(A)(10)(a) of this section, "dependent" includes a person who 1247  
otherwise would be a "qualifying relative" and thus a 1248  
"dependent" under section 152 of the Internal Revenue Code but 1249  
for the fact that the person fails to meet the income and 1250  
support limitations under section 152(d)(1)(B) and (C) of the 1251  
Internal Revenue Code. 1252

(11)(a) Deduct any amount included in federal adjusted 1253  
gross income solely because the amount represents a 1254  
reimbursement or refund of expenses that in any year the 1255  
taxpayer had deducted as an itemized deduction pursuant to 1256  
section 63 of the Internal Revenue Code and applicable United 1257  
States department of the treasury regulations. The deduction 1258  
otherwise allowed under division (A)(11)(a) of this section 1259  
shall be reduced to the extent the reimbursement is attributable 1260  
to an amount the taxpayer deducted under this section in any 1261  
taxable year. 1262

(b) Add any amount not otherwise included in Ohio adjusted 1263  
gross income for any taxable year to the extent that the amount 1264  
is attributable to the recovery during the taxable year of any 1265  
amount deducted or excluded in computing federal or Ohio 1266  
adjusted gross income in any taxable year. 1267

(12) Deduct any portion of the deduction described in 1268  
section 1341(a)(2) of the Internal Revenue Code, for repaying 1269  
previously reported income received under a claim of right, that 1270

meets both of the following requirements: 1271

(a) It is allowable for repayment of an item that was 1272  
included in the taxpayer's adjusted gross income for a prior 1273  
taxable year and did not qualify for a credit under division (A) 1274  
or (B) of section 5747.05 of the Revised Code for that year; 1275

(b) It does not otherwise reduce the taxpayer's adjusted 1276  
gross income for the current or any other taxable year. 1277

(13) Deduct an amount equal to the deposits made to, and 1278  
net investment earnings of, a medical savings account during the 1279  
taxable year, in accordance with section 3924.66 of the Revised 1280  
Code. The deduction allowed by division (A) (13) of this section 1281  
does not apply to medical savings account deposits and earnings 1282  
otherwise deducted or excluded for the current or any other 1283  
taxable year from the taxpayer's federal adjusted gross income. 1284

(14) (a) Add an amount equal to the funds withdrawn from a 1285  
medical savings account during the taxable year, and the net 1286  
investment earnings on those funds, when the funds withdrawn 1287  
were used for any purpose other than to reimburse an account 1288  
holder for, or to pay, eligible medical expenses, in accordance 1289  
with section 3924.66 of the Revised Code; 1290

(b) Add the amounts distributed from a medical savings 1291  
account under division (A) (2) of section 3924.68 of the Revised 1292  
Code during the taxable year. 1293

(15) Add any amount claimed as a credit under section 1294  
5747.059 of the Revised Code to the extent that such amount 1295  
satisfies either of the following: 1296

(a) The amount was deducted or excluded from the 1297  
computation of the taxpayer's federal adjusted gross income as 1298  
required to be reported for the taxpayer's taxable year under 1299

the Internal Revenue Code; 1300

(b) The amount resulted in a reduction of the taxpayer's 1301  
federal adjusted gross income as required to be reported for any 1302  
of the taxpayer's taxable years under the Internal Revenue Code. 1303

(16) Deduct the amount contributed by the taxpayer to an 1304  
individual development account program established by a county 1305  
department of job and family services pursuant to sections 1306  
329.11 to 329.14 of the Revised Code for the purpose of matching 1307  
funds deposited by program participants. On request of the tax 1308  
commissioner, the taxpayer shall provide any information that, 1309  
in the tax commissioner's opinion, is necessary to establish the 1310  
amount deducted under division (A)(16) of this section. 1311

(17)(a)(i) Subject to divisions (A)(17)(a)(iii), (iv), and 1312  
(v) of this section, add five-sixths of the amount of 1313  
depreciation expense allowed by subsection (k) of section 168 of 1314  
the Internal Revenue Code, including the taxpayer's 1315  
proportionate or distributive share of the amount of 1316  
depreciation expense allowed by that subsection to a pass- 1317  
through entity in which the taxpayer has a direct or indirect 1318  
ownership interest. 1319

(ii) Subject to divisions (A)(17)(a)(iii), (iv), and (v) 1320  
of this section, add five-sixths of the amount of qualifying 1321  
section 179 depreciation expense, including the taxpayer's 1322  
proportionate or distributive share of the amount of qualifying 1323  
section 179 depreciation expense allowed to any pass-through 1324  
entity in which the taxpayer has a direct or indirect ownership 1325  
interest. 1326

(iii) Subject to division (A)(17)(a)(v) of this section, 1327  
for taxable years beginning in 2012 or thereafter, if the 1328

increase in income taxes withheld by the taxpayer is equal to or 1329  
greater than ten per cent of income taxes withheld by the 1330  
taxpayer during the taxpayer's immediately preceding taxable 1331  
year, "two-thirds" shall be substituted for "five-sixths" for 1332  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 1333

(iv) Subject to division (A) (17) (a) (v) of this section, 1334  
for taxable years beginning in 2012 or thereafter, a taxpayer is 1335  
not required to add an amount under division (A) (17) of this 1336  
section if the increase in income taxes withheld by the taxpayer 1337  
and by any pass-through entity in which the taxpayer has a 1338  
direct or indirect ownership interest is equal to or greater 1339  
than the sum of (I) the amount of qualifying section 179 1340  
depreciation expense and (II) the amount of depreciation expense 1341  
allowed to the taxpayer by subsection (k) of section 168 of the 1342  
Internal Revenue Code, and including the taxpayer's 1343  
proportionate or distributive shares of such amounts allowed to 1344  
any such pass-through entities. 1345

(v) If a taxpayer directly or indirectly incurs a net 1346  
operating loss for the taxable year for federal income tax 1347  
purposes, to the extent such loss resulted from depreciation 1348  
expense allowed by subsection (k) of section 168 of the Internal 1349  
Revenue Code and by qualifying section 179 depreciation expense, 1350  
"the entire" shall be substituted for "five-sixths of the" for 1351  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 1352

The tax commissioner, under procedures established by the 1353  
commissioner, may waive the add-backs related to a pass-through 1354  
entity if the taxpayer owns, directly or indirectly, less than 1355  
five per cent of the pass-through entity. 1356

(b) Nothing in division (A) (17) of this section shall be 1357  
construed to adjust or modify the adjusted basis of any asset. 1358

(c) To the extent the add-back required under division (A) 1359  
(17) (a) of this section is attributable to property generating 1360  
nonbusiness income or loss allocated under section 5747.20 of 1361  
the Revised Code, the add-back shall be situated to the same 1362  
location as the nonbusiness income or loss generated by the 1363  
property for the purpose of determining the credit under 1364  
division (A) of section 5747.05 of the Revised Code. Otherwise, 1365  
the add-back shall be apportioned, subject to one or more of the 1366  
four alternative methods of apportionment enumerated in section 1367  
5747.21 of the Revised Code. 1368

(d) For the purposes of division (A) (17) (a) (v) of this 1369  
section, net operating loss carryback and carryforward shall not 1370  
include the allowance of any net operating loss deduction 1371  
carryback or carryforward to the taxable year to the extent such 1372  
loss resulted from depreciation allowed by section 168(k) of the 1373  
Internal Revenue Code and by the qualifying section 179 1374  
depreciation expense amount. 1375

(e) For the purposes of divisions (A) (17) and (18) of this 1376  
section: 1377

(i) "Income taxes withheld" means the total amount 1378  
withheld and remitted under sections 5747.06 and 5747.07 of the 1379  
Revised Code by an employer during the employer's taxable year. 1380

(ii) "Increase in income taxes withheld" means the amount 1381  
by which the amount of income taxes withheld by an employer 1382  
during the employer's current taxable year exceeds the amount of 1383  
income taxes withheld by that employer during the employer's 1384  
immediately preceding taxable year. 1385

(iii) "Qualifying section 179 depreciation expense" means 1386  
the difference between (I) the amount of depreciation expense 1387



directly or indirectly allowed to a taxpayer under section 179 1388  
of the Internal Revised Code, and (II) the amount of 1389  
depreciation expense directly or indirectly allowed to the 1390  
taxpayer under section 179 of the Internal Revenue Code as that 1391  
section existed on December 31, 2002. 1392

(18) (a) If the taxpayer was required to add an amount 1393  
under division (A) (17) (a) of this section for a taxable year, 1394  
deduct one of the following: 1395

(i) One-fifth of the amount so added for each of the five 1396  
succeeding taxable years if the amount so added was five-sixths 1397  
of qualifying section 179 depreciation expense or depreciation 1398  
expense allowed by subsection (k) of section 168 of the Internal 1399  
Revenue Code; 1400

(ii) One-half of the amount so added for each of the two 1401  
succeeding taxable years if the amount so added was two-thirds 1402  
of such depreciation expense; 1403

(iii) One-sixth of the amount so added for each of the six 1404  
succeeding taxable years if the entire amount of such 1405  
depreciation expense was so added. 1406

(b) If the amount deducted under division (A) (18) (a) of 1407  
this section is attributable to an add-back allocated under 1408  
division (A) (17) (c) of this section, the amount deducted shall 1409  
be situated to the same location. Otherwise, the add-back shall 1410  
be apportioned using the apportionment factors for the taxable 1411  
year in which the deduction is taken, subject to one or more of 1412  
the four alternative methods of apportionment enumerated in 1413  
section 5747.21 of the Revised Code. 1414

(c) No deduction is available under division (A) (18) (a) of 1415  
this section with regard to any depreciation allowed by section 1416

168(k) of the Internal Revenue Code and by the qualifying 1417  
section 179 depreciation expense amount to the extent that such 1418  
depreciation results in or increases a federal net operating 1419  
loss carryback or carryforward. If no such deduction is 1420  
available for a taxable year, the taxpayer may carry forward the 1421  
amount not deducted in such taxable year to the next taxable 1422  
year and add that amount to any deduction otherwise available 1423  
under division (A) (18) (a) of this section for that next taxable 1424  
year. The carryforward of amounts not so deducted shall continue 1425  
until the entire addition required by division (A) (17) (a) of 1426  
this section has been deducted. 1427

(19) Deduct, to the extent not otherwise deducted or 1428  
excluded in computing federal or Ohio adjusted gross income for 1429  
the taxable year, the amount the taxpayer received during the 1430  
taxable year as reimbursement for life insurance premiums under 1431  
section 5919.31 of the Revised Code. 1432

(20) Deduct, to the extent not otherwise deducted or 1433  
excluded in computing federal or Ohio adjusted gross income for 1434  
the taxable year, the amount the taxpayer received during the 1435  
taxable year as a death benefit paid by the adjutant general 1436  
under section 5919.33 of the Revised Code. 1437

(21) Deduct, to the extent included in federal adjusted 1438  
gross income and not otherwise allowable as a deduction or 1439  
exclusion in computing federal or Ohio adjusted gross income for 1440  
the taxable year, military pay and allowances received by the 1441  
taxpayer during the taxable year for active duty service in the 1442  
United States army, air force, navy, marine corps, or coast 1443  
guard or reserve components thereof or the national guard. The 1444  
deduction may not be claimed for military pay and allowances 1445  
received by the taxpayer while the taxpayer is stationed in this 1446

state. 1447

(22) Deduct, to the extent not otherwise allowable as a 1448  
deduction or exclusion in computing federal or Ohio adjusted 1449  
gross income for the taxable year and not otherwise compensated 1450  
for by any other source, the amount of qualified organ donation 1451  
expenses incurred by the taxpayer during the taxable year, not 1452  
to exceed ten thousand dollars. A taxpayer may deduct qualified 1453  
organ donation expenses only once for all taxable years 1454  
beginning with taxable years beginning in 2007. 1455

For the purposes of division (A) (22) of this section: 1456

(a) "Human organ" means all or any portion of a human 1457  
liver, pancreas, kidney, intestine, or lung, and any portion of 1458  
human bone marrow. 1459

(b) "Qualified organ donation expenses" means travel 1460  
expenses, lodging expenses, and wages and salary forgone by a 1461  
taxpayer in connection with the taxpayer's donation, while 1462  
living, of one or more of the taxpayer's human organs to another 1463  
human being. 1464

(23) Deduct, to the extent not otherwise deducted or 1465  
excluded in computing federal or Ohio adjusted gross income for 1466  
the taxable year, amounts received by the taxpayer as retired 1467  
personnel pay for service in the uniformed services or reserve 1468  
components thereof, or the national guard, or received by the 1469  
surviving spouse or former spouse of such a taxpayer under the 1470  
survivor benefit plan on account of such a taxpayer's death. If 1471  
the taxpayer receives income on account of retirement paid under 1472  
the federal civil service retirement system or federal employees 1473  
retirement system, or under any successor retirement program 1474  
enacted by the congress of the United States that is established 1475

and maintained for retired employees of the United States 1476  
government, and such retirement income is based, in whole or in 1477  
part, on credit for the taxpayer's uniformed service, the 1478  
deduction allowed under this division shall include only that 1479  
portion of such retirement income that is attributable to the 1480  
taxpayer's uniformed service, to the extent that portion of such 1481  
retirement income is otherwise included in federal adjusted 1482  
gross income and is not otherwise deducted under this section. 1483  
Any amount deducted under division (A) (23) of this section is 1484  
not included in a taxpayer's adjusted gross income for the 1485  
purposes of section 5747.055 of the Revised Code. No amount may 1486  
be deducted under division (A) (23) of this section on the basis 1487  
of which a credit was claimed under section 5747.055 of the 1488  
Revised Code. 1489

(24) Deduct, to the extent not otherwise deducted or 1490  
excluded in computing federal or Ohio adjusted gross income for 1491  
the taxable year, the amount the taxpayer received during the 1492  
taxable year from the military injury relief fund created in 1493  
section 5902.05 of the Revised Code. 1494

(25) Deduct, to the extent not otherwise deducted or 1495  
excluded in computing federal or Ohio adjusted gross income for 1496  
the taxable year, the amount the taxpayer received as a veterans 1497  
bonus during the taxable year from the Ohio department of 1498  
veterans services as authorized by Section 2r of Article VIII, 1499  
Ohio Constitution. 1500

(26) Deduct, to the extent not otherwise deducted or 1501  
excluded in computing federal or Ohio adjusted gross income for 1502  
the taxable year, any income derived from a transfer agreement 1503  
or from the enterprise transferred under that agreement under 1504  
section 4313.02 of the Revised Code. 1505

(27) Deduct, to the extent not otherwise deducted or 1506  
excluded in computing federal or Ohio adjusted gross income for 1507  
the taxable year, Ohio college opportunity or federal Pell grant 1508  
amounts received by the taxpayer or the taxpayer's spouse or 1509  
dependent pursuant to section 3333.122 of the Revised Code or 20 1510  
U.S.C. 1070a, et seq., and used to pay room or board furnished 1511  
by the educational institution for which the grant was awarded 1512  
at the institution's facilities, including meal plans 1513  
administered by the institution. For the purposes of this 1514  
division, receipt of a grant includes the distribution of a 1515  
grant directly to an educational institution and the crediting 1516  
of the grant to the enrollee's account with the institution. 1517

(28) Deduct from the portion of an individual's federal 1518  
adjusted gross income that is business income, to the extent not 1519  
otherwise deducted or excluded in computing federal adjusted 1520  
gross income for the taxable year, one hundred twenty-five 1521  
thousand dollars for each spouse if spouses file separate 1522  
returns under section 5747.08 of the Revised Code or two hundred 1523  
fifty thousand dollars for all other individuals. 1524

(29) Deduct, as provided under section 5747.78 of the 1525  
Revised Code, contributions to ABLE savings accounts made in 1526  
accordance with sections 113.50 to 113.56 of the Revised Code. 1527

(30) (a) Deduct, to the extent not otherwise deducted or 1528  
excluded in computing federal or Ohio adjusted gross income 1529  
during the taxable year, all of the following: 1530

(i) Compensation paid to a qualifying employee described 1531  
in division (A) (14) (a) of section 5703.94 of the Revised Code to 1532  
the extent such compensation is for disaster work conducted in 1533  
this state during a disaster response period pursuant to a 1534  
qualifying solicitation received by the employee's employer; 1535

(ii) Compensation paid to a qualifying employee described 1536  
in division (A) (14) (b) of section 5703.94 of the Revised Code to 1537  
the extent such compensation is for disaster work conducted in 1538  
this state by the employee during the disaster response period 1539  
on critical infrastructure owned or used by the employee's 1540  
employer; 1541

(iii) Income received by an out-of-state disaster business 1542  
for disaster work conducted in this state during a disaster 1543  
response period, or, if the out-of-state disaster business is a 1544  
pass-through entity, a taxpayer's distributive share of the 1545  
pass-through entity's income from the business conducting 1546  
disaster work in this state during a disaster response period, 1547  
if, in either case, the disaster work is conducted pursuant to a 1548  
qualifying solicitation received by the business. 1549

(b) All terms used in division (A) (30) of this section 1550  
have the same meanings as in section 5703.94 of the Revised 1551  
Code. 1552

(31) For a taxpayer who is a qualifying Ohio educator, 1553  
deduct, to the extent not otherwise deducted or excluded in 1554  
computing federal or Ohio adjusted gross income for the taxable 1555  
year, the lesser of two hundred fifty dollars or the amount of 1556  
expenses described in subsections (a) (2) (D) (i) and (ii) of 1557  
section 62 of the Internal Revenue Code paid or incurred by the 1558  
taxpayer during the taxpayer's taxable year in excess of the 1559  
amount the taxpayer is authorized to deduct for that taxable 1560  
year under subsection (a) (2) (D) of that section. 1561

(32) Deduct, to the extent not otherwise deducted or 1562  
excluded in computing federal or Ohio adjusted gross income for 1563  
the taxable year, amounts received by the taxpayer as a 1564  
disability severance payment, computed under 10 U.S.C. 1212, 1565

following discharge or release under honorable conditions from 1566  
the armed forces of the United States, as defined in section 1567  
5907.01 of the Revised Code. 1568

(33) Deduct, to the extent not otherwise deducted or 1569  
excluded in computing federal adjusted gross income or Ohio 1570  
adjusted gross income, amounts not subject to tax due to an 1571  
agreement entered into under division (A) (2) of section 5747.05 1572  
of the Revised Code. 1573

(34) Deduct amounts as provided under section 5747.79 of 1574  
the Revised Code related to the taxpayer's qualifying capital 1575  
gains and deductible payroll. 1576

To the extent a qualifying capital gain described under 1577  
division (A) (34) of this section is business income, the 1578  
taxpayer shall deduct those gains under this division before 1579  
deducting any such gains under division (A) (28) of this section. 1580

(35) (a) For taxable years beginning in or after 2026, 1581  
deduct, to the extent not otherwise deducted or excluded in 1582  
computing federal or Ohio adjusted gross income for the taxable 1583  
year: 1584

(i) One hundred per cent of the capital gain received by 1585  
the taxpayer in the taxable year from a qualifying interest in 1586  
an Ohio venture capital operating company attributable to the 1587  
company's investments in Ohio businesses during the period for 1588  
which the company was an Ohio venture operating company; and 1589

(ii) Fifty per cent of the capital gain received by the 1590  
taxpayer in the taxable year from a qualifying interest in an 1591  
Ohio venture capital operating company attributable to the 1592  
company's investments in all other businesses during the period 1593  
for which the company was an Ohio venture operating company. 1594

(b) Add amounts previously deducted by the taxpayer under 1595  
division (A) (35) (a) of this section if the director of 1596  
development certifies to the tax commissioner that the 1597  
requirements for the deduction were not met. 1598

(c) All terms used in division (A) (35) of this section 1599  
have the same meanings as in section 122.851 of the Revised 1600  
Code. 1601

(d) To the extent a capital gain described in division (A) 1602  
(35) (a) of this section is business income, the taxpayer shall 1603  
apply that division before applying division (A) (28) of this 1604  
section. 1605

(36) Add, to the extent not otherwise included in 1606  
computing federal or Ohio adjusted gross income for any taxable 1607  
year, the taxpayer's proportionate share of the amount of the 1608  
tax levied under section 5747.38 of the Revised Code and paid by 1609  
an electing pass-through entity for the taxable year. 1610

Notwithstanding any provision of the Revised Code to the 1611  
contrary, the portion of the addition required by division (A) 1612  
(36) of this section related to the apportioned business income 1613  
of the pass-through entity shall be considered business income 1614  
under division (B) of this section. Such addition is eligible 1615  
for the deduction in division (A) (28) of this section, subject 1616  
to the applicable dollar limitations, and the tax rate 1617  
prescribed by division (A) (4) (a) of section 5747.02 of the 1618  
Revised Code. The taxpayer shall provide, upon request of the 1619  
tax commissioner, any documentation necessary to verify the 1620  
portion of the addition that is business income under this 1621  
division. 1622

(37) Deduct, to the extent not otherwise deducted or 1623



excluded in computing federal or Ohio adjusted gross income for 1624  
the taxable year, amounts delivered to a qualifying institution 1625  
pursuant to section 3333.128 of the Revised Code for the benefit 1626  
of the taxpayer or the taxpayer's spouse or dependent. 1627

(38) Deduct, to the extent not otherwise deducted or 1628  
excluded in computing federal or Ohio adjusted gross income for 1629  
the taxable year, amounts received under the Ohio adoption grant 1630  
program pursuant to section 5101.191 of the Revised Code. 1631

(39) Deduct, to the extent included in federal adjusted 1632  
gross income, income attributable to amounts provided to a 1633  
taxpayer for any of the purposes for which an exclusion would 1634  
have been authorized under section 139 of the Internal Revenue 1635  
Code if the train derailment near the city of East Palestine on 1636  
February 3, 2023, had been a qualified disaster pursuant to that 1637  
section, or to compensate for lost business resulting from that 1638  
derailment, if such amounts are provided by any of the 1639  
following: 1640

(a) A federal, state, or local government agency; 1641

(b) A railroad company, as that term is defined in section 1642  
5727.01 of the Revised Code; 1643

(c) Any subsidiary, insurer, or agent of a railroad 1644  
company or any related person. 1645

Notwithstanding any provision to the contrary, the 1646  
derailment is not required to meet the definition of a 1647  
"qualified disaster" pursuant to section 139 of the Internal 1648  
Revenue Code to qualify for the deduction under this section. 1649

(40) Deduct, to the extent included in federal adjusted 1650  
gross income, income attributable to loan repayments on behalf 1651  
of the taxpayer under the rural practice incentive program under 1652

section 3333.135 of the Revised Code. 1653

(41) Add any income taxes deducted in computing federal or 1654  
Ohio adjusted gross income to the extent the income taxes were 1655  
derived from income subject to a tax levied in another state or 1656  
the District of Columbia when such tax was enacted for purposes 1657  
of complying with internal revenue service notice 2020-75. 1658

Notwithstanding any provision of the Revised Code to the 1659  
contrary, the portion of the addition required by division (A) 1660  
(41) of this section related to the apportioned business income 1661  
of the pass-through entity shall be considered business income 1662  
under division (B) of this section. Such addition is eligible 1663  
for the deduction in division (A) (28) of this section, subject 1664  
to the applicable dollar limitations, and the tax rate 1665  
prescribed by division (A) (4) (a) of section 5747.02 of the 1666  
Revised Code. The taxpayer shall provide, upon request of the 1667  
tax commissioner, any documentation necessary to verify the 1668  
portion of the addition that is business income under this 1669  
division. 1670

(42) Deduct amounts contributed to a homeownership savings 1671  
account and calculated pursuant to divisions (B) and (C) of 1672  
section 5747.85 of the Revised Code. 1673

(43) If the taxpayer is the account owner, add the amount 1674  
of funds withdrawn from a homeownership savings account not used 1675  
for eligible expenses, regardless of who deposited those funds. 1676  
As used in division (A) (43) of this section, "homeownership 1677  
savings account," "account owner," and "eligible expenses" have 1678  
the same meanings as in section 5747.85 of the Revised Code. 1679

(44) Deduct, to the extent not otherwise deducted or 1680  
excluded in computing federal or Ohio adjusted gross income for 1681

the taxable year, capital gains received by the taxpayer from 1682  
the sale of a digital asset used as a method of payment for 1683  
goods or services, provided the amount of payment in the 1684  
transaction does not exceed the deduction threshold. 1685

For the purpose of division (A) (44) of this section: 1686

(a) The "deduction threshold" equals two hundred dollars 1687  
for the taxable year ending on or after the effective date of 1688  
this amendment. In August of each year, starting in the first 1689  
following taxable year, the tax commissioner shall determine the 1690  
percentage increase in the consumer price index from the first 1691  
day of January of the preceding calendar year to the last day of 1692  
December of the preceding year, and make a new adjustment to the 1693  
deduction threshold for taxable years beginning in the current 1694  
calendar year by multiplying that amount by the percentage 1695  
increase in the consumer price index for that period; adding the 1696  
resulting product to the deduction threshold for taxable years 1697  
beginning in the preceding calendar year; and rounding the 1698  
resulting sum upward to the nearest multiple of five dollars. 1699  
The adjusted amount applies to taxable years beginning in the 1700  
calendar year in which the adjustment is made and to taxable 1701  
years beginning in each ensuing calendar year until a calendar 1702  
year in which a new adjustment is made pursuant to this 1703  
division. The commissioner shall not make a new adjustment in 1704  
any calendar year in which the amount resulting from the 1705  
adjustment would be less than the amount resulting from the 1706  
adjustment in the preceding calendar year. After making an 1707  
adjustment, the commissioner shall certify the new deduction 1708  
threshold to the tax administrator of each municipal corporation 1709  
to which division (C) (2) (b) of section 718.01 of the Revised 1710  
Code applies. 1711

(b) "Consumer price index" means the consumer price index 1712  
for all urban consumers (United States city average, all items), 1713  
prepared by the United States department of labor, bureau of 1714  
labor statistics. 1715

(c) "Digital asset" has the same meaning as in section 1716  
1352.01 of the Revised Code. 1717

(B) "Business income" means income, including gain or 1718  
loss, arising from transactions, activities, and sources in the 1719  
regular course of a trade or business and includes income, gain, 1720  
or loss from real property, tangible property, and intangible 1721  
property if the acquisition, rental, management, and disposition 1722  
of the property constitute integral parts of the regular course 1723  
of a trade or business operation. "Business income" includes 1724  
income, including gain or loss, from a partial or complete 1725  
liquidation of a business, including, but not limited to, gain 1726  
or loss from the sale or other disposition of goodwill or the 1727  
sale of an equity or ownership interest in a business. 1728

As used in this division, the "sale of an equity or 1729  
ownership interest in a business" means sales to which either or 1730  
both of the following apply: 1731

(1) The sale is treated for federal income tax purposes as 1732  
the sale of assets. 1733

(2) The seller materially participated, as described in 26 1734  
C.F.R. 1.469-5T, in the activities of the business during the 1735  
taxable year in which the sale occurs or during any of the five 1736  
preceding taxable years. 1737

(C) "Nonbusiness income" means all income other than 1738  
business income and may include, but is not limited to, 1739  
compensation, rents and royalties from real or tangible personal 1740

property, capital gains, interest, dividends and distributions, 1741  
patent or copyright royalties, or lottery winnings, prizes, and 1742  
awards. 1743

(D) "Compensation" means any form of remuneration paid to 1744  
an employee for personal services. 1745

(E) "Fiduciary" means a guardian, trustee, executor, 1746  
administrator, receiver, conservator, or any other person acting 1747  
in any fiduciary capacity for any individual, trust, or estate. 1748

(F) "Fiscal year" means an accounting period of twelve 1749  
months ending on the last day of any month other than December. 1750

(G) "Individual" means any natural person. 1751

(H) "Internal Revenue Code" means the "Internal Revenue 1752  
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 1753

(I) "Resident" means any of the following: 1754

(1) An individual who is domiciled in this state, subject 1755  
to section 5747.24 of the Revised Code; 1756

(2) The estate of a decedent who at the time of death was 1757  
domiciled in this state. The domicile tests of section 5747.24 1758  
of the Revised Code are not controlling for purposes of division 1759  
(I) (2) of this section. 1760

(3) A trust that, in whole or part, resides in this state. 1761  
If only part of a trust resides in this state, the trust is a 1762  
resident only with respect to that part. 1763

For the purposes of division (I) (3) of this section: 1764

(a) A trust resides in this state for the trust's current 1765  
taxable year to the extent, as described in division (I) (3) (d) 1766  
of this section, that the trust consists directly or indirectly, 1767

in whole or in part, of assets, net of any related liabilities, 1768  
that were transferred, or caused to be transferred, directly or 1769  
indirectly, to the trust by any of the following: 1770

(i) A person, a court, or a governmental entity or 1771  
instrumentality on account of the death of a decedent, but only 1772  
if the trust is described in division (I) (3) (e) (i) or (ii) of 1773  
this section; 1774

(ii) A person who was domiciled in this state for the 1775  
purposes of this chapter when the person directly or indirectly 1776  
transferred assets to an irrevocable trust, but only if at least 1777  
one of the trust's qualifying beneficiaries is domiciled in this 1778  
state for the purposes of this chapter during all or some 1779  
portion of the trust's current taxable year; 1780

(iii) A person who was domiciled in this state for the 1781  
purposes of this chapter when the trust document or instrument 1782  
or part of the trust document or instrument became irrevocable, 1783  
but only if at least one of the trust's qualifying beneficiaries 1784  
is a resident domiciled in this state for the purposes of this 1785  
chapter during all or some portion of the trust's current 1786  
taxable year. If a trust document or instrument became 1787  
irrevocable upon the death of a person who at the time of death 1788  
was domiciled in this state for purposes of this chapter, that 1789  
person is a person described in division (I) (3) (a) (iii) of this 1790  
section. 1791

(b) A trust is irrevocable to the extent that the 1792  
transferor is not considered to be the owner of the net assets 1793  
of the trust under sections 671 to 678 of the Internal Revenue 1794  
Code. 1795

(c) With respect to a trust other than a charitable lead 1796

trust, "qualifying beneficiary" has the same meaning as 1797  
"potential current beneficiary" as defined in section 1361(e) (2) 1798  
of the Internal Revenue Code, and with respect to a charitable 1799  
lead trust "qualifying beneficiary" is any current, future, or 1800  
contingent beneficiary, but with respect to any trust 1801  
"qualifying beneficiary" excludes a person or a governmental 1802  
entity or instrumentality to any of which a contribution would 1803  
qualify for the charitable deduction under section 170 of the 1804  
Internal Revenue Code. 1805

(d) For the purposes of division (I) (3) (a) of this 1806  
section, the extent to which a trust consists directly or 1807  
indirectly, in whole or in part, of assets, net of any related 1808  
liabilities, that were transferred directly or indirectly, in 1809  
whole or part, to the trust by any of the sources enumerated in 1810  
that division shall be ascertained by multiplying the fair 1811  
market value of the trust's assets, net of related liabilities, 1812  
by the qualifying ratio, which shall be computed as follows: 1813

(i) The first time the trust receives assets, the 1814  
numerator of the qualifying ratio is the fair market value of 1815  
those assets at that time, net of any related liabilities, from 1816  
sources enumerated in division (I) (3) (a) of this section. The 1817  
denominator of the qualifying ratio is the fair market value of 1818  
all the trust's assets at that time, net of any related 1819  
liabilities. 1820

(ii) Each subsequent time the trust receives assets, a 1821  
revised qualifying ratio shall be computed. The numerator of the 1822  
revised qualifying ratio is the sum of (1) the fair market value 1823  
of the trust's assets immediately prior to the subsequent 1824  
transfer, net of any related liabilities, multiplied by the 1825  
qualifying ratio last computed without regard to the subsequent 1826

transfer, and (2) the fair market value of the subsequently 1827  
transferred assets at the time transferred, net of any related 1828  
liabilities, from sources enumerated in division (I) (3) (a) of 1829  
this section. The denominator of the revised qualifying ratio is 1830  
the fair market value of all the trust's assets immediately 1831  
after the subsequent transfer, net of any related liabilities. 1832

(iii) Whether a transfer to the trust is by or from any of 1833  
the sources enumerated in division (I) (3) (a) of this section 1834  
shall be ascertained without regard to the domicile of the 1835  
trust's beneficiaries. 1836

(e) For the purposes of division (I) (3) (a) (i) of this 1837  
section: 1838

(i) A trust is described in division (I) (3) (e) (i) of this 1839  
section if the trust is a testamentary trust and the testator of 1840  
that testamentary trust was domiciled in this state at the time 1841  
of the testator's death for purposes of the taxes levied under 1842  
Chapter 5731. of the Revised Code. 1843

(ii) A trust is described in division (I) (3) (e) (ii) of 1844  
this section if the transfer is a qualifying transfer described 1845  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 1846  
trust is an irrevocable inter vivos trust, and at least one of 1847  
the trust's qualifying beneficiaries is domiciled in this state 1848  
for purposes of this chapter during all or some portion of the 1849  
trust's current taxable year. 1850

(f) For the purposes of division (I) (3) (e) (ii) of this 1851  
section, a "qualifying transfer" is a transfer of assets, net of 1852  
any related liabilities, directly or indirectly to a trust, if 1853  
the transfer is described in any of the following: 1854

(i) The transfer is made to a trust, created by the 1855



decedent before the decedent's death and while the decedent was 1856  
domiciled in this state for the purposes of this chapter, and, 1857  
prior to the death of the decedent, the trust became irrevocable 1858  
while the decedent was domiciled in this state for the purposes 1859  
of this chapter. 1860

(ii) The transfer is made to a trust to which the 1861  
decedent, prior to the decedent's death, had directly or 1862  
indirectly transferred assets, net of any related liabilities, 1863  
while the decedent was domiciled in this state for the purposes 1864  
of this chapter, and prior to the death of the decedent the 1865  
trust became irrevocable while the decedent was domiciled in 1866  
this state for the purposes of this chapter. 1867

(iii) The transfer is made on account of a contractual 1868  
relationship existing directly or indirectly between the 1869  
transferor and either the decedent or the estate of the decedent 1870  
at any time prior to the date of the decedent's death, and the 1871  
decedent was domiciled in this state at the time of death for 1872  
purposes of the taxes levied under Chapter 5731. of the Revised 1873  
Code. 1874

(iv) The transfer is made to a trust on account of a 1875  
contractual relationship existing directly or indirectly between 1876  
the transferor and another person who at the time of the 1877  
decedent's death was domiciled in this state for purposes of 1878  
this chapter. 1879

(v) The transfer is made to a trust on account of the will 1880  
of a testator who was domiciled in this state at the time of the 1881  
testator's death for purposes of the taxes levied under Chapter 1882  
5731. of the Revised Code. 1883

(vi) The transfer is made to a trust created by or caused 1884

to be created by a court, and the trust was directly or 1885  
indirectly created in connection with or as a result of the 1886  
death of an individual who, for purposes of the taxes levied 1887  
under Chapter 5731. of the Revised Code, was domiciled in this 1888  
state at the time of the individual's death. 1889

(g) The tax commissioner may adopt rules to ascertain the 1890  
part of a trust residing in this state. 1891

(J) "Nonresident" means an individual or estate that is 1892  
not a resident. An individual who is a resident for only part of 1893  
a taxable year is a nonresident for the remainder of that 1894  
taxable year. 1895

(K) "Pass-through entity" has the same meaning as in 1896  
section 5733.04 of the Revised Code. 1897

(L) "Return" means the notifications and reports required 1898  
to be filed pursuant to this chapter for the purpose of 1899  
reporting the tax due and includes declarations of estimated tax 1900  
when so required. 1901

(M) "Taxable year" means the calendar year or the 1902  
taxpayer's fiscal year ending during the calendar year, or 1903  
fractional part thereof, upon which the adjusted gross income is 1904  
calculated pursuant to this chapter. 1905

(N) "Taxpayer" means any person subject to the tax imposed 1906  
by section 5747.02 of the Revised Code or any pass-through 1907  
entity that makes the election under division (D) of section 1908  
5747.08 of the Revised Code. 1909

(O) "Dependents" means one of the following: 1910

(1) For taxable years beginning on or after January 1, 1911  
2018, and before January 1, 2026, dependents as defined in the 1912

Internal Revenue Code; 1913

(2) For all other taxable years, dependents as defined in 1914  
the Internal Revenue Code and as claimed in the taxpayer's 1915  
federal income tax return for the taxable year or which the 1916  
taxpayer would have been permitted to claim had the taxpayer 1917  
filed a federal income tax return. 1918

(P) "Principal county of employment" means, in the case of 1919  
a nonresident, the county within the state in which a taxpayer 1920  
performs services for an employer or, if those services are 1921  
performed in more than one county, the county in which the major 1922  
portion of the services are performed. 1923

(Q) As used in sections 5747.50 to 5747.55 of the Revised 1924  
Code: 1925

(1) "Subdivision" means any county, municipal corporation, 1926  
park district, or township. 1927

(2) "Essential local government purposes" includes all 1928  
functions that any subdivision is required by general law to 1929  
exercise, including like functions that are exercised under a 1930  
charter adopted pursuant to the Ohio Constitution. 1931

(R) "Overpayment" means any amount already paid that 1932  
exceeds the figure determined to be the correct amount of the 1933  
tax. 1934

(S) "Taxable income" or "Ohio taxable income" applies only 1935  
to estates and trusts, and means federal taxable income, as 1936  
defined and used in the Internal Revenue Code, adjusted as 1937  
follows: 1938

(1) Add interest or dividends, net of ordinary, necessary, 1939  
and reasonable expenses not deducted in computing federal 1940

taxable income, on obligations or securities of any state or of 1941  
any political subdivision or authority of any state, other than 1942  
this state and its subdivisions and authorities, but only to the 1943  
extent that such net amount is not otherwise includible in Ohio 1944  
taxable income and is described in either division (S) (1) (a) or 1945  
(b) of this section: 1946

(a) The net amount is not attributable to the S portion of 1947  
an electing small business trust and has not been distributed to 1948  
beneficiaries for the taxable year; 1949

(b) The net amount is attributable to the S portion of an 1950  
electing small business trust for the taxable year. 1951

(2) Add interest or dividends, net of ordinary, necessary, 1952  
and reasonable expenses not deducted in computing federal 1953  
taxable income, on obligations of any authority, commission, 1954  
instrumentality, territory, or possession of the United States 1955  
to the extent that the interest or dividends are exempt from 1956  
federal income taxes but not from state income taxes, but only 1957  
to the extent that such net amount is not otherwise includible 1958  
in Ohio taxable income and is described in either division (S) 1959  
(1) (a) or (b) of this section; 1960

(3) Add the amount of personal exemption allowed to the 1961  
estate pursuant to section 642(b) of the Internal Revenue Code; 1962

(4) Deduct interest or dividends, net of related expenses 1963  
deducted in computing federal taxable income, on obligations of 1964  
the United States and its territories and possessions or of any 1965  
authority, commission, or instrumentality of the United States 1966  
to the extent that the interest or dividends are exempt from 1967  
state taxes under the laws of the United States, but only to the 1968  
extent that such amount is included in federal taxable income 1969

and is described in either division (S)(1)(a) or (b) of this 1970  
section; 1971

(5) Deduct the amount of wages and salaries, if any, not 1972  
otherwise allowable as a deduction but that would have been 1973  
allowable as a deduction in computing federal taxable income for 1974  
the taxable year, had the work opportunity tax credit allowed 1975  
under sections 38, 51, and 52 of the Internal Revenue Code not 1976  
been in effect, but only to the extent such amount relates 1977  
either to income included in federal taxable income for the 1978  
taxable year or to income of the S portion of an electing small 1979  
business trust for the taxable year; 1980

(6) Deduct any interest or interest equivalent, net of 1981  
related expenses deducted in computing federal taxable income, 1982  
on public obligations and purchase obligations, but only to the 1983  
extent that such net amount relates either to income included in 1984  
federal taxable income for the taxable year or to income of the 1985  
S portion of an electing small business trust for the taxable 1986  
year; 1987

(7) Add any loss or deduct any gain resulting from sale, 1988  
exchange, or other disposition of public obligations to the 1989  
extent that such loss has been deducted or such gain has been 1990  
included in computing either federal taxable income or income of 1991  
the S portion of an electing small business trust for the 1992  
taxable year; 1993

(8) Except in the case of the final return of an estate, 1994  
add any amount deducted by the taxpayer on both its Ohio estate 1995  
tax return pursuant to section 5731.14 of the Revised Code, and 1996  
on its federal income tax return in determining federal taxable 1997  
income; 1998

(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.

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

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

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

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

satisfies either of the following: 2028

(a) The amount was deducted or excluded from the 2029  
computation of the taxpayer's federal taxable income as required 2030  
to be reported for the taxpayer's taxable year under the 2031  
Internal Revenue Code; 2032

(b) The amount resulted in a reduction in the taxpayer's 2033  
federal taxable income as required to be reported for any of the 2034  
taxpayer's taxable years under the Internal Revenue Code. 2035

(12) Deduct any amount, net of related expenses deducted 2036  
in computing federal taxable income, that a trust is required to 2037  
report as farm income on its federal income tax return, but only 2038  
if the assets of the trust include at least ten acres of land 2039  
satisfying the definition of "land devoted exclusively to 2040  
agricultural use" under section 5713.30 of the Revised Code, 2041  
regardless of whether the land is valued for tax purposes as 2042  
such land under sections 5713.30 to 5713.38 of the Revised Code. 2043  
If the trust is a pass-through entity investor, section 5747.231 2044  
of the Revised Code applies in ascertaining if the trust is 2045  
eligible to claim the deduction provided by division (S) (12) of 2046  
this section in connection with the pass-through entity's farm 2047  
income. 2048

Except for farm income attributable to the S portion of an 2049  
electing small business trust, the deduction provided by 2050  
division (S) (12) of this section is allowed only to the extent 2051  
that the trust has not distributed such farm income. 2052

(13) Add the net amount of income described in section 2053  
641(c) of the Internal Revenue Code to the extent that amount is 2054  
not included in federal taxable income. 2055

(14) Deduct the amount the taxpayer would be required to 2056

deduct under division (A) (18) of this section if the taxpayer's  
Ohio taxable income ~~were~~ was computed in the same manner as an  
individual's Ohio adjusted gross income is computed under this  
section.

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

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

(17) Deduct, to the extent not otherwise deducted or  
excluded in computing federal or Ohio taxable income for the  
taxable year, capital gains received by the trust 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 this section.

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

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



same meanings as in section 5709.76 of the Revised Code. 2086

(V) "Limited liability company" means any limited 2087  
liability company formed under former Chapter 1705. of the 2088  
Revised Code as that chapter existed prior to February 11, 2022, 2089  
Chapter 1706. of the Revised Code, or the laws of any other 2090  
state. 2091

(W) "Pass-through entity investor" means any person who, 2092  
during any portion of a taxable year of a pass-through entity, 2093  
is a partner, member, shareholder, or equity investor in that 2094  
pass-through entity. 2095

(X) "Banking day" has the same meaning as in section 2096  
1304.01 of the Revised Code. 2097

(Y) "Month" means a calendar month. 2098

(Z) "Quarter" means the first three months, the second 2099  
three months, the third three months, or the last three months 2100  
of the taxpayer's taxable year. 2101

(AA) (1) "Modified business income" means the business 2102  
income included in a trust's Ohio taxable income after such 2103  
taxable income is first reduced by the qualifying trust amount, 2104  
if any. 2105

(2) "Qualifying trust amount" of a trust means capital 2106  
gains and losses from the sale, exchange, or other disposition 2107  
of equity or ownership interests in, or debt obligations of, a 2108  
qualifying investee to the extent included in the trust's Ohio 2109  
taxable income, but only if the following requirements are 2110  
satisfied: 2111

(a) The book value of the qualifying investee's physical 2112  
assets in this state and everywhere, as of the last day of the 2113

qualifying investee's fiscal or calendar year ending immediately 2114  
prior to the date on which the trust recognizes the gain or 2115  
loss, is available to the trust. 2116

(b) The requirements of section 5747.011 of the Revised 2117  
Code are satisfied for the trust's taxable year in which the 2118  
trust recognizes the gain or loss. 2119

Any gain or loss that is not a qualifying trust amount is 2120  
modified business income, qualifying investment income, or 2121  
modified nonbusiness income, as the case may be. 2122

(3) "Modified nonbusiness income" means a trust's Ohio 2123  
taxable income other than modified business income, other than 2124  
the qualifying trust amount, and other than qualifying 2125  
investment income, as defined in section 5747.012 of the Revised 2126  
Code, to the extent such qualifying investment income is not 2127  
otherwise part of modified business income. 2128

(4) "Modified Ohio taxable income" applies only to trusts, 2129  
and means the sum of the amounts described in divisions (AA) (4) 2130  
(a) to (c) of this section: 2131

(a) The fraction, calculated under section 5747.013, and 2132  
applying section 5747.231 of the Revised Code, multiplied by the 2133  
sum of the following amounts: 2134

(i) The trust's modified business income; 2135

(ii) The trust's qualifying investment income, as defined 2136  
in section 5747.012 of the Revised Code, but only to the extent 2137  
the qualifying investment income does not otherwise constitute 2138  
modified business income and does not otherwise constitute a 2139  
qualifying trust amount. 2140

(b) The qualifying trust amount multiplied by a fraction, 2141

the numerator of which is the sum of the book value of the 2142  
qualifying investee's physical assets in this state on the last 2143  
day of the qualifying investee's fiscal or calendar year ending 2144  
immediately prior to the day on which the trust recognizes the 2145  
qualifying trust amount, and the denominator of which is the sum 2146  
of the book value of the qualifying investee's total physical 2147  
assets everywhere on the last day of the qualifying investee's 2148  
fiscal or calendar year ending immediately prior to the day on 2149  
which the trust recognizes the qualifying trust amount. If, for 2150  
a taxable year, the trust recognizes a qualifying trust amount 2151  
with respect to more than one qualifying investee, the amount 2152  
described in division (AA) (4) (b) of this section shall equal the 2153  
sum of the products so computed for each such qualifying 2154  
investee. 2155

(c) (i) With respect to a trust or portion of a trust that 2156  
is a resident as ascertained in accordance with division (I) (3) 2157  
(d) of this section, its modified nonbusiness income. 2158

(ii) With respect to a trust or portion of a trust that is 2159  
not a resident as ascertained in accordance with division (I) (3) 2160  
(d) of this section, the amount of its modified nonbusiness 2161  
income satisfying the descriptions in divisions (B) (2) to (5) of 2162  
section 5747.20 of the Revised Code, except as otherwise 2163  
provided in division (AA) (4) (c) (ii) of this section. With 2164  
respect to a trust or portion of a trust that is not a resident 2165  
as ascertained in accordance with division (I) (3) (d) of this 2166  
section, the trust's portion of modified nonbusiness income 2167  
recognized from the sale, exchange, or other disposition of a 2168  
debt interest in or equity interest in a section 5747.212 2169  
entity, as defined in section 5747.212 of the Revised Code, 2170  
without regard to division (A) of that section, shall not be 2171  
allocated to this state in accordance with section 5747.20 of 2172

the Revised Code but shall be apportioned to this state in 2173  
accordance with division (B) of section 5747.212 of the Revised 2174  
Code without regard to division (A) of that section. 2175

If the allocation and apportionment of a trust's income 2176  
under divisions (AA)(4)(a) and (c) of this section do not fairly 2177  
represent the modified Ohio taxable income of the trust in this 2178  
state, the alternative methods described in division (C) of 2179  
section 5747.21 of the Revised Code may be applied in the manner 2180  
and to the same extent provided in that section. 2181

(5)(a) Except as set forth in division (AA)(5)(b) of this 2182  
section, "qualifying investee" means a person in which a trust 2183  
has an equity or ownership interest, or a person or unit of 2184  
government the debt obligations of either of which are owned by 2185  
a trust. For the purposes of division (AA)(2)(a) of this section 2186  
and for the purpose of computing the fraction described in 2187  
division (AA)(4)(b) of this section, all of the following apply: 2188

(i) If the qualifying investee is a member of a qualifying 2189  
controlled group on the last day of the qualifying investee's 2190  
fiscal or calendar year ending immediately prior to the date on 2191  
which the trust recognizes the gain or loss, then "qualifying 2192  
investee" includes all persons in the qualifying controlled 2193  
group on such last day. 2194

(ii) If the qualifying investee, or if the qualifying 2195  
investee and any members of the qualifying controlled group of 2196  
which the qualifying investee is a member on the last day of the 2197  
qualifying investee's fiscal or calendar year ending immediately 2198  
prior to the date on which the trust recognizes the gain or 2199  
loss, separately or cumulatively own, directly or indirectly, on 2200  
the last day of the qualifying investee's fiscal or calendar 2201  
year ending immediately prior to the date on which the trust 2202

recognizes the qualifying trust amount, more than fifty per cent 2203  
of the equity of a pass-through entity, then the qualifying 2204  
investee and the other members are deemed to own the 2205  
proportionate share of the pass-through entity's physical assets 2206  
which the pass-through entity directly or indirectly owns on the 2207  
last day of the pass-through entity's calendar or fiscal year 2208  
ending within or with the last day of the qualifying investee's 2209  
fiscal or calendar year ending immediately prior to the date on 2210  
which the trust recognizes the qualifying trust amount. 2211

(iii) For the purposes of division (AA) (5) (a) (iii) of this 2212  
section, "upper level pass-through entity" means a pass-through 2213  
entity directly or indirectly owning any equity of another pass- 2214  
through entity, and "lower level pass-through entity" means that 2215  
other pass-through entity. 2216

An upper level pass-through entity, whether or not it is 2217  
also a qualifying investee, is deemed to own, on the last day of 2218  
the upper level pass-through entity's calendar or fiscal year, 2219  
the proportionate share of the lower level pass-through entity's 2220  
physical assets that the lower level pass-through entity 2221  
directly or indirectly owns on the last day of the lower level 2222  
pass-through entity's calendar or fiscal year ending within or 2223  
with the last day of the upper level pass-through entity's 2224  
fiscal or calendar year. If the upper level pass-through entity 2225  
directly and indirectly owns less than fifty per cent of the 2226  
equity of the lower level pass-through entity on each day of the 2227  
upper level pass-through entity's calendar or fiscal year in 2228  
which or with which ends the calendar or fiscal year of the 2229  
lower level pass-through entity and if, based upon clear and 2230  
convincing evidence, complete information about the location and 2231  
cost of the physical assets of the lower pass-through entity is 2232  
not available to the upper level pass-through entity, then 2233

solely for purposes of ascertaining if a gain or loss 2234  
constitutes a qualifying trust amount, the upper level pass- 2235  
through entity shall be deemed as owning no equity of the lower 2236  
level pass-through entity for each day during the upper level 2237  
pass-through entity's calendar or fiscal year in which or with 2238  
which ends the lower level pass-through entity's calendar or 2239  
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 2240  
shall be construed to provide for any deduction or exclusion in 2241  
computing any trust's Ohio taxable income. 2242

(b) With respect to a trust that is not a resident for the 2243  
taxable year and with respect to a part of a trust that is not a 2244  
resident for the taxable year, "qualifying investee" for that 2245  
taxable year does not include a C corporation if both of the 2246  
following apply: 2247

(i) During the taxable year the trust or part of the trust 2248  
recognizes a gain or loss from the sale, exchange, or other 2249  
disposition of equity or ownership interests in, or debt 2250  
obligations of, the C corporation. 2251

(ii) Such gain or loss constitutes nonbusiness income. 2252

(6) "Available" means information is such that a person is 2253  
able to learn of the information by the due date plus 2254  
extensions, if any, for filing the return for the taxable year 2255  
in which the trust recognizes the gain or loss. 2256

(BB) "Qualifying controlled group" has the same meaning as 2257  
in section 5733.04 of the Revised Code. 2258

(CC) "Related member" has the same meaning as in section 2259  
5733.042 of the Revised Code. 2260

(DD) (1) For the purposes of division (DD) of this section: 2261

(a) "Qualifying person" means any person other than a  
qualifying corporation.

(b) "Qualifying corporation" means any person classified  
for federal income tax purposes as an association taxable as a  
corporation, except either of the following:

(i) A corporation that has made an election under  
subchapter S, chapter one, subtitle A, of the Internal Revenue  
Code for its taxable year ending within, or on the last day of,  
the investor's taxable year;

(ii) A subsidiary that is wholly owned by any corporation  
that has made an election under subchapter S, chapter one,  
subtitle A of the Internal Revenue Code for its taxable year  
ending within, or on the last day of, the investor's taxable  
year.

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

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

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

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

(3) A "qualifying pre-income tax trust election" is an  
election by a pre-income tax trust to subject to the tax imposed  
by section 5751.02 of the Revised Code the pre-income tax trust  
and all pass-through entities of which the trust owns or

controls, directly, indirectly, or constructively through 2290  
related interests, five per cent or more of the ownership or 2291  
equity interests. The trustee shall notify the tax commissioner 2292  
in writing of the election on or before April 15, 2006. The 2293  
election, if timely made, shall be effective on and after 2294  
January 1, 2006, and shall apply for all tax periods and tax 2295  
years until revoked by the trustee of the trust. 2296

(4) A "pre-income tax trust" is a trust that satisfies all 2297  
of the following requirements: 2298

(a) The document or instrument creating the trust was 2299  
executed by the grantor before January 1, 1972; 2300

(b) The trust became irrevocable upon the creation of the 2301  
trust; and 2302

(c) The grantor was domiciled in this state at the time 2303  
the trust was created. 2304

(FF) "Uniformed services" means all of the following: 2305

(1) "Armed forces of the United States" as defined in 2306  
section 5907.01 of the Revised Code; 2307

(2) The commissioned corps of the national oceanic and 2308  
atmospheric administration; 2309

(3) The commissioned corps of the public health service. 2310

(GG) "Taxable business income" means the amount by which 2311  
an individual's business income that is included in federal 2312  
adjusted gross income exceeds the amount of business income the 2313  
individual is authorized to deduct under division (A) (28) of 2314  
this section for the taxable year. 2315

(HH) "Employer" does not include a franchisor with respect 2316



to the franchisor's relationship with a franchisee or an 2317  
employee of a franchisee, unless the franchisor agrees to assume 2318  
that role in writing or a court of competent jurisdiction 2319  
determines that the franchisor exercises a type or degree of 2320  
control over the franchisee or the franchisee's employees that 2321  
is not customarily exercised by a franchisor for the purpose of 2322  
protecting the franchisor's trademark, brand, or both. For 2323  
purposes of this division, "franchisor" and "franchisee" have 2324  
the same meanings as in 16 C.F.R. 436.1. 2325

(II) "Modified adjusted gross income" means Ohio adjusted 2326  
gross income plus any amount deducted under divisions (A) (28) 2327  
and (34) of this section for the taxable year. 2328

(JJ) "Qualifying Ohio educator" means an individual who, 2329  
for a taxable year, qualifies as an eligible educator, as that 2330  
term is defined in section 62 of the Internal Revenue Code, and 2331  
who holds a certificate, license, or permit described in Chapter 2332  
3319. or section 3301.071 of the Revised Code. 2333

**Section 2.** That existing sections 301.30, 504.04, 715.013, 2334  
718.01, 1315.01, and 5747.01 of the Revised Code are hereby 2335  
repealed. 2336

**Section 3.** The amendment by this act of sections 718.01 2337  
and 5747.01 of the Revised Code applies to taxable years ending 2338  
on or after the effective date of this section. 2339

**Section 4.** This act shall be known as the Ohio Blockchain 2340  
Basics Act. 2341

**Section 5.** Section 5747.01 of the Revised Code is 2342  
presented in this act as a composite of the section as amended 2343  
by both H.B. 101 and S.B. 154 of the 135th General Assembly. The 2344  
General Assembly, applying the principle stated in division (B) 2345

of section 1.52 of the Revised Code that amendments are to be	2346
harmonized if reasonably capable of simultaneous operation,	2347
finds that the composite is the resulting version of the section	2348
in effect prior to the effective date of the section as	2349
presented in this act.	2350