

As Introduced

**136th General Assembly
Regular Session
2025-2026**

H. B. No. 756

Representatives Daniels, Thomas, J.

To amend sections 5747.98 and 5751.51 and to enact
section 5747.88 of the Revised Code to expand a
research and development tax credit to apply to
the income tax.

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

Section 1. That sections 5747.98 and 5751.51 be amended
and section 5747.88 of the Revised Code be enacted to read as
follows:

Sec. 5747.88. (A) As used in this section, "qualified
research expenses" has the same meaning as in section 41 of the
Internal Revenue Code.

(B) There is allowed a nonrefundable credit against a
taxpayer's aggregate tax liability under section 5747.02 of the
Revised Code equal to seven per cent of the excess of (1) the
qualified research expenses incurred by the taxpayer in this
state in a taxable year over (2) the average annual qualified
research expenses incurred by the taxpayer in this state in the
three previous taxable years.

(C) A taxpayer shall claim the credit allowed under this
section in the order prescribed by section 5747.98 of the
Revised Code. If the amount of the credit exceeds the amount of

tax otherwise due after deducting all other credits preceding 21
the credit in the order prescribed in section 5747.98 of the 22
Revised Code, the excess may be carried forward for not more 23
than seven ensuing taxable years. The amount of the excess 24
credit claimed in any such year shall be deducted from the 25
balance carried forward to the next tax year. 26

(D) A taxpayer that claims a credit under this section 27
shall retain records to substantiate the claim. Required records 28
include those relating to any expenses used in calculating the 29
credit and incurred in the current taxable year and in the three 30
preceding taxable years. 31

The taxpayer shall retain the required records until the 32
date that is four years after the due date for the return on 33
which the credit was claimed or four years after the date the 34
return was actually filed, whichever is later. 35

(E) The tax commissioner may audit a sample of the 36
taxpayer's qualified research expenses over a representative 37
period to ascertain the amount of tax credit the taxpayer may 38
claim under this section and may issue an assessment under 39
section 5747.13 of the Revised Code based on the audit. The 40
commissioner shall make a good faith effort to reach an 41
agreement with the taxpayer in selecting a representative 42
sample. The commissioner is not, however, precluded from 43
proceeding under this division if an agreement is not made. 44

(F) No credit shall be allowed under this section if the 45
credit was available against the tax imposed by section 5751.02 46
of the Revised Code, except to the extent the credit was not 47
applied against that tax. 48

Sec. 5747.98. (A) To provide a uniform procedure for 49

calculating a taxpayer's aggregate tax liability under section 50
5747.02 of the Revised Code, a taxpayer shall claim any credits 51
to which the taxpayer is entitled in the following order: 52

Either the retirement income credit under division (B) of 53
section 5747.055 of the Revised Code or the lump sum retirement 54
income credits under divisions (C), (D), and (E) of that 55
section; 56

Either the senior citizen credit under division (F) of 57
section 5747.055 of the Revised Code or the lump sum 58
distribution credit under division (G) of that section; 59

The dependent care credit under section 5747.054 of the 60
Revised Code; 61

The credit for displaced workers who pay for job training 62
under section 5747.27 of the Revised Code; 63

The twenty-dollar personal exemption credit under section 64
5747.022 of the Revised Code; 65

The joint filing credit under division (E) of section 66
5747.05 of the Revised Code; 67

The earned income credit under section 5747.71 of the 68
Revised Code; 69

The nonrefundable credit for education expenses under 70
section 5747.72 of the Revised Code; 71

The nonrefundable credit for donations to scholarship 72
granting organizations under section 5747.73 of the Revised 73
Code; 74

The nonrefundable credit for tuition paid to a 75
nonchartered nonpublic school under section 5747.75 of the 76

Revised Code;	77
The nonrefundable vocational job credit under section 5747.057 of the Revised Code;	78 79
The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	80 81
The enterprise zone credit under section 5709.66 of the Revised Code;	82 83
The credit for beginning farmers who participate in a financial management program under division (B) of section 5747.77 of the Revised Code;	84 85 86
The credit for commercial vehicle operator training expenses under section 5747.82 of the Revised Code;	87 88
The nonrefundable welcome home Ohio (WHO) program credit under section 122.633 of the Revised Code;	89 90
The nonrefundable credit for transformational mixed use development tax credit certificate holders under section 5747.87 of the Revised Code;	91 92 93
The credit for selling or renting agricultural assets to beginning farmers under division (A) of section 5747.77 of the Revised Code;	94 95 96
The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	97 98
The small business investment credit under section 5747.81 of the Revised Code;	99 100
The nonrefundable lead abatement credit under section 5747.26 of the Revised Code;	101 102
<u>The nonrefundable credit for qualified research expenses</u>	103

<u>under section 5747.88 of the Revised Code;</u>	104
The opportunity zone investment credit under section	105
5747.86 of the Revised Code;	106
The enterprise zone credits under section 5709.65 of the	107
Revised Code;	108
The research and development credit under section 5747.331	109
of the Revised Code;	110
The credit for rehabilitating a historic building under	111
section 5747.76 of the Revised Code;	112
The nonrefundable Ohio low-income housing tax credit under	113
section 5747.83 of the Revised Code;	114
The nonrefundable affordable single-family home credit	115
under section 5747.84 of the Revised Code;	116
The nonresident credit under division (A) of section	117
5747.05 of the Revised Code;	118
The credit for a resident's out-of-state income under	119
division (B) of section 5747.05 of the Revised Code;	120
The refundable motion picture and Broadway theatrical	121
production credit under section 5747.66 of the Revised Code;	122
The refundable jobs creation credit or job retention	123
credit under division (A) of section 5747.058 of the Revised	124
Code;	125
The refundable credit for taxes paid by a qualifying	126
entity granted under section 5747.059 of the Revised Code;	127
The refundable credits for taxes paid by a qualifying	128
pass-through entity granted under division (I) of section	129
5747.08 of the Revised Code;	130

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.

(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. 5751.51. (A) As used in this section, "qualified research expenses" has the same meaning as in section 41 of the Internal Revenue Code.

(B) (1) For calendar years beginning on or after January 1, 2008, a nonrefundable credit may be claimed under this chapter equal to seven per cent of the excess of (a) qualified research expenses incurred in this state by the taxpayer in the calendar year for which the credit is claimed over (b) the taxpayer's average annual qualified research expenses incurred in this state for the three preceding calendar years.

(2) The taxpayer shall claim the credit allowed under 160
division (B)(1) of this section in the order required by section 161
5751.98 of the Revised Code. A credit claimed in calendar year 162
2008 may not be applied against the tax otherwise due under this 163
chapter for a tax period beginning before July 1, 2008. Any 164
credit amount in excess of the tax due under section 5751.03 of 165
the Revised Code, after allowing for any other credits that 166
precede the credit under this section in the order required 167
under that section, may be carried forward for seven years, but 168
the amount of the excess credit claimed against the tax for any 169
tax period shall be deducted from the balance carried forward to 170
the next tax period. 171

(3) No credit shall be allowed under this chapter if the 172
credit was available against the tax imposed by section 5733.06 173
of the Revised Code, except to the extent the credit was not 174
applied against such tax. 175

(C) In the case of a taxpayer that is a consolidated 176
elected taxpayer or combined taxpayer, each person in the 177
taxpayer's group shall separately calculate the credit claimed 178
under this section using the qualified research expenses 179
incurred by that person on a form prescribed by the tax 180
commissioner, which shall be used by the taxpayer to claim the 181
credit. 182

Such a taxpayer may only claim the credit with respect to 183
persons included in the taxpayer's group as of the thirty-first 184
day of December of the calendar year in which the qualified 185
research expenses are incurred. Such a taxpayer may only claim 186
any excess credit carried forward under division (B)(2) of this 187
section with respect to persons included in that group as of the 188
last day of the tax period for which the return claiming the 189

credit is filed.	190
(D) A taxpayer that claims a credit under this section	191
shall retain records to substantiate the claim. Required records	192
include those relating to any expenses used in calculating the	193
credit and incurred in the current calendar year and in the	194
three preceding calendar years.	195
The taxpayer shall retain the required records until the	196
date that is four years after the due date for the return on	197
which the credit was claimed or four years after the date the	198
return was actually filed, whichever is later.	199
(E) The tax commissioner may audit a sample of the	200
taxpayer's qualified research expenses over a representative	201
period to ascertain the amount of tax credit the taxpayer may	202
claim under this section and may issue an assessment under	203
section 5751.09 of the Revised Code based on the audit. The	204
commissioner shall make a good faith effort to reach an	205
agreement with the taxpayer in selecting a representative	206
sample. The commissioner is not, however, precluded from	207
proceeding under this division if an agreement is not made.	208
<u>(F) No credit shall be allowed under this section if the</u>	209
<u>credit was available against the tax imposed by section 5747.02</u>	210
<u>of the Revised Code, except to the extent the credit was not</u>	211
<u>applied against that tax.</u>	212
Section 2. That existing sections 5747.98 and 5751.51 of	213
the Revised Code are hereby repealed.	214
Section 3. The enactment by this act of section 5747.88	215
applies to taxable years ending on or after the effective date	216
of this section.	217