

**As Introduced**

**136th General Assembly  
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**H. B. No. 782**

**Representative Brewer**

**Cosponsors: Representatives Piccolantonio, Miller, J., Russo, Brennan, Lett,  
Upchurch**

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To amend section 5747.01 and to enact section 1  
5180.23 of the Revised Code to establish the At- 2  
Home Infant Care Program in the Department of 3  
Children and Youth, to exempt payments received 4  
under the program from the state income tax, to 5  
name this act the At-Home Infant Care Program 6  
Act, and to make an appropriation. 7

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

**Section 1.** That section 5747.01 be amended and section 8  
5180.23 of the Revised Code be enacted to read as follows: 9

**Sec. 5180.23.** (A) As used in this section, "caretaker 10  
parent," "infant," "licensed type B family child care home," 11  
"special needs child care," and "toddler" have the same meanings 12  
as in section 5104.01 of the Revised Code. 13

(B) The at-home infant care program is created in the 14  
department of children and youth. Under the program, and subject 15  
to available funds, the department shall provide financial 16  
assistance to eligible caretaker parents allowing them to stay 17  
home on a full-time basis in order to care for their children 18  
who are under two years of age. 19

(C) To be eligible to participate, all of the following 20  
apply: 21

(1) The caretaker parent seeking to stay home on a full- 22  
time basis is at least eighteen years of age, except that the 23  
parent may be younger than eighteen if the parent has earned a 24  
high school diploma or its equivalent. 25

(2) The child that the caretaker parent seeks to provide 26  
care for on a full-time basis is under two years of age, and the 27  
caretaker parent has not previously received a total of two 28  
years of at-home care assistance for that child's care. 29

(3) For both initial and continued eligibility, the 30  
maximum amount of income that the child's family may have 31  
corresponds with the amounts the department establishes in rule, 32  
as described in division (A) of section 5104.38 of the Revised 33  
Code, for the publicly funded child care program. 34

(4) The caretaker parent, child, and family shall satisfy 35  
any other condition established by the department in rule. 36

(D) A caretaker parent seeking to participate in the 37  
program shall submit an application to the department in the 38  
manner the department prescribes. The department shall review 39  
each application as soon as practicable after it is received and 40  
shall determine if the caretaker parent, child, and family are 41  
eligible to participate. 42

(E) After a caretaker parent, child, and family are 43  
determined eligible, all of the following apply: 44

(1) For each child that the caretaker parent seeks to 45  
provide care for under the program, at-home financial assistance 46  
for that child shall be available only until the child is two 47  
years of age. 48

(2) In the case of a caretaker parent who is participating 49  
in a program of education or training other than during the 50  
program's scheduled breaks, the caretaker parent may receive 51  
financial assistance during the breaks in order to stay home on 52  
a full-time basis to care for the caretaker parent's child who 53  
is under two years of age. 54

(3) Even if a caretaker parent receives financial 55  
assistance under the program in order to stay home on a full- 56  
time basis to care for the caretaker parent's child who is under 57  
two years of age, one or more other family members may work or 58  
participate in a program of education or training while 59  
financial assistance is received. 60

(F) In distributing financial assistance under the 61  
program, both of the following apply: 62

(1) The amount of financial assistance that a caretaker 63  
parent receives shall be ninety per cent of the maximum amount 64  
the family is eligible to receive under the publicly funded 65  
child care program as provided in section 5104.30 of the Revised 66  
Code when publicly funded child care is provided on a full-time 67  
basis by a licensed type B family child care home that is not 68  
participating in the step up to quality program established 69  
under section 5104.29 of the Revised Code. The amount of such 70  
assistance shall reflect whether the family's child is either of 71  
the following: eligible for special needs child care or an 72  
infant or toddler. 73

(2) (a) Except as provided in division (F) (2) (b) of this 74  
section and to the extent permitted under federal law, any 75  
financial assistance received under the program shall be 76  
excluded from consideration when the caretaker parent or another 77  
family member applies for another assistance program 78

administered by this state. 79

(b) Before excluding any financial assistance received 80  
under the program from consideration when the caretaker parent 81  
or other family member applies for another assistance program, 82  
the department of children and youth and the department 83  
responsible for administering the other assistance program shall 84  
consult to determine if the exclusion would compromise any 85  
funding this state receives from the federal government. If the 86  
departments determine that the exclusion compromises that 87  
funding, the department responsible for administering the other 88  
assistance program shall not exclude from consideration 89  
financial assistance the caretaker parent or family member 90  
receives under the program. 91

(c) Where possible and appropriate, the department of 92  
children and youth shall collaborate with other state 93  
departments to seek waivers from federal law governing 94  
assistance programs administered by this state. 95

(G) (1) The department shall engage in efforts to raise 96  
awareness of the program, including by developing written 97  
materials for distribution, with a particular emphasis on 98  
program awareness for health care providers in this state 99  
specializing in prenatal or pediatric care. 100

(2) The department shall establish procedures to 101  
facilitate joint enrollment in the program and the help me grow 102  
program described in section 5180.21 of the Revised Code. Such 103  
procedures may include a checkbox or similar mechanism on the 104  
paperwork for enrollment in either program to allow an applicant 105  
to seek to enroll in or to opt-out of enrollment in the other 106  
program. 107

(H) The department shall adopt rules as necessary to 108  
implement this section, including rules regarding the reporting 109  
of family income and other changes in family circumstances. The 110  
rules shall be adopted in accordance with Chapter 119. of the 111  
Revised Code. 112

**Sec. 5747.01.** Except as otherwise expressly provided or 113  
clearly appearing from the context, any term used in this 114  
chapter that is not otherwise defined in this section has the 115  
same meaning as when used in a comparable context in the laws of 116  
the United States relating to federal income taxes or if not 117  
used in a comparable context in those laws, has the same meaning 118  
as in section 5733.40 of the Revised Code. Any reference in this 119  
chapter to the Internal Revenue Code includes other laws of the 120  
United States relating to federal income taxes. 121

As used in this chapter: 122

(A) "Adjusted gross income" or "Ohio adjusted gross 123  
income" means federal adjusted gross income, as defined and used 124  
in the Internal Revenue Code, adjusted as provided in this 125  
section: 126

(1) Add interest or dividends on obligations or securities 127  
of any state or of any political subdivision or authority of any 128  
state, other than this state and its subdivisions and 129  
authorities. 130

(2) Add interest or dividends on obligations of any 131  
authority, commission, instrumentality, territory, or possession 132  
of the United States to the extent that the interest or 133  
dividends are exempt from federal income taxes but not from 134  
state income taxes. 135

(3) Deduct interest or dividends on obligations of the 136

United States and its territories and possessions or of any	137
authority, commission, or instrumentality of the United States	138
to the extent that the interest or dividends are included in	139
federal adjusted gross income but exempt from state income taxes	140
under the laws of the United States.	141
(4) Deduct disability and survivor's benefits to the	142
extent included in federal adjusted gross income.	143
(5) Deduct the following, to the extent not otherwise	144
deducted or excluded in computing federal or Ohio adjusted gross	145
income:	146
(a) Benefits under Title II of the Social Security Act and	147
tier 1 railroad retirement;	148
(b) Railroad retirement benefits, other than tier 1	149
railroad retirement benefits, to the extent such amounts are	150
exempt from state taxation under federal law.	151
(6) Deduct the amount of wages and salaries, if any, not	152
otherwise allowable as a deduction but that would have been	153
allowable as a deduction in computing federal adjusted gross	154
income for the taxable year, had the work opportunity tax credit	155
allowed and determined under sections 38, 51, and 52 of the	156
Internal Revenue Code not been in effect.	157
(7) Deduct any interest or interest equivalent on public	158
obligations and purchase obligations to the extent that the	159
interest or interest equivalent is included in federal adjusted	160
gross income.	161
(8) Add any loss or deduct any gain resulting from the	162
sale, exchange, or other disposition of public obligations to	163
the extent that the loss has been deducted or the gain has been	164
included in computing federal adjusted gross income.	165

(9) Deduct or add amounts, as provided under section 166  
5747.70 of the Revised Code, related to contributions made to or 167  
tuition units purchased under a qualified tuition program 168  
established pursuant to section 529 of the Internal Revenue 169  
Code. 170

(10) (a) Deduct, to the extent not otherwise allowable as a 171  
deduction or exclusion in computing federal or Ohio adjusted 172  
gross income for the taxable year, the amount the taxpayer paid 173  
during the taxable year for medical care insurance and qualified 174  
long-term care insurance for the taxpayer, the taxpayer's 175  
spouse, and dependents. No deduction for medical care insurance 176  
under division (A) (10) (a) of this section shall be allowed 177  
either to any taxpayer who is eligible to participate in any 178  
subsidized health plan maintained by any employer of the 179  
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 180  
entitled to, or on application would be entitled to, benefits 181  
under part A of Title XVIII of the "Social Security Act," 49 182  
Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 183  
division (A) (10) (a) of this section, "subsidized health plan" 184  
means a health plan for which the employer pays any portion of 185  
the plan's cost. The deduction allowed under division (A) (10) (a) 186  
of this section shall be the net of any related premium refunds, 187  
related premium reimbursements, or related insurance premium 188  
dividends received during the taxable year. 189

(b) Deduct, to the extent not otherwise deducted or 190  
excluded in computing federal or Ohio adjusted gross income 191  
during the taxable year, the amount the taxpayer paid during the 192  
taxable year, not compensated for by any insurance or otherwise, 193  
for medical care of the taxpayer, the taxpayer's spouse, and 194  
dependents, to the extent the expenses exceed seven and one-half 195  
per cent of the taxpayer's federal adjusted gross income. 196

(c) For purposes of division (A)(10) of this section, 197  
"medical care" has the meaning given in section 213 of the 198  
Internal Revenue Code, subject to the special rules, 199  
limitations, and exclusions set forth therein, and "qualified 200  
long-term care" has the same meaning given in section 7702B(c) 201  
of the Internal Revenue Code. Solely for purposes of division 202  
(A)(10)(a) of this section, "dependent" includes a person who 203  
otherwise would be a "qualifying relative" and thus a 204  
"dependent" under section 152 of the Internal Revenue Code but 205  
for the fact that the person fails to meet the income and 206  
support limitations under section 152(d)(1)(B) and (C) of the 207  
Internal Revenue Code. 208

(11)(a) Deduct any amount included in federal adjusted 209  
gross income solely because the amount represents a 210  
reimbursement or refund of expenses that in any year the 211  
taxpayer had deducted as an itemized deduction pursuant to 212  
section 63 of the Internal Revenue Code and applicable United 213  
States department of the treasury regulations. The deduction 214  
otherwise allowed under division (A)(11)(a) of this section 215  
shall be reduced to the extent the reimbursement is attributable 216  
to an amount the taxpayer deducted under this section in any 217  
taxable year. 218

(b) Add any amount not otherwise included in Ohio adjusted 219  
gross income for any taxable year to the extent that the amount 220  
is attributable to the recovery during the taxable year of any 221  
amount deducted or excluded in computing federal or Ohio 222  
adjusted gross income in any taxable year. 223

(12) Deduct any portion of the deduction described in 224  
section 1341(a)(2) of the Internal Revenue Code, for repaying 225  
previously reported income received under a claim of right, that 226

meets both of the following requirements:	227
(a) It is allowable for repayment of an item that was	228
included in the taxpayer's adjusted gross income for a prior	229
taxable year and did not qualify for a credit under division (A)	230
or (B) of section 5747.05 of the Revised Code for that year;	231
(b) It does not otherwise reduce the taxpayer's adjusted	232
gross income for the current or any other taxable year.	233
(13) Deduct an amount equal to the deposits made to, and	234
net investment earnings of, a medical savings account during the	235
taxable year, in accordance with section 3924.66 of the Revised	236
Code. The deduction allowed by division (A) (13) of this section	237
does not apply to medical savings account deposits and earnings	238
otherwise deducted or excluded for the current or any other	239
taxable year from the taxpayer's federal adjusted gross income.	240
(14) (a) Add an amount equal to the funds withdrawn from a	241
medical savings account during the taxable year, and the net	242
investment earnings on those funds, when the funds withdrawn	243
were used for any purpose other than to reimburse an account	244
holder for, or to pay, eligible medical expenses, in accordance	245
with section 3924.66 of the Revised Code;	246
(b) Add the amounts distributed from a medical savings	247
account under division (A) (2) of section 3924.68 of the Revised	248
Code during the taxable year.	249
(15) Add any amount claimed as a credit under section	250
5747.059 of the Revised Code to the extent that such amount	251
satisfies either of the following:	252
(a) The amount was deducted or excluded from the	253
computation of the taxpayer's federal adjusted gross income as	254
required to be reported for the taxpayer's taxable year under	255

the Internal Revenue Code;	256
(b) The amount resulted in a reduction of the taxpayer's federal adjusted gross income as required to be reported for any of the taxpayer's taxable years under the Internal Revenue Code.	257 258 259
(16) Deduct the amount contributed by the taxpayer to an individual development account program established by a county department of job and family services pursuant to sections 329.11 to 329.14 of the Revised Code for the purpose of matching funds deposited by program participants. On request of the tax commissioner, the taxpayer shall provide any information that, in the tax commissioner's opinion, is necessary to establish the amount deducted under division (A)(16) of this section.	260 261 262 263 264 265 266 267
(17) (a) (i) Subject to divisions (A)(17) (a) (iii), (iv), and (v) of this section, add five-sixths of the amount of depreciation expense allowed by subsection (k) of section 168 of the Internal Revenue Code, including the taxpayer's proportionate or distributive share of the amount of depreciation expense allowed by that subsection to a pass-through entity in which the taxpayer has a direct or indirect ownership interest.	268 269 270 271 272 273 274 275
(ii) Subject to divisions (A)(17) (a) (iii), (iv), and (v) of this section, add five-sixths of the amount of qualifying section 179 depreciation expense, including the taxpayer's proportionate or distributive share of the amount of qualifying section 179 depreciation expense allowed to any pass-through entity in which the taxpayer has a direct or indirect ownership interest.	276 277 278 279 280 281 282
(iii) Subject to division (A)(17) (a) (v) of this section, for taxable years beginning in 2012 or thereafter, if the	283 284

increase in income taxes withheld by the taxpayer is equal to or 285  
greater than ten per cent of income taxes withheld by the 286  
taxpayer during the taxpayer's immediately preceding taxable 287  
year, "two-thirds" shall be substituted for "five-sixths" for 288  
the purpose of divisions (A)(17)(a)(i) and (ii) of this section. 289

(iv) Subject to division (A)(17)(a)(v) of this section, 290  
for taxable years beginning in 2012 or thereafter, a taxpayer is 291  
not required to add an amount under division (A)(17) of this 292  
section if the increase in income taxes withheld by the taxpayer 293  
and by any pass-through entity in which the taxpayer has a 294  
direct or indirect ownership interest is equal to or greater 295  
than the sum of (I) the amount of qualifying section 179 296  
depreciation expense and (II) the amount of depreciation expense 297  
allowed to the taxpayer by subsection (k) of section 168 of the 298  
Internal Revenue Code, and including the taxpayer's 299  
proportionate or distributive shares of such amounts allowed to 300  
any such pass-through entities. 301

(v) If a taxpayer directly or indirectly incurs a net 302  
operating loss for the taxable year for federal income tax 303  
purposes, to the extent such loss resulted from depreciation 304  
expense allowed by subsection (k) of section 168 of the Internal 305  
Revenue Code and by qualifying section 179 depreciation expense, 306  
"the entire" shall be substituted for "five-sixths of the" for 307  
the purpose of divisions (A)(17)(a)(i) and (ii) of this section. 308

The tax commissioner, under procedures established by the 309  
commissioner, may waive the add-backs related to a pass-through 310  
entity if the taxpayer owns, directly or indirectly, less than 311  
five per cent of the pass-through entity. 312

(b) Nothing in division (A)(17) of this section shall be 313  
construed to adjust or modify the adjusted basis of any asset. 314

(c) To the extent the add-back required under division (A) 315  
(17) (a) of this section is attributable to property generating 316  
nonbusiness income or loss allocated under section 5747.20 of 317  
the Revised Code, the add-back shall be situated to the same 318  
location as the nonbusiness income or loss generated by the 319  
property for the purpose of determining the credit under 320  
division (A) of section 5747.05 of the Revised Code. Otherwise, 321  
the add-back shall be apportioned, subject to one or more of the 322  
four alternative methods of apportionment enumerated in section 323  
5747.21 of the Revised Code. 324

(d) For the purposes of division (A) (17) (a) (v) of this 325  
section, net operating loss carryback and carryforward shall not 326  
include the allowance of any net operating loss deduction 327  
carryback or carryforward to the taxable year to the extent such 328  
loss resulted from depreciation allowed by section 168(k) of the 329  
Internal Revenue Code and by the qualifying section 179 330  
depreciation expense amount. 331

(e) For the purposes of divisions (A) (17) and (18) of this 332  
section: 333

(i) "Income taxes withheld" means the total amount 334  
withheld and remitted under sections 5747.06 and 5747.07 of the 335  
Revised Code by an employer during the employer's taxable year. 336

(ii) "Increase in income taxes withheld" means the amount 337  
by which the amount of income taxes withheld by an employer 338  
during the employer's current taxable year exceeds the amount of 339  
income taxes withheld by that employer during the employer's 340  
immediately preceding taxable year. 341

(iii) "Qualifying section 179 depreciation expense" means 342  
the difference between (I) the amount of depreciation expense 343

directly or indirectly allowed to a taxpayer under section 179 344  
of the Internal Revised Code, and (II) the amount of 345  
depreciation expense directly or indirectly allowed to the 346  
taxpayer under section 179 of the Internal Revenue Code as that 347  
section existed on December 31, 2002. 348

(18) (a) If the taxpayer was required to add an amount 349  
under division (A) (17) (a) of this section for a taxable year, 350  
deduct one of the following: 351

(i) One-fifth of the amount so added for each of the five 352  
succeeding taxable years if the amount so added was five-sixths 353  
of qualifying section 179 depreciation expense or depreciation 354  
expense allowed by subsection (k) of section 168 of the Internal 355  
Revenue Code; 356

(ii) One-half of the amount so added for each of the two 357  
succeeding taxable years if the amount so added was two-thirds 358  
of such depreciation expense; 359

(iii) One-sixth of the amount so added for each of the six 360  
succeeding taxable years if the entire amount of such 361  
depreciation expense was so added. 362

(b) If the amount deducted under division (A) (18) (a) of 363  
this section is attributable to an add-back allocated under 364  
division (A) (17) (c) of this section, the amount deducted shall 365  
be situated to the same location. Otherwise, the deduction shall 366  
be apportioned using the apportionment factors for the taxable 367  
year in which the deduction is taken, subject to one or more of 368  
the four alternative methods of apportionment enumerated in 369  
section 5747.21 of the Revised Code. 370

(c) No deduction is available under division (A) (18) (a) of 371  
this section with regard to any depreciation allowed by section 372

168(k) of the Internal Revenue Code and by the qualifying 373  
section 179 depreciation expense amount to the extent that such 374  
depreciation results in or increases a federal net operating 375  
loss carryback or carryforward. If no such deduction is 376  
available for a taxable year, the taxpayer may carry forward the 377  
amount not deducted in such taxable year to the next taxable 378  
year and add that amount to any deduction otherwise available 379  
under division (A) (18) (a) of this section for that next taxable 380  
year. The carryforward of amounts not so deducted shall continue 381  
until the entire addition required by division (A) (17) (a) of 382  
this section has been deducted. 383

(19) Deduct, to the extent not otherwise deducted or 384  
excluded in computing federal or Ohio adjusted gross income for 385  
the taxable year, the amount the taxpayer received during the 386  
taxable year as reimbursement for life insurance premiums under 387  
section 5919.31 of the Revised Code. 388

(20) Deduct, to the extent not otherwise deducted or 389  
excluded in computing federal or Ohio adjusted gross income for 390  
the taxable year, the amount the taxpayer received during the 391  
taxable year as a death benefit paid by the adjutant general 392  
under section 5919.33 of the Revised Code. 393

(21) Deduct, to the extent included in federal adjusted 394  
gross income and not otherwise allowable as a deduction or 395  
exclusion in computing federal or Ohio adjusted gross income for 396  
the taxable year, military pay and allowances received by the 397  
taxpayer during the taxable year for active duty service in the 398  
armed forces of the United States, as defined in section 5907.01 399  
of the Revised Code, or reserve components thereof or the 400  
national guard. The deduction may not be claimed for military 401  
pay and allowances received by the taxpayer while the taxpayer 402

is stationed in this state. 403

(22) Deduct, to the extent not otherwise allowable as a 404  
deduction or exclusion in computing federal or Ohio adjusted 405  
gross income for the taxable year and not otherwise compensated 406  
for by any other source, the amount of qualified organ donation 407  
expenses incurred by the taxpayer during the taxable year, not 408  
to exceed ten thousand dollars. A taxpayer may deduct qualified 409  
organ donation expenses only once for all taxable years 410  
beginning with taxable years beginning in 2007. 411

For the purposes of division (A) (22) of this section: 412

(a) "Human organ" means all or any portion of a human 413  
liver, pancreas, kidney, intestine, or lung, and any portion of 414  
human bone marrow. 415

(b) "Qualified organ donation expenses" means travel 416  
expenses, lodging expenses, and wages and salary forgone by a 417  
taxpayer in connection with the taxpayer's donation, while 418  
living, of one or more of the taxpayer's human organs to another 419  
human being. 420

(23) Deduct, to the extent not otherwise deducted or 421  
excluded in computing federal or Ohio adjusted gross income for 422  
the taxable year, amounts received by the taxpayer as retired 423  
personnel pay for service in the uniformed services or reserve 424  
components thereof, or the national guard, or received by the 425  
surviving spouse or former spouse of such a taxpayer under the 426  
survivor benefit plan on account of such a taxpayer's death. If 427  
the taxpayer receives income on account of retirement paid under 428  
the federal civil service retirement system or federal employees 429  
retirement system, or under any successor retirement program 430  
enacted by the congress of the United States that is established 431

and maintained for retired employees of the United States 432  
government, and such retirement income is based, in whole or in 433  
part, on credit for the taxpayer's uniformed service, the 434  
deduction allowed under this division shall include only that 435  
portion of such retirement income that is attributable to the 436  
taxpayer's uniformed service, to the extent that portion of such 437  
retirement income is otherwise included in federal adjusted 438  
gross income and is not otherwise deducted under this section. 439  
Any amount deducted under division (A) (23) of this section is 440  
not included in a taxpayer's adjusted gross income for the 441  
purposes of section 5747.055 of the Revised Code. No amount may 442  
be deducted under division (A) (23) of this section on the basis 443  
of which a credit was claimed under section 5747.055 of the 444  
Revised Code. 445

(24) Deduct, to the extent not otherwise deducted or 446  
excluded in computing federal or Ohio adjusted gross income for 447  
the taxable year, the amount the taxpayer received during the 448  
taxable year from the military injury relief fund created in 449  
section 5902.05 of the Revised Code. 450

(25) Deduct, to the extent not otherwise deducted or 451  
excluded in computing federal or Ohio adjusted gross income for 452  
the taxable year, the amount the taxpayer received as a veterans 453  
bonus during the taxable year from the Ohio department of 454  
veterans services as authorized by Section 2r of Article VIII, 455  
Ohio Constitution. 456

(26) Deduct, to the extent not otherwise deducted or 457  
excluded in computing federal or Ohio adjusted gross income for 458  
the taxable year, any income derived from a transfer agreement 459  
or from the enterprise transferred under that agreement under 460  
section 4313.02 of the Revised Code. 461

(27) Deduct, to the extent not otherwise deducted or 462  
excluded in computing federal or Ohio adjusted gross income for 463  
the taxable year, Ohio college opportunity or federal Pell grant 464  
amounts received by the taxpayer or the taxpayer's spouse or 465  
dependent pursuant to section 3333.122 of the Revised Code or 20 466  
U.S.C. 1070a, et seq., and used to pay room or board furnished 467  
by the educational institution for which the grant was awarded 468  
at the institution's facilities, including meal plans 469  
administered by the institution. For the purposes of this 470  
division, receipt of a grant includes the distribution of a 471  
grant directly to an educational institution and the crediting 472  
of the grant to the enrollee's account with the institution. 473

(28) Deduct from the portion of an individual's federal 474  
adjusted gross income that is business income, to the extent not 475  
otherwise deducted or excluded in computing federal adjusted 476  
gross income for the taxable year, one hundred twenty-five 477  
thousand dollars for each spouse if spouses file separate 478  
returns under section 5747.08 of the Revised Code or two hundred 479  
fifty thousand dollars for all other individuals. 480

(29) Deduct, as provided under section 5747.78 of the 481  
Revised Code, contributions to ABLE savings accounts made in 482  
accordance with sections 113.50 to 113.56 of the Revised Code. 483

(30) (a) Deduct, to the extent not otherwise deducted or 484  
excluded in computing federal or Ohio adjusted gross income 485  
during the taxable year, all of the following: 486

(i) Compensation paid to a qualifying employee described 487  
in division (A) (14) (a) of section 5703.94 of the Revised Code to 488  
the extent such compensation is for disaster work conducted in 489  
this state during a disaster response period pursuant to a 490  
qualifying solicitation received by the employee's employer; 491

(ii) Compensation paid to a qualifying employee described 492  
in division (A) (14) (b) of section 5703.94 of the Revised Code to 493  
the extent such compensation is for disaster work conducted in 494  
this state by the employee during the disaster response period 495  
on critical infrastructure owned or used by the employee's 496  
employer; 497

(iii) Income received by an out-of-state disaster business 498  
for disaster work conducted in this state during a disaster 499  
response period, or, if the out-of-state disaster business is a 500  
pass-through entity, a taxpayer's distributive share of the 501  
pass-through entity's income from the business conducting 502  
disaster work in this state during a disaster response period, 503  
if, in either case, the disaster work is conducted pursuant to a 504  
qualifying solicitation received by the business. 505

(b) All terms used in division (A) (30) of this section 506  
have the same meanings as in section 5703.94 of the Revised 507  
Code. 508

(31) For a taxpayer who is a qualifying Ohio educator, 509  
deduct, to the extent not otherwise deducted or excluded in 510  
computing federal or Ohio adjusted gross income for the taxable 511  
year, the lesser of three hundred dollars or the amount of 512  
expenses described in subsections (a) (2) (D) (i) and (ii) of 513  
section 62 of the Internal Revenue Code paid or incurred by the 514  
taxpayer during the taxpayer's taxable year in excess of the 515  
amount the taxpayer is authorized to deduct for that taxable 516  
year under subsection (a) (2) (D) of that section. 517

(32) Deduct, to the extent not otherwise deducted or 518  
excluded in computing federal or Ohio adjusted gross income for 519  
the taxable year, amounts received by the taxpayer as a 520  
disability severance payment, computed under 10 U.S.C. 1212, 521

following discharge or release under honorable conditions from 522  
the armed forces of the United States, as defined in section 523  
5907.01 of the Revised Code. 524

(33) Deduct, to the extent not otherwise deducted or 525  
excluded in computing federal adjusted gross income or Ohio 526  
adjusted gross income, amounts not subject to tax due to an 527  
agreement entered into under division (A) (2) of section 5747.05 528  
of the Revised Code. 529

(34) Deduct amounts as provided under section 5747.79 of 530  
the Revised Code related to the taxpayer's qualifying capital 531  
gains and deductible payroll. 532

To the extent a qualifying capital gain described under 533  
division (A) (34) of this section is business income, the 534  
taxpayer shall deduct those gains under this division before 535  
deducting any such gains under division (A) (28) of this section. 536

(35) (a) For taxable years beginning in or after 2026, 537  
deduct, to the extent not otherwise deducted or excluded in 538  
computing federal or Ohio adjusted gross income for the taxable 539  
year: 540

(i) One hundred per cent of the capital gain received by 541  
the taxpayer in the taxable year from a qualifying interest in 542  
an Ohio venture capital operating company attributable to the 543  
company's investments in Ohio businesses during the period for 544  
which the company was an Ohio venture operating company; and 545

(ii) Fifty per cent of the capital gain received by the 546  
taxpayer in the taxable year from a qualifying interest in an 547  
Ohio venture capital operating company attributable to the 548  
company's investments in all other businesses during the period 549  
for which the company was an Ohio venture operating company. 550

(b) Add amounts previously deducted by the taxpayer under 551  
division (A) (35) (a) of this section if the director of 552  
development certifies to the tax commissioner that the 553  
requirements for the deduction were not met. 554

(c) All terms used in division (A) (35) of this section 555  
have the same meanings as in section 122.851 of the Revised 556  
Code. 557

(d) To the extent a capital gain described in division (A) 558  
(35) (a) of this section is business income, the taxpayer shall 559  
apply that division before applying division (A) (28) of this 560  
section. 561

(36) Add, to the extent not otherwise included in 562  
computing federal or Ohio adjusted gross income for any taxable 563  
year, the taxpayer's proportionate share of the amount of the 564  
tax levied under section 5747.38 of the Revised Code and paid by 565  
an electing pass-through entity for the taxable year. 566

Notwithstanding any provision of the Revised Code to the 567  
contrary, the portion of the addition required by division (A) 568  
(36) of this section related to the apportioned business income 569  
of the pass-through entity shall be considered business income 570  
under division (B) of this section. Such addition is eligible 571  
for the deduction in division (A) (28) of this section, subject 572  
to the applicable dollar limitations, and the tax rate 573  
prescribed by division (A) (4) (a) of section 5747.02 of the 574  
Revised Code. The taxpayer shall provide, upon request of the 575  
tax commissioner, any documentation necessary to verify the 576  
portion of the addition that is business income under this 577  
division. 578

(37) Deduct, to the extent not otherwise deducted or 579

excluded in computing federal or Ohio adjusted gross income for 580  
the taxable year, amounts delivered to a qualifying institution 581  
pursuant to section 3333.128 of the Revised Code for the benefit 582  
of the taxpayer or the taxpayer's spouse or dependent. 583

(38) Deduct, to the extent not otherwise deducted or 584  
excluded in computing federal or Ohio adjusted gross income for 585  
the taxable year, amounts received under the Ohio adoption grant 586  
program pursuant to section 5180.451 of the Revised Code. 587

(39) Deduct, to the extent included in federal adjusted 588  
gross income, income attributable to amounts provided to a 589  
taxpayer for any of the purposes for which an exclusion would 590  
have been authorized under section 139 of the Internal Revenue 591  
Code if the train derailment near the city of East Palestine on 592  
February 3, 2023, had been a qualified disaster pursuant to that 593  
section, or to compensate for lost business resulting from that 594  
derailment, if such amounts are provided by any of the 595  
following: 596

(a) A federal, state, or local government agency; 597

(b) A railroad company, as that term is defined in section 598  
5727.01 of the Revised Code; 599

(c) Any subsidiary, insurer, or agent of a railroad 600  
company or any related person. 601

Notwithstanding any provision to the contrary, the 602  
derailment is not required to meet the definition of a 603  
"qualified disaster" pursuant to section 139 of the Internal 604  
Revenue Code to qualify for the deduction under this section. 605

(40) Deduct, to the extent included in federal adjusted 606  
gross income, income attributable to loan repayments on behalf 607  
of the taxpayer under the rural practice incentive program under 608

section 3333.135 of the Revised Code. 609

(41) Add any income taxes deducted in computing federal or 610  
Ohio adjusted gross income to the extent the income taxes were 611  
derived from income subject to a tax levied in another state or 612  
the District of Columbia when such tax was enacted for purposes 613  
of complying with internal revenue service notice 2020-75. 614

Notwithstanding any provision of the Revised Code to the 615  
contrary, the portion of the addition required by division (A) 616  
(41) of this section related to the apportioned business income 617  
of the pass-through entity shall be considered business income 618  
under division (B) of this section. Such addition is eligible 619  
for the deduction in division (A) (28) of this section, subject 620  
to the applicable dollar limitations, and the tax rate 621  
prescribed by division (A) (4) (a) of section 5747.02 of the 622  
Revised Code. The taxpayer shall provide, upon request of the 623  
tax commissioner, any documentation necessary to verify the 624  
portion of the addition that is business income under this 625  
division. 626

(42) Deduct amounts contributed to a homeownership savings 627  
account and calculated pursuant to divisions (B) and (C) of 628  
section 5747.85 of the Revised Code. 629

(43) If the taxpayer is the account owner of a 630  
homeownership savings account, upon withdrawal or transfer of 631  
funds from the account, or closure of the account containing 632  
funds that are not used for eligible expenses, add the amount of 633  
such funds not used for an eligible expense. The addition 634  
required under this division shall not exceed the sum of the 635  
amounts deducted by the taxpayer for such account under division 636  
(A) (42) of this section in any taxable year and the amount of 637  
any funds deposited in the account by a contributor other than 638

the account owner. As used in division (A) (43) of this section, 639  
"homeownership savings account," "contributor," "account owner," 640  
and "eligible expenses" have the same meanings as in section 641  
5747.85 of the Revised Code. 642

(44) Deduct, to the extent not otherwise deducted or 643  
excluded in computing federal or Ohio adjusted gross income 644  
during the taxable year, up to seven hundred fifty dollars of 645  
contributions the taxpayer makes to a pregnancy resource center 646  
that meets the criteria in division (B) of section 5180.71 of 647  
the Revised Code. 648

(45) Deduct, to the extent not otherwise deducted or 649  
excluded in computing federal or Ohio adjusted gross income 650  
during the taxable year, any amount received by the taxpayer 651  
under the at-home infant care program created in section 5180.23 652  
of the Revised Code. 653

(B) "Business income" means income, including gain or 654  
loss, arising from transactions, activities, and sources in the 655  
regular course of a trade or business and includes income, gain, 656  
or loss from real property, tangible property, and intangible 657  
property if the acquisition, rental, management, and disposition 658  
of the property constitute integral parts of the regular course 659  
of a trade or business operation. "Business income" includes 660  
income, including gain or loss, from a partial or complete 661  
liquidation of a business, including, but not limited to, gain 662  
or loss from the sale or other disposition of goodwill or the 663  
sale of an equity or ownership interest in a business. 664

As used in this division, the "sale of an equity or 665  
ownership interest in a business" means sales to which either or 666  
both of the following apply: 667

(1) The sale is treated for federal income tax purposes as 668  
the sale of assets. 669

(2) The seller materially participated, as described in 26 670  
C.F.R. 1.469-5T, in the activities of the business during the 671  
taxable year in which the sale occurs or during any of the five 672  
preceding taxable years. 673

(C) "Nonbusiness income" means all income other than 674  
business income and may include, but is not limited to, 675  
compensation, rents and royalties from real or tangible personal 676  
property, capital gains, interest, dividends and distributions, 677  
patent or copyright royalties, or lottery winnings, prizes, and 678  
awards. 679

(D) "Compensation" means any form of remuneration paid to 680  
an employee for personal services. 681

(E) "Fiduciary" means a guardian, trustee, executor, 682  
administrator, receiver, conservator, or any other person acting 683  
in any fiduciary capacity for any individual, trust, or estate. 684

(F) "Fiscal year" means an accounting period of twelve 685  
months ending on the last day of any month other than December. 686

(G) "Individual" means any natural person. 687

(H) "Internal Revenue Code" means the "Internal Revenue 688  
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 689

(I) "Resident" means any of the following: 690

(1) An individual who is domiciled in this state, subject 691  
to section 5747.24 of the Revised Code; 692

(2) The estate of a decedent who at the time of death was 693  
domiciled in this state. The domicile tests of section 5747.24 694

of the Revised Code are not controlling for purposes of division 695  
(I) (2) of this section. 696

(3) A trust that, in whole or part, resides in this state. 697  
If only part of a trust resides in this state, the trust is a 698  
resident only with respect to that part. 699

For the purposes of division (I) (3) of this section: 700

(a) A trust resides in this state for the trust's current 701  
taxable year to the extent, as described in division (I) (3) (d) 702  
of this section, that the trust consists directly or indirectly, 703  
in whole or in part, of assets, net of any related liabilities, 704  
that were transferred, or caused to be transferred, directly or 705  
indirectly, to the trust by any of the following: 706

(i) A person, a court, or a governmental entity or 707  
instrumentality on account of the death of a decedent, but only 708  
if the trust is described in division (I) (3) (e) (i) or (ii) of 709  
this section; 710

(ii) A person who was domiciled in this state for the 711  
purposes of this chapter when the person directly or indirectly 712  
transferred assets to an irrevocable trust, but only if at least 713  
one of the trust's qualifying beneficiaries is domiciled in this 714  
state for the purposes of this chapter during all or some 715  
portion of the trust's current taxable year; 716

(iii) A person who was domiciled in this state for the 717  
purposes of this chapter when the trust document or instrument 718  
or part of the trust document or instrument became irrevocable, 719  
but only if at least one of the trust's qualifying beneficiaries 720  
is a resident domiciled in this state for the purposes of this 721  
chapter during all or some portion of the trust's current 722  
taxable year. If a trust document or instrument became 723

irrevocable upon the death of a person who at the time of death 724  
was domiciled in this state for purposes of this chapter, that 725  
person is a person described in division (I) (3) (a) (iii) of this 726  
section. 727

(b) A trust is irrevocable to the extent that the 728  
transferor is not considered to be the owner of the net assets 729  
of the trust under sections 671 to 678 of the Internal Revenue 730  
Code. 731

(c) With respect to a trust other than a charitable lead 732  
trust, "qualifying beneficiary" has the same meaning as 733  
"potential current beneficiary" as defined in section 1361(e) (2) 734  
of the Internal Revenue Code, and with respect to a charitable 735  
lead trust "qualifying beneficiary" is any current, future, or 736  
contingent beneficiary, but with respect to any trust 737  
"qualifying beneficiary" excludes a person or a governmental 738  
entity or instrumentality to any of which a contribution would 739  
qualify for the charitable deduction under section 170 of the 740  
Internal Revenue Code. 741

(d) For the purposes of division (I) (3) (a) of this 742  
section, the extent to which a trust consists directly or 743  
indirectly, in whole or in part, of assets, net of any related 744  
liabilities, that were transferred directly or indirectly, in 745  
whole or part, to the trust by any of the sources enumerated in 746  
that division shall be ascertained by multiplying the fair 747  
market value of the trust's assets, net of related liabilities, 748  
by the qualifying ratio, which shall be computed as follows: 749

(i) The first time the trust receives assets, the 750  
numerator of the qualifying ratio is the fair market value of 751  
those assets at that time, net of any related liabilities, from 752  
sources enumerated in division (I) (3) (a) of this section. The 753

denominator of the qualifying ratio is the fair market value of 754  
all the trust's assets at that time, net of any related 755  
liabilities. 756

(ii) Each subsequent time the trust receives assets, a 757  
revised qualifying ratio shall be computed. The numerator of the 758  
revised qualifying ratio is the sum of (1) the fair market value 759  
of the trust's assets immediately prior to the subsequent 760  
transfer, net of any related liabilities, multiplied by the 761  
qualifying ratio last computed without regard to the subsequent 762  
transfer, and (2) the fair market value of the subsequently 763  
transferred assets at the time transferred, net of any related 764  
liabilities, from sources enumerated in division (I) (3) (a) of 765  
this section. The denominator of the revised qualifying ratio is 766  
the fair market value of all the trust's assets immediately 767  
after the subsequent transfer, net of any related liabilities. 768

(iii) Whether a transfer to the trust is by or from any of 769  
the sources enumerated in division (I) (3) (a) of this section 770  
shall be ascertained without regard to the domicile of the 771  
trust's beneficiaries. 772

(e) For the purposes of division (I) (3) (a) (i) of this 773  
section: 774

(i) A trust is described in division (I) (3) (e) (i) of this 775  
section if the trust is a testamentary trust and the testator of 776  
that testamentary trust was domiciled in this state at the time 777  
of the testator's death for purposes of the taxes levied under 778  
Chapter 5731. of the Revised Code. 779

(ii) A trust is described in division (I) (3) (e) (ii) of 780  
this section if the transfer is a qualifying transfer described 781  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 782

trust is an irrevocable inter vivos trust, and at least one of 783  
the trust's qualifying beneficiaries is domiciled in this state 784  
for purposes of this chapter during all or some portion of the 785  
trust's current taxable year. 786

(f) For the purposes of division (I)(3)(e)(ii) of this 787  
section, a "qualifying transfer" is a transfer of assets, net of 788  
any related liabilities, directly or indirectly to a trust, if 789  
the transfer is described in any of the following: 790

(i) The transfer is made to a trust, created by the 791  
decedent before the decedent's death and while the decedent was 792  
domiciled in this state for the purposes of this chapter, and, 793  
prior to the death of the decedent, the trust became irrevocable 794  
while the decedent was domiciled in this state for the purposes 795  
of this chapter. 796

(ii) The transfer is made to a trust to which the 797  
decedent, prior to the decedent's death, had directly or 798  
indirectly transferred assets, net of any related liabilities, 799  
while the decedent was domiciled in this state for the purposes 800  
of this chapter, and prior to the death of the decedent the 801  
trust became irrevocable while the decedent was domiciled in 802  
this state for the purposes of this chapter. 803

(iii) The transfer is made on account of a contractual 804  
relationship existing directly or indirectly between the 805  
transferor and either the decedent or the estate of the decedent 806  
at any time prior to the date of the decedent's death, and the 807  
decedent was domiciled in this state at the time of death for 808  
purposes of the taxes levied under Chapter 5731. of the Revised 809  
Code. 810

(iv) The transfer is made to a trust on account of a 811

contractual relationship existing directly or indirectly between 812  
the transferor and another person who at the time of the 813  
decedent's death was domiciled in this state for purposes of 814  
this chapter. 815

(v) The transfer is made to a trust on account of the will 816  
of a testator who was domiciled in this state at the time of the 817  
testator's death for purposes of the taxes levied under Chapter 818  
5731. of the Revised Code. 819

(vi) The transfer is made to a trust created by or caused 820  
to be created by a court, and the trust was directly or 821  
indirectly created in connection with or as a result of the 822  
death of an individual who, for purposes of the taxes levied 823  
under Chapter 5731. of the Revised Code, was domiciled in this 824  
state at the time of the individual's death. 825

(g) The tax commissioner may adopt rules to ascertain the 826  
part of a trust residing in this state. 827

(J) "Nonresident" means an individual or estate that is 828  
not a resident. An individual who is a resident for only part of 829  
a taxable year is a nonresident for the remainder of that 830  
taxable year. 831

(K) "Pass-through entity" has the same meaning as in 832  
section 5733.04 of the Revised Code. 833

(L) "Return" means the notifications and reports required 834  
to be filed pursuant to this chapter for the purpose of 835  
reporting the tax due and includes declarations of estimated tax 836  
when so required. 837

(M) "Taxable year" means the calendar year or the 838  
taxpayer's fiscal year ending during the calendar year, or 839  
fractional part thereof, upon which the adjusted gross income is 840

calculated pursuant to this chapter. 841

(N) "Taxpayer" means any person subject to the tax imposed 842  
by section 5747.02 of the Revised Code or any pass-through 843  
entity that makes the election under division (D) of section 844  
5747.08 of the Revised Code. 845

(O) "Dependents" means one of the following: 846

(1) For taxable years beginning on or after January 1, 847  
2018, and before January 1, 2026, dependents as defined in the 848  
Internal Revenue Code; 849

(2) For all other taxable years, dependents as defined in 850  
the Internal Revenue Code and as claimed in the taxpayer's 851  
federal income tax return for the taxable year or which the 852  
taxpayer would have been permitted to claim had the taxpayer 853  
filed a federal income tax return. 854

(P) "Principal county of employment" means, in the case of 855  
a nonresident, the county within the state in which a taxpayer 856  
performs services for an employer or, if those services are 857  
performed in more than one county, the county in which the major 858  
portion of the services are performed. 859

(Q) As used in sections 5747.50 to 5747.55 of the Revised 860  
Code: 861

(1) "Subdivision" means any county, municipal corporation, 862  
park district, or township. 863

(2) "Essential local government purposes" includes all 864  
functions that any subdivision is required by general law to 865  
exercise, including like functions that are exercised under a 866  
charter adopted pursuant to the Ohio Constitution. 867

(R) "Overpayment" means any amount already paid that 868

exceeds the figure determined to be the correct amount of the 869  
tax. 870

(S) "Taxable income" or "Ohio taxable income" applies only 871  
to estates and trusts, and means federal taxable income, as 872  
defined and used in the Internal Revenue Code, adjusted as 873  
follows: 874

(1) Add interest or dividends, net of ordinary, necessary, 875  
and reasonable expenses not deducted in computing federal 876  
taxable income, on obligations or securities of any state or of 877  
any political subdivision or authority of any state, other than 878  
this state and its subdivisions and authorities, but only to the 879  
extent that such net amount is not otherwise includible in Ohio 880  
taxable income and is described in either division (S) (1) (a) or 881  
(b) of this section: 882

(a) The net amount is not attributable to the S portion of 883  
an electing small business trust and has not been distributed to 884  
beneficiaries for the taxable year; 885

(b) The net amount is attributable to the S portion of an 886  
electing small business trust for the taxable year. 887

(2) Add interest or dividends, net of ordinary, necessary, 888  
and reasonable expenses not deducted in computing federal 889  
taxable income, on obligations of any authority, commission, 890  
instrumentality, territory, or possession of the United States 891  
to the extent that the interest or dividends are exempt from 892  
federal income taxes but not from state income taxes, but only 893  
to the extent that such net amount is not otherwise includible 894  
in Ohio taxable income and is described in either division (S) 895  
(1) (a) or (b) of this section; 896

(3) Add the amount of personal exemption allowed to the 897

estate pursuant to section 642(b) of the Internal Revenue Code;	898
(4) Deduct interest or dividends, net of related expenses	899
deducted in computing federal taxable income, on obligations of	900
the United States and its territories and possessions or of any	901
authority, commission, or instrumentality of the United States	902
to the extent that the interest or dividends are exempt from	903
state taxes under the laws of the United States, but only to the	904
extent that such amount is included in federal taxable income	905
and is described in either division (S)(1)(a) or (b) of this	906
section;	907
(5) Deduct the amount of wages and salaries, if any, not	908
otherwise allowable as a deduction but that would have been	909
allowable as a deduction in computing federal taxable income for	910
the taxable year, had the work opportunity tax credit allowed	911
under sections 38, 51, and 52 of the Internal Revenue Code not	912
been in effect, but only to the extent such amount relates	913
either to income included in federal taxable income for the	914
taxable year or to income of the S portion of an electing small	915
business trust for the taxable year;	916
(6) Deduct any interest or interest equivalent, net of	917
related expenses deducted in computing federal taxable income,	918
on public obligations and purchase obligations, but only to the	919
extent that such net amount relates either to income included in	920
federal taxable income for the taxable year or to income of the	921
S portion of an electing small business trust for the taxable	922
year;	923
(7) Add any loss or deduct any gain resulting from sale,	924
exchange, or other disposition of public obligations to the	925
extent that such loss has been deducted or such gain has been	926
included in computing either federal taxable income or income of	927

the S portion of an electing small business trust for the 928  
taxable year; 929

(8) Except in the case of the final return of an estate, 930  
add any amount deducted by the taxpayer on both its Ohio estate 931  
tax return pursuant to section 5731.14 of the Revised Code, and 932  
on its federal income tax return in determining federal taxable 933  
income; 934

(9) (a) Deduct any amount included in federal taxable 935  
income solely because the amount represents a reimbursement or 936  
refund of expenses that in a previous year the decedent had 937  
deducted as an itemized deduction pursuant to section 63 of the 938  
Internal Revenue Code and applicable treasury regulations. The 939  
deduction otherwise allowed under division (S) (9) (a) of this 940  
section shall be reduced to the extent the reimbursement is 941  
attributable to an amount the taxpayer or decedent deducted 942  
under this section in any taxable year. 943

(b) Add any amount not otherwise included in Ohio taxable 944  
income for any taxable year to the extent that the amount is 945  
attributable to the recovery during the taxable year of any 946  
amount deducted or excluded in computing federal or Ohio taxable 947  
income in any taxable year, but only to the extent such amount 948  
has not been distributed to beneficiaries for the taxable year. 949

(10) Deduct any portion of the deduction described in 950  
section 1341(a) (2) of the Internal Revenue Code, for repaying 951  
previously reported income received under a claim of right, that 952  
meets both of the following requirements: 953

(a) It is allowable for repayment of an item that was 954  
included in the taxpayer's taxable income or the decedent's 955  
adjusted gross income for a prior taxable year and did not 956

qualify for a credit under division (A) or (B) of section 957  
5747.05 of the Revised Code for that year. 958

(b) It does not otherwise reduce the taxpayer's taxable 959  
income or the decedent's adjusted gross income for the current 960  
or any other taxable year. 961

(11) Add any amount claimed as a credit under section 962  
5747.059 of the Revised Code to the extent that the amount 963  
satisfies either of the following: 964

(a) The amount was deducted or excluded from the 965  
computation of the taxpayer's federal taxable income as required 966  
to be reported for the taxpayer's taxable year under the 967  
Internal Revenue Code; 968

(b) The amount resulted in a reduction in the taxpayer's 969  
federal taxable income as required to be reported for any of the 970  
taxpayer's taxable years under the Internal Revenue Code. 971

(12) Deduct any amount, net of related expenses deducted 972  
in computing federal taxable income, that a trust is required to 973  
report as farm income on its federal income tax return, but only 974  
if the assets of the trust include at least ten acres of land 975  
satisfying the definition of "land devoted exclusively to 976  
agricultural use" under section 5713.30 of the Revised Code, 977  
regardless of whether the land is valued for tax purposes as 978  
such land under sections 5713.30 to 5713.38 of the Revised Code. 979  
If the trust is a pass-through entity investor, section 5747.231 980  
of the Revised Code applies in ascertaining if the trust is 981  
eligible to claim the deduction provided by division (S)(12) of 982  
this section in connection with the pass-through entity's farm 983  
income. 984

Except for farm income attributable to the S portion of an 985

electing small business trust, the deduction provided by	986
division (S) (12) of this section is allowed only to the extent	987
that the trust has not distributed such farm income.	988
(13) Add the net amount of income described in section	989
641(c) of the Internal Revenue Code to the extent that amount is	990
not included in federal taxable income.	991
(14) Add or deduct the amount the taxpayer would be	992
required to add or deduct under division (A) (17) or (18) of this	993
section if the taxpayer's Ohio taxable income was computed in	994
the same manner as an individual's Ohio adjusted gross income is	995
computed under this section.	996
(15) Add, to the extent not otherwise included in	997
computing taxable income or Ohio taxable income for any taxable	998
year, the taxpayer's proportionate share of the amount of the	999
tax levied under section 5747.38 of the Revised Code and paid by	1000
an electing pass-through entity for the taxable year.	1001
(16) Add any income taxes deducted in computing federal	1002
taxable income or Ohio taxable income to the extent the income	1003
taxes were derived from income subject to a tax levied in	1004
another state or the District of Columbia when such tax was	1005
enacted for purposes of complying with internal revenue service	1006
notice 2020-75.	1007
(T) "School district income" and "school district income	1008
tax" have the same meanings as in section 5748.01 of the Revised	1009
Code.	1010
(U) As used in divisions (A) (7), (A) (8), (S) (6), and (S)	1011
(7) of this section, "public obligations," "purchase	1012
obligations," and "interest or interest equivalent" have the	1013
same meanings as in section 5709.76 of the Revised Code.	1014

(V) "Limited liability company" means any limited liability company formed under former Chapter 1705. of the Revised Code as that chapter existed prior to February 11, 2022, Chapter 1706. of the Revised Code, or the laws of any other state.

(W) "Pass-through entity investor" means any person who, during any portion of a taxable year of a pass-through entity, is a partner, member, shareholder, or equity investor in that pass-through entity.

(X) "Banking day" has the same meaning as in section 1304.01 of the Revised Code.

(Y) "Month" means a calendar month.

(Z) "Quarter" means the first three months, the second three months, the third three months, or the last three months of the taxpayer's taxable year.

(AA) (1) "Modified business income" means the business income included in a trust's Ohio taxable income after such taxable income is first reduced by the qualifying trust amount, if any.

(2) "Qualifying trust amount" of a trust means capital gains and losses from the sale, exchange, or other disposition of equity or ownership interests in, or debt obligations of, a qualifying investee to the extent included in the trust's Ohio taxable income, but only if the following requirements are satisfied:

(a) The book value of the qualifying investee's physical assets in this state and everywhere, as of the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or

loss, is available to the trust. 1044

(b) The requirements of section 5747.011 of the Revised 1045  
Code are satisfied for the trust's taxable year in which the 1046  
trust recognizes the gain or loss. 1047

Any gain or loss that is not a qualifying trust amount is 1048  
modified business income, qualifying investment income, or 1049  
modified nonbusiness income, as the case may be. 1050

(3) "Modified nonbusiness income" means a trust's Ohio 1051  
taxable income other than modified business income, other than 1052  
the qualifying trust amount, and other than qualifying 1053  
investment income, as defined in section 5747.012 of the Revised 1054  
Code, to the extent such qualifying investment income is not 1055  
otherwise part of modified business income. 1056

(4) "Modified Ohio taxable income" applies only to trusts, 1057  
and means the sum of the amounts described in divisions (AA) (4) 1058  
(a) to (c) of this section: 1059

(a) The fraction, calculated under section 5747.013, and 1060  
applying section 5747.231 of the Revised Code, multiplied by the 1061  
sum of the following amounts: 1062

(i) The trust's modified business income; 1063

(ii) The trust's qualifying investment income, as defined 1064  
in section 5747.012 of the Revised Code, but only to the extent 1065  
the qualifying investment income does not otherwise constitute 1066  
modified business income and does not otherwise constitute a 1067  
qualifying trust amount. 1068

(b) The qualifying trust amount multiplied by a fraction, 1069  
the numerator of which is the sum of the book value of the 1070  
qualifying investee's physical assets in this state on the last 1071

day of the qualifying investee's fiscal or calendar year ending 1072  
immediately prior to the day on which the trust recognizes the 1073  
qualifying trust amount, and the denominator of which is the sum 1074  
of the book value of the qualifying investee's total physical 1075  
assets everywhere on the last day of the qualifying investee's 1076  
fiscal or calendar year ending immediately prior to the day on 1077  
which the trust recognizes the qualifying trust amount. If, for 1078  
a taxable year, the trust recognizes a qualifying trust amount 1079  
with respect to more than one qualifying investee, the amount 1080  
described in division (AA) (4) (b) of this section shall equal the 1081  
sum of the products so computed for each such qualifying 1082  
investee. 1083

(c) (i) With respect to a trust or portion of a trust that 1084  
is a resident as ascertained in accordance with division (I) (3) 1085  
(d) of this section, its modified nonbusiness income. 1086

(ii) With respect to a trust or portion of a trust that is 1087  
not a resident as ascertained in accordance with division (I) (3) 1088  
(d) of this section, the amount of its modified nonbusiness 1089  
income satisfying the descriptions in divisions (B) (2) to (5) of 1090  
section 5747.20 of the Revised Code, except as otherwise 1091  
provided in division (AA) (4) (c) (ii) of this section. With 1092  
respect to a trust or portion of a trust that is not a resident 1093  
as ascertained in accordance with division (I) (3) (d) of this 1094  
section, the trust's portion of modified nonbusiness income 1095  
recognized from the sale, exchange, or other disposition of a 1096  
debt interest in or equity interest in a section 5747.212 1097  
entity, as defined in section 5747.212 of the Revised Code, 1098  
without regard to division (A) of that section, shall not be 1099  
allocated to this state in accordance with section 5747.20 of 1100  
the Revised Code but shall be apportioned to this state in 1101  
accordance with division (B) of section 5747.212 of the Revised 1102

Code without regard to division (A) of that section. 1103

If the allocation and apportionment of a trust's income 1104  
under divisions (AA) (4) (a) and (c) of this section do not fairly 1105  
represent the modified Ohio taxable income of the trust in this 1106  
state, the alternative methods described in division (C) of 1107  
section 5747.21 of the Revised Code may be applied in the manner 1108  
and to the same extent provided in that section. 1109

(5) (a) Except as set forth in division (AA) (5) (b) of this 1110  
section, "qualifying investee" means a person in which a trust 1111  
has an equity or ownership interest, or a person or unit of 1112  
government the debt obligations of either of which are owned by 1113  
a trust. For the purposes of division (AA) (2) (a) of this section 1114  
and for the purpose of computing the fraction described in 1115  
division (AA) (4) (b) of this section, all of the following apply: 1116

(i) If the qualifying investee is a member of a qualifying 1117  
controlled group on the last day of the qualifying investee's 1118  
fiscal or calendar year ending immediately prior to the date on 1119  
which the trust recognizes the gain or loss, then "qualifying 1120  
investee" includes all persons in the qualifying controlled 1121  
group on such last day. 1122

(ii) If the qualifying investee, or if the qualifying 1123  
investee and any members of the qualifying controlled group of 1124  
which the qualifying investee is a member on the last day of the 1125  
qualifying investee's fiscal or calendar year ending immediately 1126  
prior to the date on which the trust recognizes the gain or 1127  
loss, separately or cumulatively own, directly or indirectly, on 1128  
the last day of the qualifying investee's fiscal or calendar 1129  
year ending immediately prior to the date on which the trust 1130  
recognizes the qualifying trust amount, more than fifty per cent 1131  
of the equity of a pass-through entity, then the qualifying 1132

investee and the other members are deemed to own the 1133  
proportionate share of the pass-through entity's physical assets 1134  
which the pass-through entity directly or indirectly owns on the 1135  
last day of the pass-through entity's calendar or fiscal year 1136  
ending within or with the last day of the qualifying investee's 1137  
fiscal or calendar year ending immediately prior to the date on 1138  
which the trust recognizes the qualifying trust amount. 1139

(iii) For the purposes of division (AA) (5) (a) (iii) of this 1140  
section, "upper level pass-through entity" means a pass-through 1141  
entity directly or indirectly owning any equity of another pass- 1142  
through entity, and "lower level pass-through entity" means that 1143  
other pass-through entity. 1144

An upper level pass-through entity, whether or not it is 1145  
also a qualifying investee, is deemed to own, on the last day of 1146  
the upper level pass-through entity's calendar or fiscal year, 1147  
the proportionate share of the lower level pass-through entity's 1148  
physical assets that the lower level pass-through entity 1149  
directly or indirectly owns on the last day of the lower level 1150  
pass-through entity's calendar or fiscal year ending within or 1151  
with the last day of the upper level pass-through entity's 1152  
fiscal or calendar year. If the upper level pass-through entity 1153  
directly and indirectly owns less than fifty per cent of the 1154  
equity of the lower level pass-through entity on each day of the 1155  
upper level pass-through entity's calendar or fiscal year in 1156  
which or with which ends the calendar or fiscal year of the 1157  
lower level pass-through entity and if, based upon clear and 1158  
convincing evidence, complete information about the location and 1159  
cost of the physical assets of the lower pass-through entity is 1160  
not available to the upper level pass-through entity, then 1161  
solely for purposes of ascertaining if a gain or loss 1162  
constitutes a qualifying trust amount, the upper level pass- 1163

through entity shall be deemed as owning no equity of the lower 1164  
level pass-through entity for each day during the upper level 1165  
pass-through entity's calendar or fiscal year in which or with 1166  
which ends the lower level pass-through entity's calendar or 1167  
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 1168  
shall be construed to provide for any deduction or exclusion in 1169  
computing any trust's Ohio taxable income. 1170

(b) With respect to a trust that is not a resident for the 1171  
taxable year and with respect to a part of a trust that is not a 1172  
resident for the taxable year, "qualifying investee" for that 1173  
taxable year does not include a C corporation if both of the 1174  
following apply: 1175

(i) During the taxable year the trust or part of the trust 1176  
recognizes a gain or loss from the sale, exchange, or other 1177  
disposition of equity or ownership interests in, or debt 1178  
obligations of, the C corporation. 1179

(ii) Such gain or loss constitutes nonbusiness income. 1180

(6) "Available" means information is such that a person is 1181  
able to learn of the information by the due date plus 1182  
extensions, if any, for filing the return for the taxable year 1183  
in which the trust recognizes the gain or loss. 1184

(BB) "Qualifying controlled group" has the same meaning as 1185  
in section 5733.04 of the Revised Code. 1186

(CC) "Related member" has the same meaning as in section 1187  
5733.042 of the Revised Code. 1188

(DD) (1) For the purposes of division (DD) of this section: 1189

(a) "Qualifying person" means any person other than a 1190  
qualifying corporation. 1191

(b) "Qualifying corporation" means any person classified 1192  
for federal income tax purposes as an association taxable as a 1193  
corporation, except either of the following: 1194

(i) A corporation that has made an election under 1195  
subchapter S, chapter one, subtitle A, of the Internal Revenue 1196  
Code for its taxable year ending within, or on the last day of, 1197  
the investor's taxable year; 1198

(ii) A subsidiary that is wholly owned by any corporation 1199  
that has made an election under subchapter S, chapter one, 1200  
subtitle A of the Internal Revenue Code for its taxable year 1201  
ending within, or on the last day of, the investor's taxable 1202  
year. 1203

(2) For the purposes of this chapter, unless expressly 1204  
stated otherwise, no qualifying person indirectly owns any asset 1205  
directly or indirectly owned by any qualifying corporation. 1206

(EE) For purposes of this chapter and Chapter 5751. of the 1207  
Revised Code: 1208

(1) "Trust" does not include a qualified pre-income tax 1209  
trust. 1210

(2) A "qualified pre-income tax trust" is any pre-income 1211  
tax trust that makes a qualifying pre-income tax trust election 1212  
as described in division (EE)(3) of this section. 1213

(3) A "qualifying pre-income tax trust election" is an 1214  
election by a pre-income tax trust to subject to the tax imposed 1215  
by section 5751.02 of the Revised Code the pre-income tax trust 1216  
and all pass-through entities of which the trust owns or 1217  
controls, directly, indirectly, or constructively through 1218  
related interests, five per cent or more of the ownership or 1219  
equity interests. The trustee shall notify the tax commissioner 1220

in writing of the election on or before April 15, 2006. The 1221  
election, if timely made, shall be effective on and after 1222  
January 1, 2006, and shall apply for all tax periods and tax 1223  
years until revoked by the trustee of the trust. 1224

(4) A "pre-income tax trust" is a trust that satisfies all 1225  
of the following requirements: 1226

(a) The document or instrument creating the trust was 1227  
executed by the grantor before January 1, 1972; 1228

(b) The trust became irrevocable upon the creation of the 1229  
trust; and 1230

(c) The grantor was domiciled in this state at the time 1231  
the trust was created. 1232

(FF) "Uniformed services" means all of the following: 1233

(1) "Armed forces of the United States" as defined in 1234  
section 5907.01 of the Revised Code; 1235

(2) The commissioned corps of the national oceanic and 1236  
atmospheric administration; 1237

(3) The commissioned corps of the public health service. 1238

(GG) "Taxable business income" means the amount by which 1239  
an individual's business income that is included in federal 1240  
adjusted gross income exceeds the amount of business income the 1241  
individual is authorized to deduct under division (A) (28) of 1242  
this section for the taxable year. 1243

(HH) "Employer" does not include a franchisor with respect 1244  
to the franchisor's relationship with a franchisee or an 1245  
employee of a franchisee, unless the franchisor agrees to assume 1246  
that role in writing or a court of competent jurisdiction 1247

determines that the franchisor exercises a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademark, brand, or both. For purposes of this division, "franchisor" and "franchisee" have the same meanings as in 16 C.F.R. 436.1.

(II) "Modified adjusted gross income" means Ohio adjusted gross income plus any amount deducted under divisions (A) (28) and (34) of this section for the taxable year.

(JJ) "Qualifying Ohio educator" means an individual who, for a taxable year, qualifies as an eligible educator, as that term is defined in section 62 of the Internal Revenue Code, and who holds a certificate, license, or permit described in Chapter 3319. or section 3301.071 of the Revised Code.

(KK) "Professional employer organization," "professional employer organization agreement," and "professional employer organization reporting entity" have the same meanings as in section 4125.01 of the Revised Code.

(LL) "Alternate employer organization" and "alternate employer organization agreement" have the same meanings as in section 4133.01 of the Revised Code.

(MM) "Casino gaming" has the same meaning as in section 3772.01 of the Revised Code, "lottery sports gaming" has the same meaning as in section 3770.23 of the Revised Code, "sports gaming" has the same meaning as in section 3775.01 of the Revised Code, and "video lottery terminal" has the same meaning as in section 3770.21 of the Revised Code.

**Section 2.** That existing section 5747.01 of the Revised Code is hereby repealed.

**Section 3.** On July 1, 2026, or as soon as possible 1277  
thereafter, the Director of Children and Youth shall certify to 1278  
the Director of Budget and Management the amount necessary to 1279  
fund start-up, public awareness, and application and eligibility 1280  
determination costs during fiscal year 2027 for the At-Home 1281  
Infant Care Program established in section 5180.23 of the 1282  
Revised Code. The amount certified is hereby appropriated. 1283

**Section 4.** This act shall be known as the At-Home Infant 1284  
Care Program Act. 1285