

As Introduced

136th General Assembly

Regular Session

2025-2026

H. B. No. 231

Representatives Williams, Miller, M.

Cosponsors: Representatives Deeter, Fischer, Gross

A BILL

To amend section 5747.98 and to enact section 1
5747.74 of the Revised Code to create an income 2
tax credit for employers that provide paid 3
parental leave and to name this act the Paid 4
Parental Leave Act. 5

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

Section 1. That section 5747.98 be amended and section 6
5747.74 of the Revised Code be enacted to read as follows: 7

Sec. 5747.74. (A) As used in this section: 8

(1) "Qualifying employee" means an employee who 9
experiences the birth, adoption, or stillbirth of a child, 10
provided the employee is one of the following to the child: 11

(a) A parent, as listed on the birth certificate, of the 12
newly born child; 13

(b) A parent, as listed on the fetal death certificate, of 14
the stillborn child; 15

(c) A legal guardian of the newly adopted child who 16
resides in the same household as that child. 17

(2) "Qualifying employer" means a taxpayer or a pass- 18
through entity who is registered and authorized to use the e- 19
verify federal employment verification program jointly 20
administered by the United States department of homeland 21
security and the social security administration under 8 U.S.C. 22
1324a, or any of its successor programs, and that offers a 23
minimum of fifty-six days of parental leave benefits to 24
employees. 25

(3) "Parental leave benefits" means compensation paid to a 26
qualifying employee while the employee is on leave for a period 27
following the birth, stillbirth, or adoption of a child, 28
provided that the compensation is equal to the compensation the 29
employee would have received if the employee had worked for the 30
qualifying employer in the employee's job for that period and is 31
paid as part of a policy of the employer for parental leave that 32
does not deduct time from the employee's other paid leave time. 33

(4) "Stillborn" has the same meaning as in section 124.136 34
of the Revised Code. 35

(B) There is hereby allowed a nonrefundable credit against 36
a taxpayer's aggregate tax liability for a taxpayer who is a 37
qualifying employer, or who owns a direct or indirect interest 38
in a qualifying employer, that paid parental leave benefits to a 39
qualifying employee. The total credit available with respect to 40
an employee for each birth, adoption, or stillbirth shall equal 41
the lesser of the amount of parental leave benefits paid to the 42
employee or three hundred dollars for each day of parental leave 43
benefits paid. 44

In the case of a taxpayer who is a qualifying employer, 45
the credit shall be claimed for the taxable year in which the 46
parental leave benefits are paid. If a taxpayer holds a direct 47

or indirect equity interest in a qualifying employer that paid 48
parental leave benefits, the taxpayer shall claim the taxpayer's 49
distributive or proportionate share of the credit for the 50
taxpayer's taxable year that includes the last day of the 51
entity's taxable year. 52

The total amount of parental leave benefits paid by a 53
qualifying employer and eligible for the credit allowed under 54
this section per taxable year shall not exceed fifty four 55
thousand dollars. 56

(C) The credit shall be claimed in the order required 57
under section 5747.98 of the Revised Code. Any credit amount in 58
excess of the aggregate amount of tax due under section 5747.02 59
of the Revised Code, after allowing for any other credits 60
preceding the credit in that order, may be carried forward for 61
three taxable years, but the amount of the excess credit allowed 62
in any such year shall be deducted from the balance carried 63
forward to the next year. 64

(D) On or before September 1, 2026, and on the first day 65
of each September thereafter, the tax commissioner shall issue a 66
report regarding the credit authorized under this section to the 67
chairpersons of the standing committees of the house of 68
representatives and senate that deal primarily with taxation. 69
The report shall include, for the preceding taxable year, the 70
total number of taxpayers that claimed a credit under this 71
section and the total value of all credits earned and all 72
credits claimed. 73

(E) The tax commissioner may require a taxpayer to furnish 74
any information necessary to support a claim for a credit under 75
this section, including the taxpayer's parental leave policy. 76
The commissioner may adopt any rules necessary to administer 77

this section. Notwithstanding any provision of section 121.95 of 78
the Revised Code to the contrary, a regulatory restriction 79
contained in a rule adopted under this section is not subject to 80
sections 121.95 to 121.953 of the Revised Code. 81

Sec. 5747.98. (A) To provide a uniform procedure for 82
calculating a taxpayer's aggregate tax liability under section 83
5747.02 of the Revised Code, a taxpayer shall claim any credits 84
to which the taxpayer is entitled in the following order: 85

Either the retirement income credit under division (B) of 86
section 5747.055 of the Revised Code or the lump sum retirement 87
income credits under divisions (C), (D), and (E) of that 88
section; 89

Either the senior citizen credit under division (F) of 90
section 5747.055 of the Revised Code or the lump sum 91
distribution credit under division (G) of that section; 92

The dependent care credit under section 5747.054 of the 93
Revised Code; 94

The credit for displaced workers who pay for job training 95
under section 5747.27 of the Revised Code; 96

The campaign contribution credit under section 5747.29 of 97
the Revised Code; 98

The twenty-dollar personal exemption credit under section 99
5747.022 of the Revised Code; 100

The joint filing credit under division (G) of section 101
5747.05 of the Revised Code; 102

The earned income credit under section 5747.71 of the 103
Revised Code; 104

The nonrefundable credit for education expenses under	105
section 5747.72 of the Revised Code;	106
The nonrefundable credit for donations to scholarship	107
granting organizations under section 5747.73 of the Revised	108
Code;	109
The nonrefundable credit for tuition paid to a	110
nonchartered nonpublic school under section 5747.75 of the	111
Revised Code;	112
The nonrefundable vocational job credit under section	113
5747.057 of the Revised Code;	114
The nonrefundable job retention credit under division (B)	115
of section 5747.058 of the Revised Code;	116
The enterprise zone credit under section 5709.66 of the	117
Revised Code;	118
The credit for beginning farmers who participate in a	119
financial management program under division (B) of section	120
5747.77 of the Revised Code;	121
<u>The credit for parental leave benefits under section</u>	122
<u>5747.74 of the Revised Code;</u>	123
The credit for commercial vehicle operator training	124
expenses under section 5747.82 of the Revised Code;	125
The nonrefundable welcome home Ohio (WHO) program credit	126
under section 122.633 of the Revised Code;	127
The credit for selling or renting agricultural assets to	128
beginning farmers under division (A) of section 5747.77 of the	129
Revised Code;	130
The credit for purchases of qualifying grape production	131

property under section 5747.28 of the Revised Code;	132
The small business investment credit under section 5747.81	133
of the Revised Code;	134
The nonrefundable lead abatement credit under section	135
5747.26 of the Revised Code;	136
The opportunity zone investment credit under section	137
5747.86 of the Revised Code;	138
The enterprise zone credits under section 5709.65 of the	139
Revised Code;	140
The research and development credit under section 5747.331	141
of the Revised Code;	142
The credit for rehabilitating a historic building under	143
section 5747.76 of the Revised Code;	144
The nonrefundable Ohio low-income housing tax credit under	145
section 5747.83 of the Revised Code;	146
The nonrefundable affordable single-family home credit	147
under section 5747.84 of the Revised Code;	148
The nonresident credit under division (A) of section	149
5747.05 of the Revised Code;	150
The credit for a resident's out-of-state income under	151
division (B) of section 5747.05 of the Revised Code;	152
The refundable motion picture and Broadway theatrical	153
production credit under section 5747.66 of the Revised Code;	154
The refundable credit for film and theater capital	155
improvement projects under section 5747.67 of the Revised Code;	156
The refundable jobs creation credit or job retention	157

credit under division (A) of section 5747.058 of the Revised Code; 158
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The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code; 160
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The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code; 162
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The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code; 165
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The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code; 168
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The refundable credit under section 5747.39 of the Revised Code for taxes levied under section 5747.38 of the Revised Code paid by an electing pass-through entity. 170
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(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the taxpayer's aggregate amount of tax due under section 5747.02 of the Revised Code, after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year. 173
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Section 2. That existing section 5747.98 of the Revised Code is hereby repealed. 184
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Section 3. The amendment or enactment by this act of 186
sections 5747.74 and 5747.98 of the Revised Code applies to 187
taxable years beginning on or after January 1, 2025. 188

Section 4. This act shall be known as the Paid Parental 189
Leave Act. 190