As Introduced

136th General Assembly
Regular Session **H. B. No. 48**
2025-2026

Representatives Mathews, A., Santucci

A BILL

To amend sections 5747.70 and 5747.78 of the Revised Code to modify the income tax deductions for contributions to 529 plans and ABLE accounts.

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

Section 1. That sections 5747.70 and 5747.78 of the Revised Code be amended to read as follows:

Sec. 5747.70. (A) In computing Ohio adjusted gross income, a deduction from federal adjusted gross income is allowed to a taxpayer who contributes to or purchases tuition units under a qualified tuition program established in accordance with section 529 of the Internal Revenue Code. The amount of the deduction shall equal the amount contributed or purchased during the taxable year to the extent that the amounts of such contributions and purchases were not deducted in determining the contributor's or purchaser's federal adjusted gross income for the taxable year. The combined amount of contributions and purchases deducted in any taxable year ~~by a taxpayer or the taxpayer and the taxpayer's spouse, regardless of whether the taxpayer and the taxpayer's spouse file separate returns or a~~

~~joint return, is limited to four thousand dollars~~ shall not exceed the annual contribution limit for each beneficiary for whom contributions or purchases are made. If the combined annual contributions and purchases for a beneficiary exceed ~~four thousand dollars~~the annual contribution limit, the excess may be carried forward and deducted in future taxable years until the contributions and purchases have been fully deducted.

(B) In computing Ohio adjusted gross income, a deduction from federal adjusted gross income is allowed for:

(1) Income related to tuition units and contributions that as of the end of the taxable year have not been refunded pursuant to the termination of a qualified tuition program payment contract or account to the extent that such income is included in federal adjusted gross income.

(2) The excess of the total purchase price of tuition units refunded during the taxable year pursuant to the termination of a qualified tuition program payment contract over the amount of the refund, to the extent the amount of the excess was not deducted in determining federal adjusted gross income. Division (B)(2) of this section applies only to units for which no deduction was allowable under division (A) of this section.

(C) In computing Ohio adjusted gross income, there shall be added to federal adjusted gross income the amount of loss related to tuition units and contributions that as of the end of the taxable year have not been refunded pursuant to the termination of a qualified tuition program payment contract or account to the extent that such loss was deducted in determining federal adjusted gross income.

(D) For taxable years in which distributions or refunds

are made under a qualified tuition program for any reason other than payment of higher education expenses, or the beneficiary's death, disability, or receipt of a scholarship as described in section 3334.10 of the Revised Code:

(1) If the distribution or refund is paid to the purchaser or contributor or beneficiary, any portion of the distribution or refund not included in the recipient's federal adjusted gross income shall be added to the recipient's federal adjusted gross income in determining the recipient's Ohio adjusted gross income, except that the amount added shall not exceed amounts previously deducted under division (A) of this section less any amounts added under division (D)(1) of this section in a prior taxable year.

(2) If amounts paid by a purchaser or contributor on or after January 1, 2000, are distributed or refunded to someone other than the purchaser or contributor or beneficiary, the amount of the payment not included in the recipient's federal adjusted gross income, less any amounts added under division (D) of this section in a prior taxable year, shall be added to the recipient's federal adjusted gross income in determining the recipient's Ohio adjusted gross income.

(E) As used in this section, the "annual contribution limit" for taxable years beginning in 2025 equals eight thousand dollars, if the taxpayer and the taxpayer's spouse file a joint return, or four thousand dollars, in the case of all other taxpayers. For taxable years beginning in 2026 and thereafter, the tax commissioner shall adjust the annual contribution limits in the manner described in this division.

In August of each year, beginning in 2026, the commissioner shall multiply each annual contribution limit by

the percentage increase in the gross domestic product deflator for that period calculated during that August under section 5747.025 of the Revised Code; add the resulting product to the respective annual contribution limit for taxable years beginning in the preceding calendar year; and round the resulting sum up to the nearest multiple of fifty dollars. The adjusted amounts apply to taxable years beginning in the calendar year in which the adjustment is made and to taxable years beginning in each ensuing calendar year until a calendar year in which a new adjustment is made pursuant to this division. The commissioner shall not make a new adjustment in any calendar year in which the amount resulting from the adjustment would be less than the amount resulting from the adjustment in the preceding calendar year.

Sec. 5747.78. In computing Ohio adjusted gross income, a deduction from federal adjusted gross income is allowed to a contributor for amounts contributed during the taxable year to an ABLE savings account opened in accordance with sections 113.50 to 113.56 of the Revised Code to the extent that the amounts contributed have not been deducted in computing the contributor's federal adjusted gross income for the taxable year. The total amount of contributions deducted for any taxable year ~~by a taxpayer or the taxpayer and the taxpayer's spouse, regardless of whether the taxpayer and the taxpayer's spouse file separate returns or a joint return,~~ shall not exceed the annual contribution limit for each beneficiary for whom contributions are made. If the total annual contributions for a beneficiary exceed the annual contribution limit, the excess may be carried forward and deducted in future taxable years until the contributions have been fully deducted.

As used in this section, "annual contribution limit" ~~means~~

~~the limit prescribed in section 5747.70 of the Revised Code on the dollar amount of contributions and purchases that a taxpayer, or a taxpayer and the taxpayer's spouse, may deduct during a taxable year under that section with respect to each beneficiary for whom contributions or purchases are made~~has the same meaning as in section 5747.70 of the Revised Code.

Section 2. That existing sections 5747.70 and 5747.78 of the Revised Code are hereby repealed.