

H. B. No. 642
As Introduced

_____ moved to amend as follows:

In line 2 of the title, delete "remove a five-year limit on" and 1
insert "modify" 2

In line 90, strike through "division" and insert "divisions"; after 3
"(B) (1) (d)" insert "and (e)" 4

After line 109, insert: 5

"(e) The total amount of net operating loss deducted by a 6
taxpayer under division (B) (1) (b) of this section for any 7
taxable year shall not exceed eighty per cent of the taxpayer's 8
municipal taxable income for that taxable year, as computed 9
before any deduction under that division." 10

In line 351, after "The" insert "total"; strike through "shall be" 11

In line 352, strike through "deducted" and insert "that a taxpayer 12
may deduct"; after "from" insert "the taxpayer's"; strike through "to the 13
extent necessary to reduce" 14

In line 353, strike through "municipal taxable income to zero, with 15
any" and insert "in any taxable year shall not exceed eighty per cent of 16



the taxpayer's municipal taxable income for that taxable year, as computed 17
before the deduction of any net operating loss or carryforward. Any" 18

In line 354, strike through "the" and insert "a"; after "loss" 19
insert "may be" 20

In line 1067, after "to" insert "net operating losses incurred in or 21
after the first"; delete "years" and insert "year" 22

In line 1068, after "section" insert ". The amendment also applies 23
to net operating losses incurred in the four immediately preceding taxable 24
years, if any portion of the net operating loss remains unused and is 25
otherwise eligible to be carried forward to the first taxable year ending 26
on or after the effective date. Such carryforwards may be applied to that 27
taxable year and to future taxable years until fully utilized, subject to 28
the limitation described in division (B) (1) (e) of section 718.01 of the 29
Revised Code, as enacted by this act" 30

The motion was _____ agreed to.

SYNOPSIS 31

NOL deduction limit; application to existing NOLs 32

R.C. 718.01 (B) (1); Section 3 33

Limits the amount of the municipal income tax net 34
operating loss (NOL) that may be deducted each year to 80% of 35
the taxpayer's taxable income (as computed before the NOL 36
deduction). Current law allows a 100% deduction. 37

Specifies that the bill's removal of the 5-year NOL 38
carryforward limitation applies to any NOLs that were incurred in 39

the four years before the bill's effective date and that are 40
otherwise eligible to be carried to the taxable year in which 41
the bill takes effect. 42