

As Introduced

136th General Assembly

Regular Session

H. B. No. 704

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Representative Williams

To amend sections 5725.38, 5725.98, 5726.61,
5726.98, 5729.21, 5729.98, 5747.86, and 5747.98
and to enact section 122.841 of the Revised Code
to authorize a nonrefundable, transferable tax
credit for charitable organizations that
construct owner-occupied housing and to name
this act the Promised Land Act.

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

Section 1. That sections 5725.38, 5725.98, 5726.61,
5726.98, 5729.21, 5729.98, 5747.86, and 5747.98 be amended and
section 122.841 of the Revised Code be enacted to read as
follows:

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Sec. 122.841. (A) As used in this section:

(1) "Eligible nonprofit organization" means an entity
organized and operated exclusively for charitable purposes and
recognized as exempt from federal income taxation under section
501(c)(3) of the Internal Revenue Code, which may be a church as
defined by section 1710.01 of the Revised Code.

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(2) "Development period" means the six-month period from
the first day of January to the thirtieth day of June, or from
the first day of July to the thirty-first day of December.

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(3) "Business day" has the same meaning as in section 21
122.84 of the Revised Code. 22

(B) An eligible nonprofit organization that owns, in fee 23
simple, real property in this state, and that facilitates the 24
construction of housing on at least one acre of that property 25
may apply to the director of development for a nonrefundable 26
credit against the tax levied under section 5725.18, 5726.02, 27
5729.03, or 5747.02 of the Revised Code after one or more units 28
of the housing are sold to an owner-occupant for use as the 29
owner-occupant's primary residence. Sales of housing to an 30
owner-occupant need not include transfer of fee simple ownership 31
of the underlying land to qualify for a credit authorized by 32
this section, but must include transfer of ownership of the 33
housing unit and at least a leasehold interest in the underlying 34
land. 35

The application shall be made on forms prescribed by the 36
director. The director shall accept and review applications 37
submitted under this section during two annual periods, the 38
first of which begins on the tenth day of January and ends after 39
the first day of February, and the second of which begins on the 40
tenth day of July and ends after the first day of August. If any 41
of those dates fall on a day that is not a business day, then 42
the application period begins on or ends after the next business 43
day, as applicable. The credit shall equal ten per cent of the 44
total cost to construct the housing, including the cost or value 45
of real property on which the housing is built. 46

The eligible nonprofit organization shall include the 47
following information with its application: 48

(1) The number of housing units the organization 49
facilitated construction of that were sold to owner-occupants 50

<u>for use as a primary residence during the immediately preceding development period;</u>	51
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<u>(2) The aggregate acreage of all parcels on which the housing units were constructed;</u>	53
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<u>(3) The amount spent to construct each unit. If the costs include land acquisition costs from the purchase of land on which multiple units were constructed, the organization shall apportion the land costs or value to each unit in proportion to the unit's share of the total amount of livable square footage.</u>	55
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<u>(4) Any other information the director may require.</u>	60
<u>The director shall review and process applications in the order in which they are received.</u>	61
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<u>(C) An eligible nonprofit organization shall be deemed to have facilitated the construction of housing if it enters into an agreement with another person under which the eligible nonprofit organization provides real property through contribution, lease, or similar arrangement, and the other person finances and constructs housing on the real property.</u>	63
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<u>(D) An agreement described in division (C) of this section, an agreement to transfer ownership of housing to an owner-occupant, and documents of title transferring such ownership may include any terms that are not contrary to the terms of this section without affecting eligibility for the tax credit authorized by this section. Such terms may include provisions to preserve affordability and owner-occupancy.</u>	69
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<u>(E) (1) Subject to division (E) (2) of this section, if the director determines that the applicant qualifies for a credit under this section, the director shall issue, within sixty days after the last day on which an application may be submitted for</u>	76
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that application period, a tax credit certificate to the 80
applicant identified with a unique number and listing the amount 81
of credit the director determines is eligible to be claimed or 82
transferred. 83

(2) The total amount of tax credits issued by the director 84
shall not exceed twenty-five million dollars for any fiscal 85
year. 86

The director shall not issue certificates to a single 87
applicant in any fiscal biennium in a credit amount that exceeds 88
two million dollars. 89

(3) The credit may be claimed by a person under section 90
5725.38, 5726.61, 5729.21, or 5747.86 of the Revised Code, as 91
applicable. An eligible nonprofit organization that is not 92
subject to taxation under section 5725.18, 5726.02, 5729.03, or 93
5747.02 of the Revised Code shall not claim the credit but may 94
transfer the right to claim the credit under division (G) of 95
this section. 96

(4) The eligible nonprofit organization shall be the sole 97
applicant of any tax credit awarded under this section, 98
regardless of whether another person finances or constructs the 99
housing improvements. 100

(5) In awarding tax credit certificates, the director of 101
development may grant preference to applications that 102
incorporate ground lease arrangements, deed restrictions, or 103
other mechanisms designed to preserve affordability and owner- 104
occupancy. 105

(F) A taxpayer claiming a credit through a certificate 106
issued under this section shall submit a copy of the certificate 107
with the taxpayer's return or report. 108

(G) A person that holds a wholly or partially unclaimed certificate issued under this section may transfer the right to claim all or part of the remaining credit to any other person. To effectuate the transfer, the transferor shall notify the tax commissioner, in writing, that the transferor is transferring the right to claim all or part of the remaining credit stated on the certificate. The transferor shall identify in that notification the certificate's number, the name and the tax identification number of the transferee, the amount of remaining credit transferred to the transferee, and, if applicable, the amount of remaining credit retained by the transferor. The transferee may claim the amount of credit received under this division pursuant to and in the manner required under divisions (E) (3) and (F) of this section. Transferring a credit under this division does not extend the taxable year or calendar year for which the credit may be claimed or number of years for which the unclaimed credit amount may be carried forward under section 5725.38, 5726.61, 5729.21, or 5747.86 of the Revised Code, as applicable.

Any person to which a credit has been transferred under this division may transfer the right to claim all or part of the transferred credit amount to any other person, in the same manner prescribed by this division for the initial transfer, including that any such transfer be reported by the transferor to the tax commissioner as described in this division.

(H) On or before the first day of August each year, the director of development shall submit a report to the governor, the president and minority leader of the senate, and the speaker and minority leader of the house of representatives on the tax credit program authorized under this section. The report shall include the number of owner-occupied housing units for which a

tax credit application was submitted under this section during 140
the preceding year, the address of each unit, and the number of 141
owner-occupied housing units for which certificates were issued 142
during the preceding year. 143

(I) The tax credit authorized by this section shall be 144
known as "the promised land credit." 145

~~Sec. 5725.38. Terms used in this section have the same~~ 146
~~meanings as in section 122.84 of the Revised Code.~~ 147

There is allowed a nonrefundable credit against the tax 148
imposed by section 5725.18 of the Revised Code for a domestic 149
insurance company that is issued, or to which is transferred, a 150
tax credit certificate under section 122.84 or 122.841 of the 151
Revised Code. The credit equals the amount stated on the 152
certificate and may be claimed for the calendar year that 153
includes the investment period or development period that was 154
the subject of the application for the certificate under that 155
the applicable section or for the ensuing calendar year. For a 156
credit issued under section 122.84 of the Revised Code during 157
the July application round each year, the credit may also be 158
claimed for the preceding calendar year. A taxpayer applying a 159
that credit for the preceding calendar year shall file an 160
amended return or apply that amendment on the taxpayer's 161
original return, for that year. 162

TheA credit authorized in this section shall be claimed 163
in the order required under section 5725.98 of the Revised Code. 164
If the amount of a credit exceeds the tax otherwise due under 165
section 5725.18 of the Revised Code after deducting all other 166
credits preceding the credit in that order, the excess may be 167
carried forward for not more than five ensuing calendar years. 168
The amount of the excess credit claimed in any such year shall 169

be deducted from the balance carried forward to the next	170
calendar year.	171
No credit shall be claimed under this section to the	172
extent the credit was claimed under section 5726.61, 5729.21, or	173
5747.86 of the Revised Code.	174
Sec. 5725.98. (A) To provide a uniform procedure for	175
calculating the amount of tax imposed by section 5725.18 of the	176
Revised Code that is due under this chapter, a taxpayer shall	177
claim any credits and offsets against tax liability to which it	178
is entitled in the following order:	179
The credit for an insurance company or insurance company	180
group under section 5729.031 of the Revised Code;	181
The credit for eligible employee training costs under	182
section 5725.31 of the Revised Code;	183
The credit for purchasers of qualified low-income	184
community investments under section 5725.33 of the Revised Code;	185
The nonrefundable job retention credit under division (B)	186
of section 122.171 of the Revised Code;	187
The nonrefundable credit for investments in rural business	188
growth funds under section 122.152 of the Revised Code;	189
The nonrefundable Ohio low-income housing tax credit under	190
section 5725.36 of the Revised Code;	191
The nonrefundable affordable single-family home credit	192
under section 5725.37 of the Revised Code;	193
The nonrefundable credit for contributing capital to a	194
transformational mixed use development project under section	195
5725.35 of the Revised Code;	196

The nonrefundable opportunity zone investment credit under section 5725.38 of the Revised Code;	197 198
<u>The nonrefundable promised land credit under section 5725.38 of the Revised Code;</u>	199 200
The offset of assessments by the Ohio life and health insurance guaranty association permitted by section 3956.20 of the Revised Code;	201 202 203
The refundable credit for rehabilitating a historic building under section 5725.34 of the Revised Code;	204 205
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;	206 207 208 209 210
The refundable credit for Ohio job creation under section 5725.32 of the Revised Code;	211 212
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.	213 214 215
(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.	216 217 218 219 220 221 222 223 224

Sec. 5726.61. Terms used in this section have the same meanings as in section 122.84 of the Revised Code.	225 226
 A taxpayer may claim a nonrefundable credit against the tax imposed under section 5726.02 of the Revised Code for each person included in the annual report of the taxpayer to whom a certificate is issued <u>or transferred</u> under section 122.84 <u>or</u> <u>122.841</u> of the Revised Code or is transferred pursuant to that section . The credit equals the amount stated on the certificate and may be claimed for the taxable year that aligns with the calendar year that includes the investment period <u>or development period</u> that was the subject of the application for the certificate under that <u>the applicable</u> section or for the ensuing calendar year. For a credit issued <u>under section 122.84 of the Revised Code</u> during the July application round each year, the credit may also be claimed for the preceding taxable year. A taxpayer applying a <u>that</u> credit for the preceding taxable year shall file an amended report or apply that amendment on the taxpayer's original report, for that year.	227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242
 The <u>A</u> credit authorized in this section shall be claimed in the order required under section 5726.98 of the Revised Code. If the amount of a credit exceeds the tax otherwise due under section 5726.02 of the Revised Code after deducting all other credits preceding the credit in that order, the excess may be carried forward for not more than five ensuing taxable years. The amount of the excess credit claimed in any such year shall be deducted from the balance carried forward to the next taxable year.	243 244 245 246 247 248 249 250 251
 No credit shall be claimed under this section to the extent the credit was claimed under section 5725.38, 5729.21, or 5747.86 of the Revised Code.	252 253 254

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:	255
The nonrefundable job retention credit under division (B) of section 5726.50 of the Revised Code;	256
The nonrefundable credit for purchases of qualified low-income community investments under section 5726.54 of the Revised Code;	257
The nonrefundable credit for transformational mixed use development tax credit certificate holders under section 5726.62 of the Revised Code;	258
The nonrefundable credit for qualified research expenses under section 5726.56 of the Revised Code;	259
The nonrefundable credit for qualifying dealer in intangibles taxes under section 5726.57 of the Revised Code;	260
The nonrefundable Ohio low-income housing tax credit under section 5726.58 of the Revised Code;	261
The nonrefundable affordable single-family home credit under section 5726.60 of the Revised Code;	262
The nonrefundable welcome home Ohio (WHO) program credit under section 122.633 of the Revised Code;	263
The nonrefundable opportunity zone investment credit under section 5726.61 of the Revised Code;	264
<u>The nonrefundable promised land credit under section 5726.61 of the Revised Code;</u>	265
The refundable credit for rehabilitating an historic	266
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building under section 5726.52 of the Revised Code;	282
The refundable job retention or job creation credit under division (A) of section 5726.50 of the Revised Code;	283
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;	285
The refundable motion picture and broadway theatrical production credit under section 5726.55 of the Revised Code.	288
(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.	290
Sec. 5729.21. Terms used in this section have the same meanings as in section 122.84 of the Revised Code.	299
There is allowed a nonrefundable credit against the tax imposed by section 5729.03 of the Revised Code for a foreign insurance company that is issued, or to which is transferred, a tax credit certificate under section 122.84 or <u>122.841</u> of the Revised Code. The credit equals the amount stated on the certificate and may be claimed for the calendar year that includes the investment period <u>or development period</u> that was the subject of the application for the certificate under <u>that the applicable section</u> or for the ensuing calendar year. For a credit issued <u>under section 122.84 of the Revised Code during</u>	301

the July application round each year, the credit may also be 311
claimed for the preceding calendar year. A taxpayer applying a— 312
that credit for the preceding calendar year shall file an 313
amended return or apply that amendment on the taxpayer's 314
original return, for that year. 315

The—A credit authorized in this section shall be claimed 316
in the order required under section 5729.98 of the Revised Code. 317
If the amount of a credit exceeds the tax otherwise due under 318
section 5729.03 of the Revised Code after deducting all other 319
credits preceding the credit in that order, the excess may be 320
carried forward for not more than five ensuing calendar years. 321
The amount of the excess credit claimed in any such year shall 322
be deducted from the balance carried forward to the next 323
calendar year. 324

No credit shall be claimed under this section to the 325
extent the credit was claimed under section 5725.38, 5726.61, or 326
5747.86 of the Revised Code. 327

A foreign insurance company shall not be required to pay 328
any additional tax levied under section 5729.06 of the Revised 329
Code as a result of claiming the—a tax credit authorized by this 330
section. 331

Sec. 5729.98. (A) To provide a uniform procedure for 332
calculating the amount of tax due under this chapter, a taxpayer 333
shall claim any credits and offsets against tax liability to 334
which it is entitled in the following order: 335

The credit for an insurance company or insurance company 336
group under section 5729.031 of the Revised Code; 337

The credit for eligible employee training costs under 338
section 5729.07 of the Revised Code; 339

The credit for purchases of qualified low-income community investments under section 5729.16 of the Revised Code;	340 341
The nonrefundable job retention credit under division (B) of section 122.171 of the Revised Code;	342 343
The nonrefundable credit for investments in rural business growth funds under section 122.152 of the Revised Code;	344 345
The nonrefundable Ohio low-income housing tax credit under section 5729.19 of the Revised Code;	346 347
The nonrefundable affordable single-family home credit under section 5729.20 of the Revised Code;	348 349
The nonrefundable credit for contributing capital to a transformational mixed use development project under section 5729.18 of the Revised Code;	350 351 352
The nonrefundable opportunity zone investment credit under section 5729.21 of the Revised Code;	353 354
<u>The nonrefundable promised land credit under section 5729.21 of the Revised Code;</u>	355 356
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;	357 358 359
The refundable credit for rehabilitating a historic building under section 5729.17 of the Revised Code;	360 361
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;	362 363 364 365 366

The refundable credit for Ohio job creation under section 5729.032 of the Revised Code;	367 368
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.	369 370 371
(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.	372 373 374 375 376 377 378 379 380
Sec. 5747.86. Terms used in this section have the same meanings as in section 122.84 of the Revised Code.	381 382
There is hereby allowed a nonrefundable credit against a taxpayer's aggregate tax liability under section 5747.02 of the Revised Code for a taxpayer who is issued, or to whom is transferred, a tax credit certificate under section 122.84 <u>or</u> <u>122.841</u> of the Revised Code. The credit equals the amount stated on the certificate and may be claimed for the taxable year that includes the first day of the investment period <u>or development period</u> that was the subject of the application for the certificate under <u>that</u> <u>the applicable</u> section or for the ensuing taxable year. For a credit issued <u>under section 122.84 of the Revised Code</u> during the July application round each year, the credit may also be claimed for the preceding taxable year. A taxpayer applying <u>a</u> <u>that</u> credit for the preceding taxable year shall file an amended return or apply that amendment on the	383 384 385 386 387 388 389 390 391 392 393 394 395 396

taxpayer's original return, for that year. 397

If the certificate is held by a pass-through entity, any 398
taxpayer that is a direct or indirect investor in the pass- 399
through entity on the last day of the entity's qualifying 400
taxable year may claim the taxpayer's proportionate or 401
distributive share of the credit against the taxpayer's 402
aggregate amount of tax levied under section 5747.02 of the 403
Revised Code. 404

The credit shall be claimed in the order required under 405
section 5747.98 of the Revised Code. If the credit exceeds the 406
taxpayer's aggregate tax due under section 5747.02 of the 407
Revised Code for that taxable year after allowing for credits 408
that precede the credit under this section in that order, such 409
excess shall be allowed as a credit in each of the ensuing five 410
taxable years, but the amount of any excess credit allowed in 411
any such taxable year shall be deducted from the balance carried 412
forward to the ensuing taxable year. 413

No credit shall be claimed under this section to the 414
extent the credit was claimed under section 5725.38, 5726.61, or 415
5729.21 of the Revised Code. 416

Sec. 5747.98. (A) To provide a uniform procedure for 417
calculating a taxpayer's aggregate tax liability under section 418
5747.02 of the Revised Code, a taxpayer shall claim any credits 419
to which the taxpayer is entitled in the following order: 420

Either the retirement income credit under division (B) of 421
section 5747.055 of the Revised Code or the lump sum retirement 422
income credits under divisions (C), (D), and (E) of that 423
section; 424

Either the senior citizen credit under division (F) of 425

section 5747.055 of the Revised Code or the lump sum distribution credit under division (G) of that section;	426 427
The dependent care credit under section 5747.054 of the Revised Code;	428 429
The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	430 431
The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	432 433
The joint filing credit under division (E) of section 5747.05 of the Revised Code;	434 435
The earned income credit under section 5747.71 of the Revised Code;	436 437
The nonrefundable credit for education expenses under section 5747.72 of the Revised Code;	438 439
The nonrefundable credit for donations to scholarship granting organizations under section 5747.73 of the Revised Code;	440 441 442
The nonrefundable credit for tuition paid to a nonchartered nonpublic school under section 5747.75 of the Revised Code;	443 444 445
The nonrefundable vocational job credit under section 5747.057 of the Revised Code;	446 447
The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	448 449
The enterprise zone credit under section 5709.66 of the Revised Code;	450 451
The credit for beginning farmers who participate in a	452

financial management program under division (B) of section 5747.77 of the Revised Code;	453 454
The credit for commercial vehicle operator training expenses under section 5747.82 of the Revised Code;	455 456
The nonrefundable welcome home Ohio (WHO) program credit under section 122.633 of the Revised Code;	457 458
The nonrefundable credit for transformational mixed use development tax credit certificate holders under section 5747.87 of the Revised Code;	459 460 461
The credit for selling or renting agricultural assets to beginning farmers under division (A) of section 5747.77 of the Revised Code;	462 463 464
The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	465 466
The small business investment credit under section 5747.81 of the Revised Code;	467 468
The nonrefundable lead abatement credit under section 5747.26 of the Revised Code;	469 470
The opportunity zone investment credit under section 5747.86 of the Revised Code;	471 472
<u>The nonrefundable promised land credit under section 5747.86 of the Revised Code;</u>	473 474
The enterprise zone credits under section 5709.65 of the Revised Code;	475 476
The research and development credit under section 5747.331 of the Revised Code;	477 478
The credit for rehabilitating a historic building under	479

section 5747.76 of the Revised Code;	480
The nonrefundable Ohio low-income housing tax credit under section 5747.83 of the Revised Code;	481
The nonrefundable affordable single-family home credit under section 5747.84 of the Revised Code;	483
The nonresident credit under division (A) of section 5747.05 of the Revised Code;	485
The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	487
The refundable motion picture and broadway theatrical production credit under section 5747.66 of the Revised Code;	489
The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	491
The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	494
The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;	496
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;	499
The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	502
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.	504
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(B) For any credit, except the refundable credits	507
enumerated in this section and the credit granted under division	508
(H) of section 5747.08 of the Revised Code, the amount of the	509
credit for a taxable year shall not exceed the taxpayer's	510
aggregate amount of tax due under section 5747.02 of the Revised	511
Code, after allowing for any other credit that precedes it in	512
the order required under this section. Any excess amount of a	513
particular credit may be carried forward if authorized under the	514
section creating that credit. Nothing in this chapter shall be	515
construed to allow a taxpayer to claim, directly or indirectly,	516
a credit more than once for a taxable year.	517
 Section 2. That existing sections 5725.38, 5725.98,	518
5726.61, 5726.98, 5729.21, 5729.98, 5747.86, and 5747.98 of the	519
Revised Code are hereby repealed.	520
 Section 3. This act shall be known as the Promised Land	521
Act.	522