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Office

H.B. 756
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Daniels and J. Thomas

Mackenzie Damon, Attorney

SUMMARY

- Expands a research and development tax credit to apply to the income tax.

DETAILED ANALYSIS

Expansion of research and development tax credit

The bill expands a research and development tax credit to apply to the income tax. Currently, the credit is only allowed against the commercial activity tax (CAT) or financial institutions tax (FIT).

Under continuing law, the CAT or FIT tax credit equals 7% of the taxpayer's excess qualified research and development (R&D) expenses above the average of the taxpayer's R&D expenses in the three preceding years. Qualified R&D expenses include the same expenses eligible for a similar federal tax credit, if the expenses are connected to research performed in Ohio. Such expenses include wages paid to researchers, the cost of supplies used in research, or payments to contract with a third party for R&D services.¹

The bill's income tax credit, similar to the CAT and FIT credits, is nonrefundable, but unclaimed credits may be carried forward for up to seven years. If a taxpayer pays both the CAT and the income tax, the taxpayer may claim the credit against only one tax with respect to the same R&D expenses. The income tax credit would be available for taxable years ending on or after the bill's 90-day effective date.²

¹ R.C. 5726.56, not in the bill; R.C. 5751.51.

² R.C. 5747.88, 5747.98, and 5751.51; Section 3.

HISTORY

Action	Date
Introduced	03-11-26
