

**As Introduced**

**136th General Assembly  
Regular Session  
2025-2026**

**H. B. No. 21**

**Representative King**

**Cosponsors: Representatives Barhorst, Creech, John, Williams, Klopfenstein,  
Gross, Lear, Lorenz**

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**A BILL**

To amend sections 1716.01 and 5747.01 and to enact 1  
sections 1716.22 and 3333.96 of the Revised Code 2  
to enact the Health Care Sharing Ministries 3  
Freedom to Share Act. 4

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

**Section 1.** That sections 1716.01 and 5747.01 be amended 5  
and sections 1716.22 and 3333.96 of the Revised Code be enacted 6  
to read as follows: 7

**Sec. 1716.01.** As used in this chapter: 8

(A) (1) "Charitable organization" means either of the 9  
following: 10

(a) Any person that is determined by the internal revenue 11  
service to be a tax exempt organization pursuant to section 12  
501(c) (3) of the Internal Revenue Code; 13

(b) Any person that is or holds itself out to be 14  
established for any benevolent, philanthropic, patriotic, 15  
educational, humane, scientific, public health, environmental 16

conservation, civic, or other eleemosynary purpose or for the 17  
benefit of law enforcement personnel, firefighters, or other 18  
persons who protect the public safety, or any person who in any 19  
manner employs a charitable appeal as the basis of any 20  
solicitation or an appeal that suggests that there is a 21  
charitable purpose to any solicitation. 22

(2) "Charitable organization" is not limited to only those 23  
organizations to which contributions are tax deductible under 24  
section 170 of the Internal Revenue Code. 25

"Charitable organization" does not include an employer who 26  
is not engaged in the business of soliciting contributions or 27  
conducting charitable sales promotions but who incidentally 28  
solicits contributions for a charitable organization or purpose; 29  
or a compensated employee of an employer not engaged in the 30  
business of soliciting contributions or conducting charitable 31  
sales promotions, when the employee solicits contributions or 32  
conducts charitable sales promotions at the direction of the 33  
employee's employer. 34

(B) (1) "Charitable purpose" means either of the following: 35

(a) Any purpose described in section 501(c)(3) of the 36  
Internal Revenue Code; 37

(b) Any benevolent, philanthropic, patriotic, educational, 38  
humane, scientific, public health, environmental conservation, 39  
civic, or other eleemosynary objective or any objective that 40  
benefits law enforcement personnel, firefighters, or other 41  
persons who protect the public safety. 42

(2) "Charitable purpose" is not limited to only those 43  
purposes for which contributions are tax deductible under 44  
section 170 of the Internal Revenue Code. 45

(C) "Charitable sales promotion" means any advertising or 46  
sale conducted by a person who represents that the purchase or 47  
use of goods or services offered by the person will benefit, in 48  
whole or in part, any charitable organization or charitable 49  
purpose. The provision of advertising services to a charitable 50  
organization, either for compensation or as a donation, does not 51  
of itself constitute a charitable sales promotion. 52

(D) "Commercial co-venturer" means any person who for 53  
profit regularly and primarily is engaged in trade or commerce 54  
other than in connection with soliciting for charitable 55  
organizations or charitable purposes and who conducts a 56  
charitable sales promotion. 57

(E) "Contribution" means the promise, pledge, or grant of 58  
any money or property, financial assistance, or any other thing 59  
of value in response to a solicitation. "Contribution" does not 60  
include any bona fide fees, or any dues or assessments paid by 61  
members, provided that membership is not conferred solely as a 62  
consideration for making a contribution in response to a 63  
solicitation. 64

(F) "Deceptive act or practice" means knowingly 65  
misrepresenting any material fact related to the planning, 66  
conducting, or executing of any solicitation of contributions 67  
for a charitable organization or charitable purpose or to the 68  
planning, conducting, or executing of a charitable sales 69  
promotion, when the misrepresentation induces any person to make 70  
a contribution to a charitable organization, for a charitable 71  
purpose, or in response to a charitable sales promotion. 72

(G) "Fund-raising counsel" means any person who, for 73  
compensation, plans, manages, advises, consults, or prepares 74  
material for or with respect to the solicitation in this state 75

of contributions for any charitable organization or at any time 76  
has custody of contributions from a solicitation, but does not 77  
solicit contributions and does not employ, procure, or otherwise 78  
engage any compensated person to solicit contributions. "Fund- 79  
raising counsel" does not include the following: 80

(1) An attorney, investment counselor, or banker who in 81  
the conduct of the attorney's, investment counselor's, or 82  
banker's profession advises a client; 83

(2) A charitable organization or a bona fide officer, 84  
employee, or volunteer of a charitable organization, when the 85  
charitable organization has full knowledge of the services being 86  
performed on its behalf and either of the following applies: 87

(a) The services performed by the charitable organization, 88  
bona fide officer, employee, or volunteer are performed on 89  
behalf of the charitable organization that employs the bona fide 90  
officer or employee or engages the services of the bona fide 91  
volunteer; 92

(b) The charitable organization on whose behalf the 93  
services are performed shares some element of common control or 94  
an historic or continuing relationship with the charitable 95  
organization that performs the services or employs the bona fide 96  
officer or employee or engages the services of the bona fide 97  
volunteer; 98

(3) An employer who is not engaged in the business of 99  
soliciting contributions or conducting charitable sales 100  
promotions but who incidentally solicits contributions for a 101  
charitable organization or purpose without compensation; 102

(4) A compensated employee of an employer who is not 103  
engaged in the business of soliciting contributions or 104

conducting charitable sales promotions, when the employee 105  
solicits contributions or conducts charitable sales promotions 106  
at the direction of the employee's employer. 107

(H) "Health care sharing ministry" means a nonprofit 108  
organization that meets all of the following: 109

(1) Limits its participants to those members who share a 110  
common set of ethical or religious beliefs; 111

(2) Acts as a facilitator among participants who have 112  
financial or medical needs to assist in meeting those financial 113  
and medical needs in accordance with criteria established by the 114  
organization; 115

(3) Provides for the financial or medical needs of a 116  
participant through contributions from other participants; 117

(4) Provides amounts that participants may contribute with 118  
no assumption of risk or promise to pay by the health care 119  
sharing ministry to the participants; 120

(5) Conducts an annual audit which is performed by an 121  
independent certified public accounting firm in accordance with 122  
generally accepted accounting principles and which is made 123  
available to the public by providing a copy upon request or by 124  
posting the audit on the organization's web site; 125

(6) Provides to the participants, on at least an annual 126  
basis, the total dollar amount of qualified financial and 127  
medical needs actually shared in the previous year, or other 128  
relevant time period, if the report is made more frequently than 129  
annually, in accordance with criteria established by the 130  
organization; 131

(7) Provides a written disclaimer on or accompanying all 132

applications and guideline materials distributed by or on behalf 133  
of the organization that reads, in substance: 134

"Notice: The organization facilitating the sharing of 135  
medical expenses is not an insurance company, and neither its 136  
guidelines nor plan of operation is an insurance policy. Whether 137  
anyone chooses to assist you with your medical bills will be 138  
totally voluntary, because no other participant will be 139  
compelled by law to contribute toward your medical bills. As 140  
such, participation in the organization or a subscription to any 141  
of its documents should never be considered to be insurance. 142  
Regardless of whether you receive any payments for medical 143  
expenses or whether this organization continues to operate, you 144  
are always personally responsible for the payment of your own 145  
medical bills." 146

(I) "Internal Revenue Code" means the "Internal Revenue 147  
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 148

~~(I)~~ (J) "Person" has the same meaning as in section 1.59 149  
of the Revised Code and includes a group, foundation, or any 150  
other entity however styled. 151

~~(J)~~ (K) "Professional solicitor" means any person who, for 152  
compensation, performs on behalf of or for the benefit of a 153  
charitable organization any service in connection with which 154  
contributions are or will be solicited in this state by the 155  
compensated person or by any person it employs, procures, or 156  
otherwise engages directly or indirectly to solicit 157  
contributions. "Professional solicitor" does not include the 158  
following: 159

(1) An attorney, investment counselor, or banker who in 160  
the conduct of the attorney's, investment counselor's, or 161

banker's profession advises a client;	162
(2) A charitable organization or a bona fide officer,	163
employee, or volunteer of a charitable organization, when the	164
charitable organization has full knowledge of the services being	165
performed on its behalf and either of the following applies:	166
(a) The services performed by the charitable organization,	167
bona fide officer, employee, or volunteer are performed on	168
behalf of the charitable organization that employs the bona fide	169
officer or employee or engages the services of the bona fide	170
volunteer;	171
(b) The charitable organization on whose behalf the	172
services are performed shares some element of common control or	173
an historic or continuing relationship with the charitable	174
organization that performs the services or employs the bona fide	175
officer or employee or engages the services of the bona fide	176
volunteer;	177
(3) An employer who is not engaged in the business of	178
soliciting contributions or conducting charitable sales	179
promotions but who incidentally solicits contributions for a	180
charitable organization or purpose without compensation;	181
(4) A compensated employee of an employer who is not	182
engaged in the business of soliciting contributions or	183
conducting charitable sales promotions, when the employee	184
solicits contributions or conducts charitable sales promotions	185
at the direction of the employee's employer.	186
<del>(K)</del> <del>(1)</del> <u>(L) (1)</u> "Solicit" or "solicitation" means to request	187
or a request directly or indirectly for money, property,	188
financial assistance, or any other thing of value on the plea or	189
representation that such money, property, financial assistance,	190

or other thing of value or a portion of it will be used for a 191  
charitable purpose or will benefit a charitable organization. 192  
"Solicit" or "solicitation" includes but is not limited to the 193  
following methods of requesting or securing the promise, pledge, 194  
or grant of money, property, financial assistance, or any other 195  
thing of value: 196

(a) Any oral or written request; 197

(b) Making any announcement to the press, on radio or 198  
television, by telephone or telegraph, or by any other 199  
communication device concerning an appeal or campaign by or for 200  
any charitable organization or for any charitable purpose; 201

(c) Distributing, circulating, posting, or publishing any 202  
handbill, written advertisement, or other publication that 203  
directly or by implication seeks to obtain any contribution; 204

(d) Selling or offering or attempting to sell any 205  
advertisement, advertising space, book, card, tag, coupon, 206  
chance, device, magazine, membership, merchandise, subscription, 207  
sponsorship, flower, ticket, admission, candy, cookies, or other 208  
tangible item, or any right of any description in connection 209  
with which an appeal is made for any charitable organization or 210  
charitable purpose, or when the name of any charitable 211  
organization is used or referred to in any such appeal as an 212  
inducement or reason for making the sale, or when in connection 213  
with the sale or offer or attempt to sell, any statement is made 214  
that all or part of the proceeds from the sale will be used for 215  
any charitable purpose or will benefit any charitable 216  
organization. 217

(2) A solicitation is considered as having taken place for 218  
purposes of division ~~(K)(1)~~ (L)(1) of this section whether or 219



not the person making the solicitation receives any 220  
contribution. A solicitation does not occur when a person 221  
applies for a grant or an award to the government or to an 222  
organization that is exempt from federal income taxation under 223  
section 501(a) and described in section 501(c)(3) of the 224  
Internal Revenue Code. 225

~~(I)~~ (M) "Theft offense" has the same meaning as in section 226  
2913.01 of the Revised Code. 227

~~(M)~~ (N) "Elderly person" and "disabled adult" have the 228  
same meanings as in section 2913.01 of the Revised Code. 229

**Sec. 1716.22.** (A) A health care sharing ministry is not 230  
considered to be engaging in the business of insurance and is 231  
not subject to the insurance laws of this state. 232

(B) The attorney general has exclusive authority to 233  
determine whether an organization meets the definition of a 234  
health care sharing ministry. 235

(C) Nothing in this chapter shall be construed as 236  
abrogating or reducing a right, privilege, or protection 237  
reserved for or accruing to a religious organization or 238  
individual pursuant to the Ohio Constitution, the United States 239  
Constitution, or the common law of this state, including 240  
Humphrey v. Lane, 2000-Ohio-435. 241

**Sec. 3333.96.** Any state institution of higher education, 242  
as defined in section 3345.011 of the Revised Code, that 243  
requires attending students to have health care coverage through 244  
a health insurer or public health care plan shall accept, in 245  
satisfaction of such requirement, the student's participation in 246  
a health care sharing ministry, as defined in section 1716.01 of 247  
the Revised Code. 248

**Sec. 5747.01.** Except as otherwise expressly provided or 249  
clearly appearing from the context, any term used in this 250  
chapter that is not otherwise defined in this section has the 251  
same meaning as when used in a comparable context in the laws of 252  
the United States relating to federal income taxes or if not 253  
used in a comparable context in those laws, has the same meaning 254  
as in section 5733.40 of the Revised Code. Any reference in this 255  
chapter to the Internal Revenue Code includes other laws of the 256  
United States relating to federal income taxes. 257

As used in this chapter: 258

(A) "Adjusted gross income" or "Ohio adjusted gross 259  
income" means federal adjusted gross income, as defined and used 260  
in the Internal Revenue Code, adjusted as provided in this 261  
section: 262

(1) Add interest or dividends on obligations or securities 263  
of any state or of any political subdivision or authority of any 264  
state, other than this state and its subdivisions and 265  
authorities. 266

(2) Add interest or dividends on obligations of any 267  
authority, commission, instrumentality, territory, or possession 268  
of the United States to the extent that the interest or 269  
dividends are exempt from federal income taxes but not from 270  
state income taxes. 271

(3) Deduct interest or dividends on obligations of the 272  
United States and its territories and possessions or of any 273  
authority, commission, or instrumentality of the United States 274  
to the extent that the interest or dividends are included in 275  
federal adjusted gross income but exempt from state income taxes 276  
under the laws of the United States. 277

(4) Deduct disability and survivor's benefits to the extent included in federal adjusted gross income.	278 279
(5) Deduct the following, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income:	280 281 282
(a) Benefits under Title II of the Social Security Act and tier 1 railroad retirement;	283 284
(b) Railroad retirement benefits, other than tier 1 railroad retirement benefits, to the extent such amounts are exempt from state taxation under federal law.	285 286 287
(6) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal adjusted gross income for the taxable year, had the work opportunity tax credit allowed and determined under sections 38, 51, and 52 of the Internal Revenue Code not been in effect.	288 289 290 291 292 293
(7) Deduct any interest or interest equivalent on public obligations and purchase obligations to the extent that the interest or interest equivalent is included in federal adjusted gross income.	294 295 296 297
(8) Add any loss or deduct any gain resulting from the sale, exchange, or other disposition of public obligations to the extent that the loss has been deducted or the gain has been included in computing federal adjusted gross income.	298 299 300 301
(9) Deduct or add amounts, as provided under section 5747.70 of the Revised Code, related to contributions made to or tuition units purchased under a qualified tuition program established pursuant to section 529 of the Internal Revenue Code.	302 303 304 305 306

(10) (a) Deduct, to the extent not otherwise allowable as a 307  
deduction or exclusion in computing federal or Ohio adjusted 308  
gross income for the taxable year, the amount the taxpayer paid 309  
during the taxable year for medical care insurance and qualified 310  
long-term care insurance for the taxpayer, the taxpayer's 311  
spouse, and dependents. No deduction for medical care insurance 312  
under division (A) (10) (a) of this section shall be allowed 313  
either to any taxpayer who is eligible to participate in any 314  
subsidized health plan maintained by any employer of the 315  
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 316  
entitled to, or on application would be entitled to, benefits 317  
under part A of Title XVIII of the "Social Security Act," 49 318  
Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 319  
division (A) (10) (a) of this section, "subsidized health plan" 320  
means a health plan for which the employer pays any portion of 321  
the plan's cost. The deduction allowed under division (A) (10) (a) 322  
of this section shall be the net of any related premium refunds, 323  
related premium reimbursements, or related insurance premium 324  
dividends received during the taxable year. 325

(b) Deduct, to the extent not otherwise deducted or 326  
excluded in computing federal or Ohio adjusted gross income 327  
during the taxable year, the amount the taxpayer paid during the 328  
taxable year, not compensated for by any insurance or otherwise, 329  
for medical care of the taxpayer, the taxpayer's spouse, and 330  
dependents, to the extent the expenses exceed seven and one-half 331  
per cent of the taxpayer's federal adjusted gross income. 332

(c) For purposes of division (A) (10) of this section, 333  
"medical care" has the meaning given in section 213 of the 334  
Internal Revenue Code, subject to the special rules, 335  
limitations, and exclusions set forth therein, and "qualified 336  
long-term care" has the same meaning given in section 7702B(c) 337

of the Internal Revenue Code. Solely for purposes of division 338  
(A) (10) (a) of this section, "dependent" includes a person who 339  
otherwise would be a "qualifying relative" and thus a 340  
"dependent" under section 152 of the Internal Revenue Code but 341  
for the fact that the person fails to meet the income and 342  
support limitations under section 152(d) (1) (B) and (C) of the 343  
Internal Revenue Code. 344

(11) (a) Deduct any amount included in federal adjusted 345  
gross income solely because the amount represents a 346  
reimbursement or refund of expenses that in any year the 347  
taxpayer had deducted as an itemized deduction pursuant to 348  
section 63 of the Internal Revenue Code and applicable United 349  
States department of the treasury regulations. The deduction 350  
otherwise allowed under division (A) (11) (a) of this section 351  
shall be reduced to the extent the reimbursement is attributable 352  
to an amount the taxpayer deducted under this section in any 353  
taxable year. 354

(b) Add any amount not otherwise included in Ohio adjusted 355  
gross income for any taxable year to the extent that the amount 356  
is attributable to the recovery during the taxable year of any 357  
amount deducted or excluded in computing federal or Ohio 358  
adjusted gross income in any taxable year. 359

(12) Deduct any portion of the deduction described in 360  
section 1341(a) (2) of the Internal Revenue Code, for repaying 361  
previously reported income received under a claim of right, that 362  
meets both of the following requirements: 363

(a) It is allowable for repayment of an item that was 364  
included in the taxpayer's adjusted gross income for a prior 365  
taxable year and did not qualify for a credit under division (A) 366  
or (B) of section 5747.05 of the Revised Code for that year; 367

(b) It does not otherwise reduce the taxpayer's adjusted gross income for the current or any other taxable year.	368 369
(13) Deduct an amount equal to the deposits made to, and net investment earnings of, a medical savings account during the taxable year, in accordance with section 3924.66 of the Revised Code. The deduction allowed by division (A) (13) of this section does not apply to medical savings account deposits and earnings otherwise deducted or excluded for the current or any other taxable year from the taxpayer's federal adjusted gross income.	370 371 372 373 374 375 376
(14) (a) Add an amount equal to the funds withdrawn from a medical savings account during the taxable year, and the net investment earnings on those funds, when the funds withdrawn were used for any purpose other than to reimburse an account holder for, or to pay, eligible medical expenses, in accordance with section 3924.66 of the Revised Code;	377 378 379 380 381 382
(b) Add the amounts distributed from a medical savings account under division (A) (2) of section 3924.68 of the Revised Code during the taxable year.	383 384 385
(15) Add any amount claimed as a credit under section 5747.059 of the Revised Code to the extent that such amount satisfies either of the following:	386 387 388
(a) The amount was deducted or excluded from the computation of the taxpayer's federal adjusted gross income as required to be reported for the taxpayer's taxable year under the Internal Revenue Code;	389 390 391 392
(b) The amount resulted in a reduction of the taxpayer's federal adjusted gross income as required to be reported for any of the taxpayer's taxable years under the Internal Revenue Code.	393 394 395
(16) Deduct the amount contributed by the taxpayer to an	396

individual development account program established by a county 397  
department of job and family services pursuant to sections 398  
329.11 to 329.14 of the Revised Code for the purpose of matching 399  
funds deposited by program participants. On request of the tax 400  
commissioner, the taxpayer shall provide any information that, 401  
in the tax commissioner's opinion, is necessary to establish the 402  
amount deducted under division (A)(16) of this section. 403

(17) (a) (i) Subject to divisions (A)(17) (a) (iii), (iv), and 404  
(v) of this section, add five-sixths of the amount of 405  
depreciation expense allowed by subsection (k) of section 168 of 406  
the Internal Revenue Code, including the taxpayer's 407  
proportionate or distributive share of the amount of 408  
depreciation expense allowed by that subsection to a pass- 409  
through entity in which the taxpayer has a direct or indirect 410  
ownership interest. 411

(ii) Subject to divisions (A)(17) (a) (iii), (iv), and (v) 412  
of this section, add five-sixths of the amount of qualifying 413  
section 179 depreciation expense, including the taxpayer's 414  
proportionate or distributive share of the amount of qualifying 415  
section 179 depreciation expense allowed to any pass-through 416  
entity in which the taxpayer has a direct or indirect ownership 417  
interest. 418

(iii) Subject to division (A)(17) (a) (v) of this section, 419  
for taxable years beginning in 2012 or thereafter, if the 420  
increase in income taxes withheld by the taxpayer is equal to or 421  
greater than ten per cent of income taxes withheld by the 422  
taxpayer during the taxpayer's immediately preceding taxable 423  
year, "two-thirds" shall be substituted for "five-sixths" for 424  
the purpose of divisions (A)(17) (a) (i) and (ii) of this section. 425

(iv) Subject to division (A)(17) (a) (v) of this section, 426

for taxable years beginning in 2012 or thereafter, a taxpayer is 427  
not required to add an amount under division (A) (17) of this 428  
section if the increase in income taxes withheld by the taxpayer 429  
and by any pass-through entity in which the taxpayer has a 430  
direct or indirect ownership interest is equal to or greater 431  
than the sum of (I) the amount of qualifying section 179 432  
depreciation expense and (II) the amount of depreciation expense 433  
allowed to the taxpayer by subsection (k) of section 168 of the 434  
Internal Revenue Code, and including the taxpayer's 435  
proportionate or distributive shares of such amounts allowed to 436  
any such pass-through entities. 437

(v) If a taxpayer directly or indirectly incurs a net 438  
operating loss for the taxable year for federal income tax 439  
purposes, to the extent such loss resulted from depreciation 440  
expense allowed by subsection (k) of section 168 of the Internal 441  
Revenue Code and by qualifying section 179 depreciation expense, 442  
"the entire" shall be substituted for "five-sixths of the" for 443  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 444

The tax commissioner, under procedures established by the 445  
commissioner, may waive the add-backs related to a pass-through 446  
entity if the taxpayer owns, directly or indirectly, less than 447  
five per cent of the pass-through entity. 448

(b) Nothing in division (A) (17) of this section shall be 449  
construed to adjust or modify the adjusted basis of any asset. 450

(c) To the extent the add-back required under division (A) 451  
(17) (a) of this section is attributable to property generating 452  
nonbusiness income or loss allocated under section 5747.20 of 453  
the Revised Code, the add-back shall be situated to the same 454  
location as the nonbusiness income or loss generated by the 455  
property for the purpose of determining the credit under 456



division (A) of section 5747.05 of the Revised Code. Otherwise, 457  
the add-back shall be apportioned, subject to one or more of the 458  
four alternative methods of apportionment enumerated in section 459  
5747.21 of the Revised Code. 460

(d) For the purposes of division (A) (17) (a) (v) of this 461  
section, net operating loss carryback and carryforward shall not 462  
include the allowance of any net operating loss deduction 463  
carryback or carryforward to the taxable year to the extent such 464  
loss resulted from depreciation allowed by section 168(k) of the 465  
Internal Revenue Code and by the qualifying section 179 466  
depreciation expense amount. 467

(e) For the purposes of divisions (A) (17) and (18) of this 468  
section: 469

(i) "Income taxes withheld" means the total amount 470  
withheld and remitted under sections 5747.06 and 5747.07 of the 471  
Revised Code by an employer during the employer's taxable year. 472

(ii) "Increase in income taxes withheld" means the amount 473  
by which the amount of income taxes withheld by an employer 474  
during the employer's current taxable year exceeds the amount of 475  
income taxes withheld by that employer during the employer's 476  
immediately preceding taxable year. 477

(iii) "Qualifying section 179 depreciation expense" means 478  
the difference between (I) the amount of depreciation expense 479  
directly or indirectly allowed to a taxpayer under section 179 480  
of the Internal Revised Code, and (II) the amount of 481  
depreciation expense directly or indirectly allowed to the 482  
taxpayer under section 179 of the Internal Revenue Code as that 483  
section existed on December 31, 2002. 484

(18) (a) If the taxpayer was required to add an amount 485

under division (A) (17) (a) of this section for a taxable year, 486  
deduct one of the following: 487

(i) One-fifth of the amount so added for each of the five 488  
succeeding taxable years if the amount so added was five-sixths 489  
of qualifying section 179 depreciation expense or depreciation 490  
expense allowed by subsection (k) of section 168 of the Internal 491  
Revenue Code; 492

(ii) One-half of the amount so added for each of the two 493  
succeeding taxable years if the amount so added was two-thirds 494  
of such depreciation expense; 495

(iii) One-sixth of the amount so added for each of the six 496  
succeeding taxable years if the entire amount of such 497  
depreciation expense was so added. 498

(b) If the amount deducted under division (A) (18) (a) of 499  
this section is attributable to an add-back allocated under 500  
division (A) (17) (c) of this section, the amount deducted shall 501  
be situated to the same location. Otherwise, the add-back shall 502  
be apportioned using the apportionment factors for the taxable 503  
year in which the deduction is taken, subject to one or more of 504  
the four alternative methods of apportionment enumerated in 505  
section 5747.21 of the Revised Code. 506

(c) No deduction is available under division (A) (18) (a) of 507  
this section with regard to any depreciation allowed by section 508  
168(k) of the Internal Revenue Code and by the qualifying 509  
section 179 depreciation expense amount to the extent that such 510  
depreciation results in or increases a federal net operating 511  
loss carryback or carryforward. If no such deduction is 512  
available for a taxable year, the taxpayer may carry forward the 513  
amount not deducted in such taxable year to the next taxable 514

year and add that amount to any deduction otherwise available 515  
under division (A) (18) (a) of this section for that next taxable 516  
year. The carryforward of amounts not so deducted shall continue 517  
until the entire addition required by division (A) (17) (a) of 518  
this section has been deducted. 519

(19) Deduct, to the extent not otherwise deducted or 520  
excluded in computing federal or Ohio adjusted gross income for 521  
the taxable year, the amount the taxpayer received during the 522  
taxable year as reimbursement for life insurance premiums under 523  
section 5919.31 of the Revised Code. 524

(20) Deduct, to the extent not otherwise deducted or 525  
excluded in computing federal or Ohio adjusted gross income for 526  
the taxable year, the amount the taxpayer received during the 527  
taxable year as a death benefit paid by the adjutant general 528  
under section 5919.33 of the Revised Code. 529

(21) Deduct, to the extent included in federal adjusted 530  
gross income and not otherwise allowable as a deduction or 531  
exclusion in computing federal or Ohio adjusted gross income for 532  
the taxable year, military pay and allowances received by the 533  
taxpayer during the taxable year for active duty service in the 534  
United States army, air force, navy, marine corps, or coast 535  
guard or reserve components thereof or the national guard. The 536  
deduction may not be claimed for military pay and allowances 537  
received by the taxpayer while the taxpayer is stationed in this 538  
state. 539

(22) Deduct, to the extent not otherwise allowable as a 540  
deduction or exclusion in computing federal or Ohio adjusted 541  
gross income for the taxable year and not otherwise compensated 542  
for by any other source, the amount of qualified organ donation 543  
expenses incurred by the taxpayer during the taxable year, not 544

to exceed ten thousand dollars. A taxpayer may deduct qualified 545  
organ donation expenses only once for all taxable years 546  
beginning with taxable years beginning in 2007. 547

For the purposes of division (A)(22) of this section: 548

(a) "Human organ" means all or any portion of a human 549  
liver, pancreas, kidney, intestine, or lung, and any portion of 550  
human bone marrow. 551

(b) "Qualified organ donation expenses" means travel 552  
expenses, lodging expenses, and wages and salary forgone by a 553  
taxpayer in connection with the taxpayer's donation, while 554  
living, of one or more of the taxpayer's human organs to another 555  
human being. 556

(23) Deduct, to the extent not otherwise deducted or 557  
excluded in computing federal or Ohio adjusted gross income for 558  
the taxable year, amounts received by the taxpayer as retired 559  
personnel pay for service in the uniformed services or reserve 560  
components thereof, or the national guard, or received by the 561  
surviving spouse or former spouse of such a taxpayer under the 562  
survivor benefit plan on account of such a taxpayer's death. If 563  
the taxpayer receives income on account of retirement paid under 564  
the federal civil service retirement system or federal employees 565  
retirement system, or under any successor retirement program 566  
enacted by the congress of the United States that is established 567  
and maintained for retired employees of the United States 568  
government, and such retirement income is based, in whole or in 569  
part, on credit for the taxpayer's uniformed service, the 570  
deduction allowed under this division shall include only that 571  
portion of such retirement income that is attributable to the 572  
taxpayer's uniformed service, to the extent that portion of such 573  
retirement income is otherwise included in federal adjusted 574

gross income and is not otherwise deducted under this section. 575  
Any amount deducted under division (A) (23) of this section is 576  
not included in a taxpayer's adjusted gross income for the 577  
purposes of section 5747.055 of the Revised Code. No amount may 578  
be deducted under division (A) (23) of this section on the basis 579  
of which a credit was claimed under section 5747.055 of the 580  
Revised Code. 581

(24) Deduct, to the extent not otherwise deducted or 582  
excluded in computing federal or Ohio adjusted gross income for 583  
the taxable year, the amount the taxpayer received during the 584  
taxable year from the military injury relief fund created in 585  
section 5902.05 of the Revised Code. 586

(25) Deduct, to the extent not otherwise deducted or 587  
excluded in computing federal or Ohio adjusted gross income for 588  
the taxable year, the amount the taxpayer received as a veterans 589  
bonus during the taxable year from the Ohio department of 590  
veterans services as authorized by Section 2r of Article VIII, 591  
Ohio Constitution. 592

(26) Deduct, to the extent not otherwise deducted or 593  
excluded in computing federal or Ohio adjusted gross income for 594  
the taxable year, any income derived from a transfer agreement 595  
or from the enterprise transferred under that agreement under 596  
section 4313.02 of the Revised Code. 597

(27) Deduct, to the extent not otherwise deducted or 598  
excluded in computing federal or Ohio adjusted gross income for 599  
the taxable year, Ohio college opportunity or federal Pell grant 600  
amounts received by the taxpayer or the taxpayer's spouse or 601  
dependent pursuant to section 3333.122 of the Revised Code or 20 602  
U.S.C. 1070a, et seq., and used to pay room or board furnished 603  
by the educational institution for which the grant was awarded 604

at the institution's facilities, including meal plans 605  
administered by the institution. For the purposes of this 606  
division, receipt of a grant includes the distribution of a 607  
grant directly to an educational institution and the crediting 608  
of the grant to the enrollee's account with the institution. 609

(28) Deduct from the portion of an individual's federal 610  
adjusted gross income that is business income, to the extent not 611  
otherwise deducted or excluded in computing federal adjusted 612  
gross income for the taxable year, one hundred twenty-five 613  
thousand dollars for each spouse if spouses file separate 614  
returns under section 5747.08 of the Revised Code or two hundred 615  
fifty thousand dollars for all other individuals. 616

(29) Deduct, as provided under section 5747.78 of the 617  
Revised Code, contributions to ABLE savings accounts made in 618  
accordance with sections 113.50 to 113.56 of the Revised Code. 619

(30) (a) Deduct, to the extent not otherwise deducted or 620  
excluded in computing federal or Ohio adjusted gross income 621  
during the taxable year, all of the following: 622

(i) Compensation paid to a qualifying employee described 623  
in division (A) (14) (a) of section 5703.94 of the Revised Code to 624  
the extent such compensation is for disaster work conducted in 625  
this state during a disaster response period pursuant to a 626  
qualifying solicitation received by the employee's employer; 627

(ii) Compensation paid to a qualifying employee described 628  
in division (A) (14) (b) of section 5703.94 of the Revised Code to 629  
the extent such compensation is for disaster work conducted in 630  
this state by the employee during the disaster response period 631  
on critical infrastructure owned or used by the employee's 632  
employer; 633

(iii) Income received by an out-of-state disaster business 634  
for disaster work conducted in this state during a disaster 635  
response period, or, if the out-of-state disaster business is a 636  
pass-through entity, a taxpayer's distributive share of the 637  
pass-through entity's income from the business conducting 638  
disaster work in this state during a disaster response period, 639  
if, in either case, the disaster work is conducted pursuant to a 640  
qualifying solicitation received by the business. 641

(b) All terms used in division (A) (30) of this section 642  
have the same meanings as in section 5703.94 of the Revised 643  
Code. 644

(31) For a taxpayer who is a qualifying Ohio educator, 645  
deduct, to the extent not otherwise deducted or excluded in 646  
computing federal or Ohio adjusted gross income for the taxable 647  
year, the lesser of two hundred fifty dollars or the amount of 648  
expenses described in subsections (a) (2) (D) (i) and (ii) of 649  
section 62 of the Internal Revenue Code paid or incurred by the 650  
taxpayer during the taxpayer's taxable year in excess of the 651  
amount the taxpayer is authorized to deduct for that taxable 652  
year under subsection (a) (2) (D) of that section. 653

(32) Deduct, to the extent not otherwise deducted or 654  
excluded in computing federal or Ohio adjusted gross income for 655  
the taxable year, amounts received by the taxpayer as a 656  
disability severance payment, computed under 10 U.S.C. 1212, 657  
following discharge or release under honorable conditions from 658  
the armed forces, as defined by 10 U.S.C. 101. 659

(33) Deduct, to the extent not otherwise deducted or 660  
excluded in computing federal adjusted gross income or Ohio 661  
adjusted gross income, amounts not subject to tax due to an 662  
agreement entered into under division (A) (2) of section 5747.05 663

of the Revised Code. 664

(34) Deduct amounts as provided under section 5747.79 of 665  
the Revised Code related to the taxpayer's qualifying capital 666  
gains and deductible payroll. 667

To the extent a qualifying capital gain described under 668  
division (A) (34) of this section is business income, the 669  
taxpayer shall deduct those gains under this division before 670  
deducting any such gains under division (A) (28) of this section. 671

(35) (a) For taxable years beginning in or after 2026, 672  
deduct, to the extent not otherwise deducted or excluded in 673  
computing federal or Ohio adjusted gross income for the taxable 674  
year: 675

(i) One hundred per cent of the capital gain received by 676  
the taxpayer in the taxable year from a qualifying interest in 677  
an Ohio venture capital operating company attributable to the 678  
company's investments in Ohio businesses during the period for 679  
which the company was an Ohio venture operating company; and 680

(ii) Fifty per cent of the capital gain received by the 681  
taxpayer in the taxable year from a qualifying interest in an 682  
Ohio venture capital operating company attributable to the 683  
company's investments in all other businesses during the period 684  
for which the company was an Ohio venture operating company. 685

(b) Add amounts previously deducted by the taxpayer under 686  
division (A) (35) (a) of this section if the director of 687  
development certifies to the tax commissioner that the 688  
requirements for the deduction were not met. 689

(c) All terms used in division (A) (35) of this section 690  
have the same meanings as in section 122.851 of the Revised 691  
Code. 692



(d) To the extent a capital gain described in division (A) 693  
(35)(a) of this section is business income, the taxpayer shall 694  
apply that division before applying division (A)(28) of this 695  
section. 696

(36) Add, to the extent not otherwise included in 697  
computing federal or Ohio adjusted gross income for any taxable 698  
year, the taxpayer's proportionate share of the amount of the 699  
tax levied under section 5747.38 of the Revised Code and paid by 700  
an electing pass-through entity for the taxable year. 701

Notwithstanding any provision of the Revised Code to the 702  
contrary, the portion of the addition required by division (A) 703  
(36) of this section related to the apportioned business income 704  
of the pass-through entity shall be considered business income 705  
under division (B) of this section. Such addition is eligible 706  
for the deduction in division (A)(28) of this section, subject 707  
to the applicable dollar limitations, and the tax rate 708  
prescribed by division (A)(4)(a) of section 5747.02 of the 709  
Revised Code. The taxpayer shall provide, upon request of the 710  
tax commissioner, any documentation necessary to verify the 711  
portion of the addition that is business income under this 712  
division. 713

(37) Deduct, to the extent not otherwise deducted or 714  
excluded in computing federal or Ohio adjusted gross income for 715  
the taxable year, amounts delivered to a qualifying institution 716  
pursuant to section 3333.128 of the Revised Code for the benefit 717  
of the taxpayer or the taxpayer's spouse or dependent. 718

(38) Deduct, to the extent not otherwise deducted or 719  
excluded in computing federal or Ohio adjusted gross income for 720  
the taxable year, amounts received under the Ohio adoption grant 721  
program pursuant to section 5101.191 of the Revised Code. 722

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

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

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

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

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

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

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

Notwithstanding any provision of the Revised Code to the contrary, the portion of the addition required by division (A)

(41) of this section related to the apportioned business income 752  
of the pass-through entity shall be considered business income 753  
under division (B) of this section. Such addition is eligible 754  
for the deduction in division (A) (28) of this section, subject 755  
to the applicable dollar limitations, and the tax rate 756  
prescribed by division (A) (4) (a) of section 5747.02 of the 757  
Revised Code. The taxpayer shall provide, upon request of the 758  
tax commissioner, any documentation necessary to verify the 759  
portion of the addition that is business income under this 760  
division. 761

(42) Deduct amounts contributed to a homeownership savings 762  
account and calculated pursuant to divisions (B) and (C) of 763  
section 5747.85 of the Revised Code. 764

(43) If the taxpayer is the account owner, add the amount 765  
of funds withdrawn from a homeownership savings account not used 766  
for eligible expenses, regardless of who deposited those funds. 767  
As used in division (A) (43) of this section, "homeownership 768  
savings account," "account owner," and "eligible expenses" have 769  
the same meanings as in section 5747.85 of the Revised Code. 770

(44) Deduct, to the extent not otherwise deducted or 771  
excluded in computing federal or Ohio adjusted gross income for 772  
the taxable year, the amount the taxpayer paid during the 773  
taxable year pursuant to membership in a health care sharing 774  
ministry, as defined in section 1716.01 of the Revised Code, for 775  
participation by the taxpayer, the taxpayer's spouse, and the 776  
taxpayer's dependents. 777

(B) "Business income" means income, including gain or 778  
loss, arising from transactions, activities, and sources in the 779  
regular course of a trade or business and includes income, gain, 780  
or loss from real property, tangible property, and intangible 781

property if the acquisition, rental, management, and disposition 782  
of the property constitute integral parts of the regular course 783  
of a trade or business operation. "Business income" includes 784  
income, including gain or loss, from a partial or complete 785  
liquidation of a business, including, but not limited to, gain 786  
or loss from the sale or other disposition of goodwill or the 787  
sale of an equity or ownership interest in a business. 788

As used in this division, the "sale of an equity or 789  
ownership interest in a business" means sales to which either or 790  
both of the following apply: 791

(1) The sale is treated for federal income tax purposes as 792  
the sale of assets. 793

(2) The seller materially participated, as described in 26 794  
C.F.R. 1.469-5T, in the activities of the business during the 795  
taxable year in which the sale occurs or during any of the five 796  
preceding taxable years. 797

(C) "Nonbusiness income" means all income other than 798  
business income and may include, but is not limited to, 799  
compensation, rents and royalties from real or tangible personal 800  
property, capital gains, interest, dividends and distributions, 801  
patent or copyright royalties, or lottery winnings, prizes, and 802  
awards. 803

(D) "Compensation" means any form of remuneration paid to 804  
an employee for personal services. 805

(E) "Fiduciary" means a guardian, trustee, executor, 806  
administrator, receiver, conservator, or any other person acting 807  
in any fiduciary capacity for any individual, trust, or estate. 808

(F) "Fiscal year" means an accounting period of twelve 809  
months ending on the last day of any month other than December. 810

(G) "Individual" means any natural person.	811
(H) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.	812 813
(I) "Resident" means any of the following:	814
(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code;	815 816
(2) The estate of a decedent who at the time of death was domiciled in this state. The domicile tests of section 5747.24 of the Revised Code are not controlling for purposes of division (I) (2) of this section.	817 818 819 820
(3) A trust that, in whole or part, resides in this state. If only part of a trust resides in this state, the trust is a resident only with respect to that part.	821 822 823
For the purposes of division (I) (3) of this section:	824
(a) A trust resides in this state for the trust's current taxable year to the extent, as described in division (I) (3) (d) of this section, that the trust consists directly or indirectly, in whole or in part, of assets, net of any related liabilities, that were transferred, or caused to be transferred, directly or indirectly, to the trust by any of the following:	825 826 827 828 829 830
(i) A person, a court, or a governmental entity or instrumentality on account of the death of a decedent, but only if the trust is described in division (I) (3) (e) (i) or (ii) of this section;	831 832 833 834
(ii) A person who was domiciled in this state for the purposes of this chapter when the person directly or indirectly transferred assets to an irrevocable trust, but only if at least one of the trust's qualifying beneficiaries is domiciled in this	835 836 837 838

state for the purposes of this chapter during all or some 839  
portion of the trust's current taxable year; 840

(iii) A person who was domiciled in this state for the 841  
purposes of this chapter when the trust document or instrument 842  
or part of the trust document or instrument became irrevocable, 843  
but only if at least one of the trust's qualifying beneficiaries 844  
is a resident domiciled in this state for the purposes of this 845  
chapter during all or some portion of the trust's current 846  
taxable year. If a trust document or instrument became 847  
irrevocable upon the death of a person who at the time of death 848  
was domiciled in this state for purposes of this chapter, that 849  
person is a person described in division (I) (3) (a) (iii) of this 850  
section. 851

(b) A trust is irrevocable to the extent that the 852  
transferor is not considered to be the owner of the net assets 853  
of the trust under sections 671 to 678 of the Internal Revenue 854  
Code. 855

(c) With respect to a trust other than a charitable lead 856  
trust, "qualifying beneficiary" has the same meaning as 857  
"potential current beneficiary" as defined in section 1361(e) (2) 858  
of the Internal Revenue Code, and with respect to a charitable 859  
lead trust "qualifying beneficiary" is any current, future, or 860  
contingent beneficiary, but with respect to any trust 861  
"qualifying beneficiary" excludes a person or a governmental 862  
entity or instrumentality to any of which a contribution would 863  
qualify for the charitable deduction under section 170 of the 864  
Internal Revenue Code. 865

(d) For the purposes of division (I) (3) (a) of this 866  
section, the extent to which a trust consists directly or 867  
indirectly, in whole or in part, of assets, net of any related 868

liabilities, that were transferred directly or indirectly, in 869  
whole or part, to the trust by any of the sources enumerated in 870  
that division shall be ascertained by multiplying the fair 871  
market value of the trust's assets, net of related liabilities, 872  
by the qualifying ratio, which shall be computed as follows: 873

(i) The first time the trust receives assets, the 874  
numerator of the qualifying ratio is the fair market value of 875  
those assets at that time, net of any related liabilities, from 876  
sources enumerated in division (I) (3) (a) of this section. The 877  
denominator of the qualifying ratio is the fair market value of 878  
all the trust's assets at that time, net of any related 879  
liabilities. 880

(ii) Each subsequent time the trust receives assets, a 881  
revised qualifying ratio shall be computed. The numerator of the 882  
revised qualifying ratio is the sum of (1) the fair market value 883  
of the trust's assets immediately prior to the subsequent 884  
transfer, net of any related liabilities, multiplied by the 885  
qualifying ratio last computed without regard to the subsequent 886  
transfer, and (2) the fair market value of the subsequently 887  
transferred assets at the time transferred, net of any related 888  
liabilities, from sources enumerated in division (I) (3) (a) of 889  
this section. The denominator of the revised qualifying ratio is 890  
the fair market value of all the trust's assets immediately 891  
after the subsequent transfer, net of any related liabilities. 892

(iii) Whether a transfer to the trust is by or from any of 893  
the sources enumerated in division (I) (3) (a) of this section 894  
shall be ascertained without regard to the domicile of the 895  
trust's beneficiaries. 896

(e) For the purposes of division (I) (3) (a) (i) of this 897  
section: 898

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

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

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

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

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



(iii) The transfer is made on account of a contractual 928  
relationship existing directly or indirectly between the 929  
transferor and either the decedent or the estate of the decedent 930  
at any time prior to the date of the decedent's death, and the 931  
decedent was domiciled in this state at the time of death for 932  
purposes of the taxes levied under Chapter 5731. of the Revised 933  
Code. 934

(iv) The transfer is made to a trust on account of a 935  
contractual relationship existing directly or indirectly between 936  
the transferor and another person who at the time of the 937  
decedent's death was domiciled in this state for purposes of 938  
this chapter. 939

(v) The transfer is made to a trust on account of the will 940  
of a testator who was domiciled in this state at the time of the 941  
testator's death for purposes of the taxes levied under Chapter 942  
5731. of the Revised Code. 943

(vi) The transfer is made to a trust created by or caused 944  
to be created by a court, and the trust was directly or 945  
indirectly created in connection with or as a result of the 946  
death of an individual who, for purposes of the taxes levied 947  
under Chapter 5731. of the Revised Code, was domiciled in this 948  
state at the time of the individual's death. 949

(g) The tax commissioner may adopt rules to ascertain the 950  
part of a trust residing in this state. 951

(J) "Nonresident" means an individual or estate that is 952  
not a resident. An individual who is a resident for only part of 953  
a taxable year is a nonresident for the remainder of that 954  
taxable year. 955

(K) "Pass-through entity" has the same meaning as in 956

section 5733.04 of the Revised Code.	957
(L) "Return" means the notifications and reports required	958
to be filed pursuant to this chapter for the purpose of	959
reporting the tax due and includes declarations of estimated tax	960
when so required.	961
(M) "Taxable year" means the calendar year or the	962
taxpayer's fiscal year ending during the calendar year, or	963
fractional part thereof, upon which the adjusted gross income is	964
calculated pursuant to this chapter.	965
(N) "Taxpayer" means any person subject to the tax imposed	966
by section 5747.02 of the Revised Code or any pass-through	967
entity that makes the election under division (D) of section	968
5747.08 of the Revised Code.	969
(O) "Dependents" means one of the following:	970
(1) For taxable years beginning on or after January 1,	971
2018, and before January 1, 2026, dependents as defined in the	972
Internal Revenue Code;	973
(2) For all other taxable years, dependents as defined in	974
the Internal Revenue Code and as claimed in the taxpayer's	975
federal income tax return for the taxable year or which the	976
taxpayer would have been permitted to claim had the taxpayer	977
filed a federal income tax return.	978
(P) "Principal county of employment" means, in the case of	979
a nonresident, the county within the state in which a taxpayer	980
performs services for an employer or, if those services are	981
performed in more than one county, the county in which the major	982
portion of the services are performed.	983
(Q) As used in sections 5747.50 to 5747.55 of the Revised	984

Code:	985
(1) "Subdivision" means any county, municipal corporation, park district, or township.	986 987
(2) "Essential local government purposes" includes all functions that any subdivision is required by general law to exercise, including like functions that are exercised under a charter adopted pursuant to the Ohio Constitution.	988 989 990 991
(R) "Overpayment" means any amount already paid that exceeds the figure determined to be the correct amount of the tax.	992 993 994
(S) "Taxable income" or "Ohio taxable income" applies only to estates and trusts, and means federal taxable income, as defined and used in the Internal Revenue Code, adjusted as follows:	995 996 997 998
(1) Add interest or dividends, net of ordinary, necessary, and reasonable expenses not deducted in computing federal taxable income, on obligations or securities of any state or of any political subdivision or authority of any state, other than this state and its subdivisions and authorities, but only to the extent that such net amount is not otherwise includible in Ohio taxable income and is described in either division (S) (1) (a) or (b) of this section:	999 1000 1001 1002 1003 1004 1005 1006
(a) The net amount is not attributable to the S portion of an electing small business trust and has not been distributed to beneficiaries for the taxable year;	1007 1008 1009
(b) The net amount is attributable to the S portion of an electing small business trust for the taxable year.	1010 1011
(2) Add interest or dividends, net of ordinary, necessary,	1012

and reasonable expenses not deducted in computing federal 1013  
taxable income, on obligations of any authority, commission, 1014  
instrumentality, territory, or possession of the United States 1015  
to the extent that the interest or dividends are exempt from 1016  
federal income taxes but not from state income taxes, but only 1017  
to the extent that such net amount is not otherwise includible 1018  
in Ohio taxable income and is described in either division (S) 1019  
(1) (a) or (b) of this section; 1020

(3) Add the amount of personal exemption allowed to the 1021  
estate pursuant to section 642(b) of the Internal Revenue Code; 1022

(4) Deduct interest or dividends, net of related expenses 1023  
deducted in computing federal taxable income, on obligations of 1024  
the United States and its territories and possessions or of any 1025  
authority, commission, or instrumentality of the United States 1026  
to the extent that the interest or dividends are exempt from 1027  
state taxes under the laws of the United States, but only to the 1028  
extent that such amount is included in federal taxable income 1029  
and is described in either division (S) (1) (a) or (b) of this 1030  
section; 1031

(5) Deduct the amount of wages and salaries, if any, not 1032  
otherwise allowable as a deduction but that would have been 1033  
allowable as a deduction in computing federal taxable income for 1034  
the taxable year, had the work opportunity tax credit allowed 1035  
under sections 38, 51, and 52 of the Internal Revenue Code not 1036  
been in effect, but only to the extent such amount relates 1037  
either to income included in federal taxable income for the 1038  
taxable year or to income of the S portion of an electing small 1039  
business trust for the taxable year; 1040

(6) Deduct any interest or interest equivalent, net of 1041  
related expenses deducted in computing federal taxable income, 1042

on public obligations and purchase obligations, but only to the 1043  
extent that such net amount relates either to income included in 1044  
federal taxable income for the taxable year or to income of the 1045  
S portion of an electing small business trust for the taxable 1046  
year; 1047

(7) Add any loss or deduct any gain resulting from sale, 1048  
exchange, or other disposition of public obligations to the 1049  
extent that such loss has been deducted or such gain has been 1050  
included in computing either federal taxable income or income of 1051  
the S portion of an electing small business trust for the 1052  
taxable year; 1053

(8) Except in the case of the final return of an estate, 1054  
add any amount deducted by the taxpayer on both its Ohio estate 1055  
tax return pursuant to section 5731.14 of the Revised Code, and 1056  
on its federal income tax return in determining federal taxable 1057  
income; 1058

(9) (a) Deduct any amount included in federal taxable 1059  
income solely because the amount represents a reimbursement or 1060  
refund of expenses that in a previous year the decedent had 1061  
deducted as an itemized deduction pursuant to section 63 of the 1062  
Internal Revenue Code and applicable treasury regulations. The 1063  
deduction otherwise allowed under division (S) (9) (a) of this 1064  
section shall be reduced to the extent the reimbursement is 1065  
attributable to an amount the taxpayer or decedent deducted 1066  
under this section in any taxable year. 1067

(b) Add any amount not otherwise included in Ohio taxable 1068  
income for any taxable year to the extent that the amount is 1069  
attributable to the recovery during the taxable year of any 1070  
amount deducted or excluded in computing federal or Ohio taxable 1071  
income in any taxable year, but only to the extent such amount 1072

has not been distributed to beneficiaries for the taxable year. 1073

(10) Deduct any portion of the deduction described in 1074  
section 1341(a)(2) of the Internal Revenue Code, for repaying 1075  
previously reported income received under a claim of right, that 1076  
meets both of the following requirements: 1077

(a) It is allowable for repayment of an item that was 1078  
included in the taxpayer's taxable income or the decedent's 1079  
adjusted gross income for a prior taxable year and did not 1080  
qualify for a credit under division (A) or (B) of section 1081  
5747.05 of the Revised Code for that year. 1082

(b) It does not otherwise reduce the taxpayer's taxable 1083  
income or the decedent's adjusted gross income for the current 1084  
or any other taxable year. 1085

(11) Add any amount claimed as a credit under section 1086  
5747.059 of the Revised Code to the extent that the amount 1087  
satisfies either of the following: 1088

(a) The amount was deducted or excluded from the 1089  
computation of the taxpayer's federal taxable income as required 1090  
to be reported for the taxpayer's taxable year under the 1091  
Internal Revenue Code; 1092

(b) The amount resulted in a reduction in the taxpayer's 1093  
federal taxable income as required to be reported for any of the 1094  
taxpayer's taxable years under the Internal Revenue Code. 1095

(12) Deduct any amount, net of related expenses deducted 1096  
in computing federal taxable income, that a trust is required to 1097  
report as farm income on its federal income tax return, but only 1098  
if the assets of the trust include at least ten acres of land 1099  
satisfying the definition of "land devoted exclusively to 1100  
agricultural use" under section 5713.30 of the Revised Code, 1101

regardless of whether the land is valued for tax purposes as 1102  
such land under sections 5713.30 to 5713.38 of the Revised Code. 1103  
If the trust is a pass-through entity investor, section 5747.231 1104  
of the Revised Code applies in ascertaining if the trust is 1105  
eligible to claim the deduction provided by division (S) (12) of 1106  
this section in connection with the pass-through entity's farm 1107  
income. 1108

Except for farm income attributable to the S portion of an 1109  
electing small business trust, the deduction provided by 1110  
division (S) (12) of this section is allowed only to the extent 1111  
that the trust has not distributed such farm income. 1112

(13) Add the net amount of income described in section 1113  
641(c) of the Internal Revenue Code to the extent that amount is 1114  
not included in federal taxable income. 1115

(14) Deduct the amount the taxpayer would be required to 1116  
deduct under division (A) (18) of this section if the taxpayer's 1117  
Ohio taxable income ~~were~~was computed in the same manner as an 1118  
individual's Ohio adjusted gross income is computed under this 1119  
section. 1120

(15) Add, to the extent not otherwise included in 1121  
computing taxable income or Ohio taxable income for any taxable 1122  
year, the taxpayer's proportionate share of the amount of the 1123  
tax levied under section 5747.38 of the Revised Code and paid by 1124  
an electing pass-through entity for the taxable year. 1125

(16) Add any income taxes deducted in computing federal 1126  
taxable income or Ohio taxable income to the extent the income 1127  
taxes were derived from income subject to a tax levied in 1128  
another state or the District of Columbia when such tax was 1129  
enacted for purposes of complying with internal revenue service 1130

notice 2020-75. 1131

(T) "School district income" and "school district income 1132  
tax" have the same meanings as in section 5748.01 of the Revised 1133  
Code. 1134

(U) As used in divisions (A) (7), (A) (8), (S) (6), and (S) 1135  
(7) of this section, "public obligations," "purchase 1136  
obligations," and "interest or interest equivalent" have the 1137  
same meanings as in section 5709.76 of the Revised Code. 1138

(V) "Limited liability company" means any limited 1139  
liability company formed under former Chapter 1705. of the 1140  
Revised Code as that chapter existed prior to February 11, 2022, 1141  
Chapter 1706. of the Revised Code, or the laws of any other 1142  
state. 1143

(W) "Pass-through entity investor" means any person who, 1144  
during any portion of a taxable year of a pass-through entity, 1145  
is a partner, member, shareholder, or equity investor in that 1146  
pass-through entity. 1147

(X) "Banking day" has the same meaning as in section 1148  
1304.01 of the Revised Code. 1149

(Y) "Month" means a calendar month. 1150

(Z) "Quarter" means the first three months, the second 1151  
three months, the third three months, or the last three months 1152  
of the taxpayer's taxable year. 1153

(AA) (1) "Modified business income" means the business 1154  
income included in a trust's Ohio taxable income after such 1155  
taxable income is first reduced by the qualifying trust amount, 1156  
if any. 1157

(2) "Qualifying trust amount" of a trust means capital 1158



gains and losses from the sale, exchange, or other disposition 1159  
of equity or ownership interests in, or debt obligations of, a 1160  
qualifying investee to the extent included in the trust's Ohio 1161  
taxable income, but only if the following requirements are 1162  
satisfied: 1163

(a) The book value of the qualifying investee's physical 1164  
assets in this state and everywhere, as of the last day of the 1165  
qualifying investee's fiscal or calendar year ending immediately 1166  
prior to the date on which the trust recognizes the gain or 1167  
loss, is available to the trust. 1168

(b) The requirements of section 5747.011 of the Revised 1169  
Code are satisfied for the trust's taxable year in which the 1170  
trust recognizes the gain or loss. 1171

Any gain or loss that is not a qualifying trust amount is 1172  
modified business income, qualifying investment income, or 1173  
modified nonbusiness income, as the case may be. 1174

(3) "Modified nonbusiness income" means a trust's Ohio 1175  
taxable income other than modified business income, other than 1176  
the qualifying trust amount, and other than qualifying 1177  
investment income, as defined in section 5747.012 of the Revised 1178  
Code, to the extent such qualifying investment income is not 1179  
otherwise part of modified business income. 1180

(4) "Modified Ohio taxable income" applies only to trusts, 1181  
and means the sum of the amounts described in divisions (AA) (4) 1182  
(a) to (c) of this section: 1183

(a) The fraction, calculated under section 5747.013, and 1184  
applying section 5747.231 of the Revised Code, multiplied by the 1185  
sum of the following amounts: 1186

(i) The trust's modified business income; 1187

(ii) The trust's qualifying investment income, as defined 1188  
in section 5747.012 of the Revised Code, but only to the extent 1189  
the qualifying investment income does not otherwise constitute 1190  
modified business income and does not otherwise constitute a 1191  
qualifying trust amount. 1192

(b) The qualifying trust amount multiplied by a fraction, 1193  
the numerator of which is the sum of the book value of the 1194  
qualifying investee's physical assets in this state on the last 1195  
day of the qualifying investee's fiscal or calendar year ending 1196  
immediately prior to the day on which the trust recognizes the 1197  
qualifying trust amount, and the denominator of which is the sum 1198  
of the book value of the qualifying investee's total physical 1199  
assets everywhere on the last day of the qualifying investee's 1200  
fiscal or calendar year ending immediately prior to the day on 1201  
which the trust recognizes the qualifying trust amount. If, for 1202  
a taxable year, the trust recognizes a qualifying trust amount 1203  
with respect to more than one qualifying investee, the amount 1204  
described in division (AA) (4) (b) of this section shall equal the 1205  
sum of the products so computed for each such qualifying 1206  
investee. 1207

(c) (i) With respect to a trust or portion of a trust that 1208  
is a resident as ascertained in accordance with division (I) (3) 1209  
(d) of this section, its modified nonbusiness income. 1210

(ii) With respect to a trust or portion of a trust that is 1211  
not a resident as ascertained in accordance with division (I) (3) 1212  
(d) of this section, the amount of its modified nonbusiness 1213  
income satisfying the descriptions in divisions (B) (2) to (5) of 1214  
section 5747.20 of the Revised Code, except as otherwise 1215  
provided in division (AA) (4) (c) (ii) of this section. With 1216  
respect to a trust or portion of a trust that is not a resident 1217

as ascertained in accordance with division (I) (3) (d) of this 1218  
section, the trust's portion of modified nonbusiness income 1219  
recognized from the sale, exchange, or other disposition of a 1220  
debt interest in or equity interest in a section 5747.212 1221  
entity, as defined in section 5747.212 of the Revised Code, 1222  
without regard to division (A) of that section, shall not be 1223  
allocated to this state in accordance with section 5747.20 of 1224  
the Revised Code but shall be apportioned to this state in 1225  
accordance with division (B) of section 5747.212 of the Revised 1226  
Code without regard to division (A) of that section. 1227

If the allocation and apportionment of a trust's income 1228  
under divisions (AA) (4) (a) and (c) of this section do not fairly 1229  
represent the modified Ohio taxable income of the trust in this 1230  
state, the alternative methods described in division (C) of 1231  
section 5747.21 of the Revised Code may be applied in the manner 1232  
and to the same extent provided in that section. 1233

(5) (a) Except as set forth in division (AA) (5) (b) of this 1234  
section, "qualifying investee" means a person in which a trust 1235  
has an equity or ownership interest, or a person or unit of 1236  
government the debt obligations of either of which are owned by 1237  
a trust. For the purposes of division (AA) (2) (a) of this section 1238  
and for the purpose of computing the fraction described in 1239  
division (AA) (4) (b) of this section, all of the following apply: 1240

(i) If the qualifying investee is a member of a qualifying 1241  
controlled group on the last day of the qualifying investee's 1242  
fiscal or calendar year ending immediately prior to the date on 1243  
which the trust recognizes the gain or loss, then "qualifying 1244  
investee" includes all persons in the qualifying controlled 1245  
group on such last day. 1246

(ii) If the qualifying investee, or if the qualifying 1247

investee and any members of the qualifying controlled group of 1248  
which the qualifying investee is a member on the last day of the 1249  
qualifying investee's fiscal or calendar year ending immediately 1250  
prior to the date on which the trust recognizes the gain or 1251  
loss, separately or cumulatively own, directly or indirectly, on 1252  
the last day of the qualifying investee's fiscal or calendar 1253  
year ending immediately prior to the date on which the trust 1254  
recognizes the qualifying trust amount, more than fifty per cent 1255  
of the equity of a pass-through entity, then the qualifying 1256  
investee and the other members are deemed to own the 1257  
proportionate share of the pass-through entity's physical assets 1258  
which the pass-through entity directly or indirectly owns on the 1259  
last day of the pass-through entity's calendar or fiscal year 1260  
ending within or with the last day of the qualifying investee's 1261  
fiscal or calendar year ending immediately prior to the date on 1262  
which the trust recognizes the qualifying trust amount. 1263

(iii) For the purposes of division (AA) (5) (a) (iii) of this 1264  
section, "upper level pass-through entity" means a pass-through 1265  
entity directly or indirectly owning any equity of another pass- 1266  
through entity, and "lower level pass-through entity" means that 1267  
other pass-through entity. 1268

An upper level pass-through entity, whether or not it is 1269  
also a qualifying investee, is deemed to own, on the last day of 1270  
the upper level pass-through entity's calendar or fiscal year, 1271  
the proportionate share of the lower level pass-through entity's 1272  
physical assets that the lower level pass-through entity 1273  
directly or indirectly owns on the last day of the lower level 1274  
pass-through entity's calendar or fiscal year ending within or 1275  
with the last day of the upper level pass-through entity's 1276  
fiscal or calendar year. If the upper level pass-through entity 1277  
directly and indirectly owns less than fifty per cent of the 1278

equity of the lower level pass-through entity on each day of the 1279  
upper level pass-through entity's calendar or fiscal year in 1280  
which or with which ends the calendar or fiscal year of the 1281  
lower level pass-through entity and if, based upon clear and 1282  
convincing evidence, complete information about the location and 1283  
cost of the physical assets of the lower pass-through entity is 1284  
not available to the upper level pass-through entity, then 1285  
solely for purposes of ascertaining if a gain or loss 1286  
constitutes a qualifying trust amount, the upper level pass- 1287  
through entity shall be deemed as owning no equity of the lower 1288  
level pass-through entity for each day during the upper level 1289  
pass-through entity's calendar or fiscal year in which or with 1290  
which ends the lower level pass-through entity's calendar or 1291  
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 1292  
shall be construed to provide for any deduction or exclusion in 1293  
computing any trust's Ohio taxable income. 1294

(b) With respect to a trust that is not a resident for the 1295  
taxable year and with respect to a part of a trust that is not a 1296  
resident for the taxable year, "qualifying investee" for that 1297  
taxable year does not include a C corporation if both of the 1298  
following apply: 1299

(i) During the taxable year the trust or part of the trust 1300  
recognizes a gain or loss from the sale, exchange, or other 1301  
disposition of equity or ownership interests in, or debt 1302  
obligations of, the C corporation. 1303

(ii) Such gain or loss constitutes nonbusiness income. 1304

(6) "Available" means information is such that a person is 1305  
able to learn of the information by the due date plus 1306  
extensions, if any, for filing the return for the taxable year 1307  
in which the trust recognizes the gain or loss. 1308

(BB) "Qualifying controlled group" has the same meaning as in section 5733.04 of the Revised Code.	1309 1310
(CC) "Related member" has the same meaning as in section 5733.042 of the Revised Code.	1311 1312
(DD) (1) For the purposes of division (DD) of this section:	1313
(a) "Qualifying person" means any person other than a qualifying corporation.	1314 1315
(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:	1316 1317 1318
(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;	1319 1320 1321 1322
(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.	1323 1324 1325 1326 1327
(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.	1328 1329 1330
(EE) For purposes of this chapter and Chapter 5751. of the Revised Code:	1331 1332
(1) "Trust" does not include a qualified pre-income tax trust.	1333 1334
(2) A "qualified pre-income tax trust" is any pre-income	1335

tax trust that makes a qualifying pre-income tax trust election 1336  
as described in division (EE) (3) of this section. 1337

(3) A "qualifying pre-income tax trust election" is an 1338  
election by a pre-income tax trust to subject to the tax imposed 1339  
by section 5751.02 of the Revised Code the pre-income tax trust 1340  
and all pass-through entities of which the trust owns or 1341  
controls, directly, indirectly, or constructively through 1342  
related interests, five per cent or more of the ownership or 1343  
equity interests. The trustee shall notify the tax commissioner 1344  
in writing of the election on or before April 15, 2006. The 1345  
election, if timely made, shall be effective on and after 1346  
January 1, 2006, and shall apply for all tax periods and tax 1347  
years until revoked by the trustee of the trust. 1348

(4) A "pre-income tax trust" is a trust that satisfies all 1349  
of the following requirements: 1350

(a) The document or instrument creating the trust was 1351  
executed by the grantor before January 1, 1972; 1352

(b) The trust became irrevocable upon the creation of the 1353  
trust; and 1354

(c) The grantor was domiciled in this state at the time 1355  
the trust was created. 1356

(FF) "Uniformed services" has the same meaning as in 10 1357  
U.S.C. 101. 1358

(GG) "Taxable business income" means the amount by which 1359  
an individual's business income that is included in federal 1360  
adjusted gross income exceeds the amount of business income the 1361  
individual is authorized to deduct under division (A) (28) of 1362  
this section for the taxable year. 1363

(HH) "Employer" does not include a franchisor with respect 1364  
to the franchisor's relationship with a franchisee or an 1365  
employee of a franchisee, unless the franchisor agrees to assume 1366  
that role in writing or a court of competent jurisdiction 1367  
determines that the franchisor exercises a type or degree of 1368  
control over the franchisee or the franchisee's employees that 1369  
is not customarily exercised by a franchisor for the purpose of 1370  
protecting the franchisor's trademark, brand, or both. For 1371  
purposes of this division, "franchisor" and "franchisee" have 1372  
the same meanings as in 16 C.F.R. 436.1. 1373

(II) "Modified adjusted gross income" means Ohio adjusted 1374  
gross income plus any amount deducted under divisions (A) (28) 1375  
and (34) of this section for the taxable year. 1376

(JJ) "Qualifying Ohio educator" means an individual who, 1377  
for a taxable year, qualifies as an eligible educator, as that 1378  
term is defined in section 62 of the Internal Revenue Code, and 1379  
who holds a certificate, license, or permit described in Chapter 1380  
3319. or section 3301.071 of the Revised Code. 1381

**Section 2.** That existing sections 1716.01 and 5747.01 of 1382  
the Revised Code are hereby repealed. 1383

**Section 3.** The amendment by this act of section 5747.01 of 1384  
the Revised Code applies to taxable years ending on or after the 1385  
effective date of this section. 1386

**Section 4.** The amendment or enactment by this act of 1387  
sections 1716.01, 1716.22, 3333.96, and 5747.01 of the Revised 1388  
Code shall be known as the Health Care Sharing Ministries 1389  
Freedom to Share Act. 1390