

As Introduced

**136th General Assembly
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H. B. No. 844

**Representatives Click, Mathews, T.
Cosponsor: Representative Mullins**

To amend sections 107.036 and 5747.98 and to enact 1
sections 122.863 and 5747.88 of the Revised Code 2
to authorize an income tax credit for businesses 3
that make qualifying technology investments. 4

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

Section 1. That sections 107.036 and 5747.98 be amended 5
and sections 122.863 and 5747.88 of the Revised Code be enacted 6
to read as follows: 7

Sec. 107.036. (A) For each business incentive tax credit, 8
the main operating appropriations act shall contain a detailed 9
estimate of the total amount of credits that may be authorized 10
in each year, an estimate of the amount of credits expected to 11
be claimed in each year, and an estimate of the amount of 12
credits expected to remain outstanding at the end of the 13
biennium. The governor shall include such estimates in the state 14
budget submitted to the general assembly pursuant to section 15
107.03 of the Revised Code. 16

(B) As used in this section, "business incentive tax 17
credit" means all of the following: 18

(1) The job creation tax credit under section 122.17 of 19

the Revised Code;	20
(2) The job retention tax credit under section 122.171 of the Revised Code;	21 22
(3) The historic preservation tax credit under section 149.311 of the Revised Code;	23 24
(4) The motion picture and Broadway theatrical production tax credit under section 122.85 of the Revised Code;	25 26
(5) The new markets tax credit under section 5725.33 of the Revised Code;	27 28
(6) The research and development credit under section 166.21 of the Revised Code;	29 30
(7) The small business investment credit under section 122.86 of the Revised Code;	31 32
(8) The rural growth investment credit under section 122.152 of the Revised Code;	33 34
(9) The opportunity zone investment credit under section 122.84 of the Revised Code;	35 36
(10) The transformational mixed use development credit under section 122.09 of the Revised Code;	37 38
<u>(11) The business technology investment credit under section 122.863 of the Revised Code.</u>	39 40
<u>Sec. 122.863.</u> (A) <u>As used in this section:</u>	41
<u>(1) "Eligible business" means a business that is independently owned and operated, that employs fewer than fifty employees, and that maintains its principal place of business in this state.</u>	42 43 44 45

(2) "Eligible technology investment" means expenditures 46
for the purchase and implementation of specific technologies 47
that directly support core business operations, transactions, 48
compliance, inventory, labor management, or data security. An 49
"eligible technology investment" is limited to the hardware, 50
software, and installation costs directly associated with such 51
technologies, including electronic shelf labels, point-of-sale 52
systems, inventory management software, pricing and labeling 53
systems, accounting and payroll software, customer relationship 54
management software, e-commerce and order management systems, 55
workforce scheduling and timekeeping systems, data backup and 56
recovery systems, and cybersecurity hardware or software. 57

(3) "Distressed area" has the same meaning as in section 58
122.16 of the Revised Code. 59

(4) "Veteran" has the same meaning as in section 122.925 60
of the Revised Code. 61

(B) The director of development shall establish a business 62
technology investment tax credit program to encourage 63
modernization and competitiveness among the state's small 64
businesses. An eligible business that makes an eligible 65
technology investment may apply to the director of development 66
to obtain a business technology investment tax credit 67
certificate. The director shall prescribe the form or manner in 68
which an applicant shall apply for the certificate, devise the 69
form of the certificate, and prescribe any records or other 70
information an applicant shall furnish with the application to 71
evidence the eligible technology investment. 72

Subject to division (C) of this section, the director 73
shall award business technology investment certificates to 74
eligible businesses in the order in which the director receives 75

applications, provided that the director shall reserve at least 76
ten per cent of the certificates available each fiscal year for 77
businesses that are either located in a distressed area or that 78
are owned, in whole or in part, by a veteran. An application is 79
complete when the director has validated that an eligible 80
business has made an eligible technology investment and receives 81
all required documentation needed to demonstrate the eligible 82
business satisfies the requirements of division (A) (1) of this 83
section. 84

(C) (1) Subject to division (C) (2) of this section, if the 85
director determines that an applicant qualifies for a credit 86
under this section, the director shall issue, within sixty days 87
after receipt of the application, a tax credit certificate to 88
the applicant. The certificate shall identify the applicant with 89
a unique number and shall list the amount of credit eligible to 90
be claimed, which shall equal thirty per cent of the eligible 91
technology investment but which shall not exceed seventy-five 92
thousand dollars. 93

(2) The total amount of tax credit certificates issued by 94
the director in each fiscal year shall not exceed twenty million 95
dollars. 96

(D) The director shall not issue more than one business 97
technology investment tax credit certificate to any eligible 98
business under this section. 99

(E) On or before the first day of September each year, the 100
director of development shall submit a report to the governor 101
and, in accordance with section 101.68 of the Revised Code, the 102
general assembly on the tax credit program authorized under this 103
section. The report shall include information on the number, 104
type, and geographic distribution of businesses awarded credit 105

certificates in the preceding fiscal year, the total value of 106
eligible technology investments upon which those credits were 107
based, and any documented outcomes related to productivity, job 108
creation, or cost savings. In the report, the director shall 109
also provide recommendations regarding the tax credit program's 110
continuation or modification. 111

(F) The director may adopt rules in accordance with 112
Chapter 119. of the Revised Code as necessary to administer this 113
section. 114

Sec. 5747.88. There is allowed a nonrefundable credit 115
against a taxpayer's aggregate tax liability under section 116
5747.02 of the Revised Code for a taxpayer to whom a business 117
technology investment tax credit certificate is issued under 118
section 122.863 of the Revised Code. The credit equals the 119
amount listed on the certificate and shall be claimed for the 120
taxable year in which the certificate was issued. 121

The credit shall be claimed in the order required under 122
section 5747.98 of the Revised Code. If the credit exceeds the 123
aggregate amount of tax otherwise due for the taxable year, the 124
excess may be carried forward and applied against the tax due 125
for not more than two succeeding taxable years, provided that 126
the amount applied to the tax due for any taxable year shall be 127
subtracted from the amount available to carry forward to 128
succeeding years. 129

Nothing in this section limits or disallows pass-through 130
treatment of the credit if the tax credit certificate has been 131
issued to a pass-through entity. 132

Sec. 5747.98. (A) To provide a uniform procedure for 133
calculating a taxpayer's aggregate tax liability under section 134

5747.02 of the Revised Code, a taxpayer shall claim any credits	135
to which the taxpayer is entitled in the following order:	136
Either the retirement income credit under division (B) of	137
section 5747.055 of the Revised Code or the lump sum retirement	138
income credits under divisions (C), (D), and (E) of that	139
section;	140
Either the senior citizen credit under division (F) of	141
section 5747.055 of the Revised Code or the lump sum	142
distribution credit under division (G) of that section;	143
The dependent care credit under section 5747.054 of the	144
Revised Code;	145
The credit for displaced workers who pay for job training	146
under section 5747.27 of the Revised Code;	147
The twenty-dollar personal exemption credit under section	148
5747.022 of the Revised Code;	149
The joint filing credit under division (E) of section	150
5747.05 of the Revised Code;	151
The earned income credit under section 5747.71 of the	152
Revised Code;	153
The nonrefundable credit for education expenses under	154
section 5747.72 of the Revised Code;	155
The nonrefundable credit for donations to scholarship	156
granting organizations under section 5747.73 of the Revised	157
Code;	158
The nonrefundable credit for tuition paid to a	159
nonchartered nonpublic school under section 5747.75 of the	160
Revised Code;	161

The nonrefundable vocational job credit under section 5747.057 of the Revised Code;	162 163
<u>The nonrefundable credit for business technology investment tax credit certificate holders under section 5747.88 of the Revised Code;</u>	164 165 166
The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	167 168
The enterprise zone credit under section 5709.66 of the Revised Code;	169 170
The credit for beginning farmers who participate in a financial management program under division (B) of section 5747.77 of the Revised Code;	171 172 173
The credit for commercial vehicle operator training expenses under section 5747.82 of the Revised Code;	174 175
The nonrefundable welcome home Ohio (WHO) program credit under section 122.633 of the Revised Code;	176 177
The nonrefundable credit for transformational mixed use development tax credit certificate holders under section 5747.87 of the Revised Code;	178 179 180
The credit for selling or renting agricultural assets to beginning farmers under division (A) of section 5747.77 of the Revised Code;	181 182 183
The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	184 185
The small business investment credit under section 5747.81 of the Revised Code;	186 187
The nonrefundable lead abatement credit under section	188

5747.26 of the Revised Code;	189
The opportunity zone investment credit under section	190
5747.86 of the Revised Code;	191
The enterprise zone credits under section 5709.65 of the	192
Revised Code;	193
The research and development credit under section 5747.331	194
of the Revised Code;	195
The credit for rehabilitating a historic building under	196
section 5747.76 of the Revised Code;	197
The nonrefundable Ohio low-income housing tax credit under	198
section 5747.83 of the Revised Code;	199
The nonrefundable affordable single-family home credit	200
under section 5747.84 of the Revised Code;	201
The nonresident credit under division (A) of section	202
5747.05 of the Revised Code;	203
The credit for a resident's out-of-state income under	204
division (B) of section 5747.05 of the Revised Code;	205
The refundable motion picture and Broadway theatrical	206
production credit under section 5747.66 of the Revised Code;	207
The refundable jobs creation credit or job retention	208
credit under division (A) of section 5747.058 of the Revised	209
Code;	210
The refundable credit for taxes paid by a qualifying	211
entity granted under section 5747.059 of the Revised Code;	212
The refundable credits for taxes paid by a qualifying	213
pass-through entity granted under division (I) of section	214
5747.08 of the Revised Code;	215

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;	216 217 218
The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	219 220
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.	221 222 223
(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.	224 225 226 227 228 229 230 231 232 233 234
Section 2. That existing sections 107.036 and 5747.98 of the Revised Code are hereby repealed.	235 236