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Sub. H. B. No. 116

Representative Demetriou

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

To amend sections 301.30, 504.04, 715.013, 718.01, 1
1315.01, and 5747.01 and to enact sections 2
1352.01, 1352.02, 1352.03, and 1352.04 of the 3
Revised Code to enact the Ohio Blockchain Basics 4
Act to address mining, taxation, and regulation 5
of digital assets. 6

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

Section 1. That sections 301.30, 504.04, 715.013, 718.01, 7
1315.01, and 5747.01 be amended and sections 1352.01, 1352.02, 8
1352.03, and 1352.04 of the Revised Code be enacted to read as 9
follows: 10

Sec. 301.30. No county that has adopted a charter under 11
Section 3 of Article X, Ohio Constitution, may ~~impose~~ do either 12
of the following: 13

(A) Impose a fee, tax, assessment, or other charge on 14
auxiliary containers, on the sales, use, or consumption of such 15
containers, except as authorized in Chapters 5739. and 5741. of 16
the Revised Code, or on the basis of receipts received from the 17
sale of such containers. As used in this section, "auxiliary 18
container" has the same meaning as in section 3767.32 of the 19

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
Revised Code, and except that a five-member board of township
trustees approved for the township before September 26, 2003,
shall continue to serve as the legislative authority with
successive members serving for four-year terms of office until a
termination of a limited home rule government under section
504.03 of the Revised Code.

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

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

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

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

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

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 situated 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 202
pre-2017 net operating loss carryforward available to the 203
individual 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