As Introduced

136th General Assembly

Regular Session **H. B. No. 529**

2025-2026

Representatives Sigrist, Schmidt

Cosponsors: Representatives Brennan, White, E., Lett, Brent, Upchurch, Brownlee, Hall, T., Williams

---

To amend sections 5725.98, 5726.98, 5729.98, 5747.98, and 5751.98 and to enact sections 5725.39, 5726.63, 5727.242, 5727.301, 5729.22, 5736.51, 5747.88, and 5751.55 of the Revised Code to authorize refundable tax credits for hiring certain veterans, service members, and their spouses.

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

Section 1. That sections 5725.98, 5726.98, 5729.98, 5747.98, and 5751.98 be amended and sections 5725.39, 5726.63, 5727.242, 5727.301, 5729.22, 5736.51, 5747.88, and 5751.55 of the Revised Code be enacted to read as follows:

Sec. 5725.39. (A) As used in this section, "tax credit certificate" has the same meaning as in section 5751.55 of the Revised Code.

(B) A domestic insurance company issued a tax credit certificate authorizing the company to claim a credit against the tax levied under section 5725.18 of the Revised Code may claim a credit against that tax equal to the amount stated in the certificate. The credit shall be claimed for the calendar year preceding the year the certificate was issued and in the order required by section 5725.98 of the Revised Code. Any credit amount in excess of the company's tax liability, after allowing for any other credits preceding the credit in that order, shall be refunded to the company.

Sec. 5725.98. (A) To provide a uniform procedure for calculating the amount of tax imposed by section 5725.18 of the Revised Code that is due under this chapter, a taxpayer shall claim any credits and offsets against tax liability to which it is entitled in the following order:

The credit for an insurance company or insurance company group under section 5729.031 of the Revised Code;

The credit for eligible employee training costs under section 5725.31 of the Revised Code;

The credit for purchasers of qualified low-income community investments under section 5725.33 of the Revised Code;

The nonrefundable job retention credit under division (B) of section 122.171 of the Revised Code;

The nonrefundable credit for investments in rural business growth funds under section 122.152 of the Revised Code;

The nonrefundable Ohio low-income housing tax credit under section 5725.36 of the Revised Code;

The nonrefundable affordable single-family home credit under section 5725.37 of the Revised Code;

The nonrefundable credit for contributing capital to a transformational mixed use development project under section 5725.35 of the Revised Code;

The nonrefundable opportunity zone investment credit under section 5725.38 of the Revised Code;

The offset of assessments by the Ohio life and health insurance guaranty association permitted by section 3956.20 of the Revised Code;

The refundable credit for rehabilitating a historic building under section 5725.34 of the Revised Code;

The refundable credit for Ohio job retention under former division (B)(2) or (3) of section 122.171 of the Revised Code as those divisions existed before September 29, 2015, the effective date of the amendment of this section by H.B. 64 of the 131st general assembly;

The refundable credit for Ohio job creation under section 5725.32 of the Revised Code;

The refundable credit under section 5725.19 of the Revised Code for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;

The refundable credit for hiring certain veterans, service members, and their spouses under section 5725.39 of the Revised Code.

(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a taxable year shall not exceed the tax due 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.

Sec. 5726.63. (A) As used in this section, "tax credit certificate" has the same meaning as in section 5751.55 of the Revised Code.

(B) A taxpayer issued a tax credit certificate authorizing the taxpayer to claim a credit against the tax levied under section 5726.02 of the Revised Code may claim a credit against that tax equal to the amount stated in the certificate. The credit shall be claimed for the taxable year preceding the year in which the certificate is issued and in the order required by section 5726.98 of the Revised Code. Any credit amount in excess of the taxpayer's tax liability, after allowing for any other credits preceding the credit in that order, shall be refunded to the taxpayer.

Sec. 5726.98. (A) To provide a uniform procedure for calculating the amount of tax due under section 5726.02 of the Revised Code, a taxpayer shall claim any credits to which the taxpayer is entitled under this chapter in the following order:

The nonrefundable job retention credit under division (B) of section 5726.50 of the Revised Code;

The nonrefundable credit for purchases of qualified low-income community investments under section 5726.54 of the Revised Code;

The nonrefundable credit for transformational mixed use development tax credit certificate holders under section 5726.62 of the Revised Code;

The nonrefundable credit for qualified research expenses under section 5726.56 of the Revised Code;

The nonrefundable credit for qualifying dealer in intangibles taxes under section 5726.57 of the Revised Code;

The nonrefundable Ohio low-income housing tax credit under section 5726.58 of the Revised Code;

The nonrefundable affordable single-family home credit under section 5726.60 of the Revised Code;

The nonrefundable welcome home Ohio (WHO) program credit under section 122.633 of the Revised Code;

The nonrefundable opportunity zone investment credit under section 5726.61 of the Revised Code;

The refundable credit for rehabilitating an historic building under section 5726.52 of the Revised Code;

The refundable job retention or job creation credit under division (A) of section 5726.50 of the Revised Code;

The refundable credit under section 5726.53 of the Revised Code for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;

The refundable motion picture and broadway theatrical production credit under section 5726.55 of the Revised Code;

The refundable credit for hiring certain veterans, service members, and their spouses under section 5726.63 of the Revised Code.

(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a taxable year shall not exceed the tax due 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.

Sec. 5727.242. (A) As used in this section:

(1) "Tax credit certificate" has the same meaning as in section 5751.55 of the Revised Code.

(2) "Taxpayer" means any person subject to the tax levied under section 5727.24 of the Revised Code.

(B) A taxpayer issued a tax credit certificate authorizing the taxpayer to claim a credit against the tax levied under section 5727.24 of the Revised Code may claim a credit against that tax equal to the amount stated in the certificate. The credit shall be claimed on the first return due under section 5727.25 of the Revised Code after the certificate is issued and after the credits authorized in sections 5727.241 and 5727.29 of the Revised Code. Any credit amount in excess of the taxpayer's tax liability, after allowing for any other credits preceding the credit in that order, shall be refunded to the taxpayer.

Sec. 5727.301. (A) As used in this section:

(1) "Tax credit certificate" has the same meaning as in section 5751.55 of the Revised Code.

(2) "Taxpayer" means any person subject to the tax levied under section 5727.30 of the Revised Code.

(B) A taxpayer issued a tax credit certificate authorizing the taxpayer to claim a credit against the tax levied under section 5727.30 of the Revised Code may claim a credit against that tax equal to the amount stated in the certificate. The credit shall be claimed on the first report due under section 5727.31 of the Revised Code after the certificate is issued and after the credit authorized in section 5727.29 of the Revised

Code. Any credit amount in excess of the taxpayer's tax liability, after allowing for the preceding credit, shall be refunded to the taxpayer.

Sec. 5729.22. (A) As used in this section, "tax credit certificate" has the same meaning as in section 5751.55 of the Revised Code.

(B) A foreign insurance company issued a tax credit certificate authorizing the company to claim a credit against the tax levied under section 5729.03 of the Revised Code may claim a credit against that tax equal to the amount stated in the certificate. The credit shall be claimed for the calendar year preceding the year in which the certificate is issued and in the order required by section 5729.98 of the Revised Code. Any credit amount in excess of the company's tax liability, after allowing for any other credits preceding the credit in that order, shall be refunded to the company.

(C) A foreign insurance company shall not be required to pay any additional tax levied under section 5729.06 of the Revised Code as a result of claiming the tax credit authorized under this section.

Sec. 5729.98. (A) To provide a uniform procedure for calculating the amount of tax due under this chapter, a taxpayer shall claim any credits and offsets against tax liability to which it is entitled in the following order:

The credit for an insurance company or insurance company group under section 5729.031 of the Revised Code;

The credit for eligible employee training costs under section 5729.07 of the Revised Code;

The credit for purchases of qualified low-income community investments under section 5729.16 of the Revised Code;

The nonrefundable job retention credit under division (B) of section 122.171 of the Revised Code;

The nonrefundable credit for investments in rural business growth funds under section 122.152 of the Revised Code;

The nonrefundable Ohio low-income housing tax credit under section 5729.19 of the Revised Code;

The nonrefundable affordable single-family home credit under section 5729.20 of the Revised Code;

The nonrefundable credit for contributing capital to a transformational mixed use development project under section 5729.18 of the Revised Code;

The nonrefundable opportunity zone investment credit under section 5729.21 of the Revised Code;

The offset of assessments by the Ohio life and health insurance guaranty association against tax liability permitted by section 3956.20 of the Revised Code;

The refundable credit for rehabilitating a historic building under section 5729.17 of the Revised Code;

The refundable credit for Ohio job retention under former division (B)(2) or (3) of section 122.171 of the Revised Code as those divisions existed before September 29, 2015, the effective date of the amendment of this section by H.B. 64 of the 131st general assembly;

The refundable credit for Ohio job creation under section 5729.032 of the Revised Code;

The refundable credit under section 5729.08 of the Revised

Code for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;

The refundable credit for hiring certain veterans, service members, and their spouses under section 5729.22 of the Revised Code.

(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a taxable year shall not exceed the tax due 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.

Sec. 5736.51. (A) As used in this section, "tax credit certificate" has the same meaning as in section 5751.55 of the Revised Code.

(B) A taxpayer issued a tax credit certificate authorizing the taxpayer to claim a credit against the tax levied under section 5736.02 of the Revised Code may claim a credit against that tax equal to the amount stated in the certificate. The credit shall be claimed for the tax period preceding the tax period in which the certificate is issued and after any credit authorized in section 5736.50 of the Revised Code. Any credit amount in excess of the taxpayer's tax liability shall be refunded to the taxpayer.

Sec. 5747.88. (A) As used in this section, "tax credit certificate" has the same meaning as in section 5751.55 of the Revised Code.

(B) There is allowed a refundable credit against a taxpayer's aggregate tax liability under section 5747.02 of the Revised Code equal to the amount stated in a tax credit certificate, to the extent the certificate authorizes the credit to be claimed against that tax liability. The credit shall be claimed for the taxable year preceding the taxable year in which the certificate is issued and in the order required by section 5747.98 of the Revised Code. Any credit amount in excess of the taxpayer's tax liability, after allowing for any other credits preceding the credit in that order, shall be refunded to the taxpayer.

Nothing in this section limits or disallows pass-through treatment of the credit if the person to which the certificate is issued is a pass-through entity.

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

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

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

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

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

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

The joint filing credit under division (E) of section 5747.05 of the Revised Code;

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

The nonrefundable credit for education expenses under section 5747.72 of the Revised Code;

The nonrefundable credit for donations to scholarship granting organizations under section 5747.73 of the Revised Code;

The nonrefundable credit for tuition paid to a nonchartered nonpublic school under section 5747.75 of the Revised Code;

The nonrefundable vocational job credit under section 5747.057 of the Revised Code;

The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;

The enterprise zone credit under section 5709.66 of the Revised Code;

The credit for beginning farmers who participate in a financial management program under division (B) of section 5747.77 of the Revised Code;

The credit for commercial vehicle operator training expenses under section 5747.82 of the Revised Code;

The nonrefundable welcome home Ohio (WHO) program credit under section 122.633 of the Revised Code;

The nonrefundable credit for transformational mixed use development tax credit certificate holders under section 5747.87 of the Revised Code;

The credit for selling or renting agricultural assets to beginning farmers under division (A) of section 5747.77 of the Revised Code;

The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;

The small business investment credit under section 5747.81 of the Revised Code;

The nonrefundable lead abatement credit under section 5747.26 of the Revised Code;

The opportunity zone investment credit under section 5747.86 of the Revised Code;

The enterprise zone credits under section 5709.65 of the Revised Code;

The research and development credit under section 5747.331 of the Revised Code;

The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;

The nonrefundable Ohio low-income housing tax credit under section 5747.83 of the Revised Code;

The nonrefundable affordable single-family home credit under section 5747.84 of the Revised Code;

The nonresident credit under division (A) of section 5747.05 of the Revised Code;

The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;

The refundable motion picture and broadway theatrical production credit under section 5747.66 of the Revised Code;

The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;

The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;

The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;

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;

The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;

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;

The refundable credit for hiring certain veterans, service members, and their spouses under section 5747.88 of the Revised Code.

(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.

Sec. 5751.55. (A) As used in this section:

(1) "Qualifying employee" means a veteran, disabled veteran, or a member of the national guard or the reserve components of the armed forces of the United States, or the spouse of any such person.

(2) "Credit period" means the calendar year for which a credit is approved under division (B)(1) of this section, and the following four calendar years, subject to division (B)(2) of this section.

(3) "Tax credit certificate" means the certificate issued by the tax commissioner under division (B)(1) or (2) of this section.

(B)(1) An employer who employs a qualifying employee may submit an application to the tax commissioner for a tax credit authorized by this section. The application shall be made on a form and in a manner that the commissioner shall prescribe. The application shall state the qualifying employee's hiring date and, if applicable, termination date, the total hours the qualifying employee worked in the preceding calendar year, the tax against which the credit would be claimed, and any other information the commissioner may require. An employer shall submit the application on or before the fifteenth day of January.

The commissioner shall evaluate applications in the order in which they are received and issue a determination to an applicant no earlier than the fifteenth day of January. If the commissioner denies an application, the determination shall state the reason for the denial. If the commissioner approves an application, the determination shall include a certificate listing the amount of credit that the applicant may claim and the tax against which it may be claimed.

(2) A tax credit approved under division (B)(1) of this section may be claimed for the calendar year in which the credit is approved and for the four following calendar years, according to the number of hours the qualifying employee works in each such year and provided the qualifying employee remains employed with the applicant in each year and the employer submits continuing applications as required in division (B)(2) of this section.

Not later than the first day of the December in the year in which a tax credit certificate is issued under division (B)(1) of this section, and the next three first days of December, the commissioner shall furnish, by ordinary mail, a continuing application to each person approved for the credit under that division. The continuing application shall be used to report whether the qualifying employee qualifies the employer for the credit because the employee is a disabled veteran or another type of qualifying employee, the total hours the qualifying employee worked in the preceding year, and the tax against which the credit is sought, if different from the initial application. The continuing application shall be submitted to the commissioner not later than the thirty-first day of December.

The commissioner shall issue a determination to an applicant after the thirty-first day of December, but before the fifteenth day of the following January. If the commissioner denies an application, the determination shall state the reason for the denial. If the commissioner approves an application, the determination shall include a certificate listing the amount of credit that the applicant may claim and the tax against which it may be claimed.

(3) The commissioner may not approve more than one million dollars in tax credits for a calendar year under divisions (B)(1) and (2) of this section. The commissioner shall give priority to approving continuing applications under division (B)(2) over initial applications under division (B)(1) of this section when applying that limit.

(C) The amount of a credit authorized by this section shall be calculated as follows, subject to reduction under division (C)(3) of this section:

(1) For each qualifying employee who is a disabled veteran and who is employed by the applicant for at least one hundred eighty days in the preceding year, the amount of the credit for each year of the credit period shall equal seven hundred fifty dollars, if employed by the applicant for any period in the preceding year on a full-time basis, or three hundred seventy-five dollars, if otherwise employed by the applicant. The credit amount for a qualifying employee that is not a disabled veteran for the initial credit year, but in a later year in the credit period qualifies as a disabled veteran, shall be calculated under division (C)(1) instead of division (C)(2) of this section for each of those later years remaining in the credit period.

(2) For any other qualifying employee who is employed by the applicant for at least one hundred eighty days in the preceding year, one of the following:

(a) For the initial year of the credit period, five hundred dollars if the employee is employed by the applicant for any period in the preceding year on a full-time basis or two hundred fifty dollars if the employee is otherwise employed by the applicant;

(b) For any other year of the credit period, two hundred dollars if the employee is employed by the applicant for any period in the preceding year on a full-time basis or one hundred dollars if the employee is otherwise employed by the applicant.

(3) If a qualifying employee is employed by the applicant for fewer than one hundred eighty days of the preceding year, then the amount of the credit calculated under division (C)(1) or (2) of this section shall equal the product of the otherwise applicable dollar amount under that division and the percentage of the days of the year in which the employee was employed by the applicant.

(D) For each year of a credit period, an employer may claim a refundable credit against the tax imposed under section 5725.18, 5726.02, 5727.24, 5727.30, 5729.03, 5736.02, 5747.02, or 5751.02 of the Revised Code, as authorized by the tax credit certificate, equal to the amount listed on that certificate. The credit shall be claimed in the manner prescribed by division (E) of this section or by section 5725.39, 5726.63, 5727.242, 5727.301, 5729.22, 5736.51, or 5747.88 of the Revised Code, as applicable.

(E) A taxpayer issued a tax credit certificate authorizing the taxpayer to claim a credit against the tax levied under section 5751.02 of the Revised Code may claim a credit against that tax equal to the amount stated in the certificate. The credit shall be claimed for the tax period preceding the tax period in which the certificate is issued and in the order required by section 5751.98 of the Revised Code. Any credit amount in excess of the taxpayer's tax liability, after allowing for any other credits preceding the credit in that order, shall be refunded to the taxpayer.

(F)(1) The tax commissioner shall adopt any rules necessary to implement this section. Such rules shall include all of the following:

(a) Criteria to evaluate whether an employee is a qualifying employee;

(b) Criteria to evaluate whether a qualifying employee was employed full-time or less than full-time in the preceding year;

(c) Supplementary definitions as may be necessary to administer this section.

(2) Notwithstanding any provision of section 121.95 of the Revised Code to the contrary, a regulatory restriction contained in a rule adopted under this section is not subject to sections 121.95 to 121.953 of the Revised Code.

Sec. 5751.98. (A) To provide a uniform procedure for calculating the amount of tax due under this chapter, a taxpayer shall claim any credits to which it is entitled in the following order:

The nonrefundable jobs retention credit under division (B) of section 5751.50 of the Revised Code;

The nonrefundable credit for qualified research expenses under division (B) of section 5751.51 of the Revised Code;

The nonrefundable credit for a borrower's qualified research and development loan payments under division (B) of section 5751.52 of the Revised Code;

The nonrefundable credit for unused net operating losses under section 5751.53 of the Revised Code;

The refundable motion picture and broadway theatrical production credit under section 5751.54 of the Revised Code;

The refundable jobs creation credit or job retention credit under division (A) of section 5751.50 of the Revised Code;

The refundable credit for hiring certain veterans, service members, and their spouses under section 5751.55 of the Revised Code.

(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a tax period shall not exceed the tax due 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 the credit.

Section 2. That existing sections 5725.98, 5726.98, 5729.98, 5747.98, and 5751.98 of the Revised Code are hereby repealed.

Section 3. The enactment by this act of sections 5725.39, 5726.63, 5727.242, 5727.301, 5729.22, 5736.51, 5747.88, and 5751.55 of the Revised Code applies to qualifying employees hired as described in section 5751.55 of the Revised Code on or after the first day of the first January following the effective date of this section.