

As Introduced

136th General Assembly

Regular Session

2025-2026

H. B. No. 854

Representatives Abdullahi, Rader

Cosponsors: Representatives Lett, Cockley, Piccolantonio, Synenberg

To amend sections 319.202, 319.54, 5747.02, 1
5747.03, and 5747.07 and to enact section 2
3345.012 of the Revised Code to provide a state- 3
subsidized, tuition-free public higher education 4
to Ohio students and to increase and levy taxes 5
to fund that subsidy. 6

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

Section 1. That sections 319.202, 319.54, 5747.02, 7
5747.03, and 5747.07 be amended and section 3345.012 of the 8
Revised Code be enacted to read as follows: 9

Sec. 319.202. Before the county auditor indorses any real 10
property conveyance or manufactured or mobile home conveyance 11
presented to the auditor pursuant to section 319.20 of the 12
Revised Code or registers any manufactured or mobile home 13
conveyance pursuant to section 4503.061 of the Revised Code, the 14
grantee or the grantee's representative shall submit, either 15
electronically or three written copies of, a statement, in the 16
form prescribed by the tax commissioner, and other information 17
as the county auditor may require, declaring the value of real 18
property or manufactured or mobile home conveyed, except that 19
when the transfer is exempt under division (G) (3) of section 20

319.54 of the Revised Code only a statement of the reason for 21
the exemption shall be required. Each statement submitted under 22
this section shall contain the information required under 23
divisions (A) and (B) of this section. 24

(A) Each statement submitted under this section shall 25
either: 26

(1) Contain an affirmation by the grantee that the grantor 27
has been asked by the grantee or the grantee's representative 28
whether to the best of the grantor's knowledge either the 29
preceding or the current year's taxes on the real property or 30
the current or following year's taxes on the manufactured or 31
mobile home conveyed will be reduced under division (A) of 32
section 323.152 or under section 4503.065 of the Revised Code 33
and that the grantor indicated that to the best of the grantor's 34
knowledge the taxes will not be so reduced; or 35

(2) Be accompanied by a sworn or affirmed instrument 36
stating: 37

(a) To the best of the grantor's knowledge the real 38
property or the manufactured or mobile home that is the subject 39
of the conveyance is eligible for and will receive a reduction 40
in taxes for or payable in the current year under division (A) 41
of section 323.152 or under section 4503.065 of the Revised Code 42
and that the reduction or reductions will be reflected in the 43
grantee's taxes; 44

(b) The estimated amount of such reductions that will be 45
reflected in the grantee's taxes; 46

(c) That the grantor and the grantee have considered and 47
accounted for the total estimated amount of such reductions to 48
the satisfaction of both the grantee and the grantor. The 49

auditor shall indorse the instrument, return it to the grantee 50
or the grantee's representative, and provide a copy of the 51
indorsed instrument to the grantor or the grantor's 52
representative. 53

(B) Each statement submitted under this section shall 54
either: 55

(1) Contain an affirmation by the grantee that the grantor 56
has been asked by the grantee or the grantee's representative 57
whether to the best of the grantor's knowledge the real property 58
conveyed qualified for the current agricultural use valuation 59
under section 5713.30 of the Revised Code either for the 60
preceding or the current year and that the grantor indicated 61
that to the best of the grantor's knowledge the property 62
conveyed was not so qualified; or 63

(2) Be accompanied by a sworn or affirmed instrument 64
stating: 65

(a) To the best of the grantor's knowledge the real 66
property conveyed was qualified for the current agricultural use 67
valuation under section 5713.30 of the Revised Code either for 68
the preceding or the current year; 69

(b) To the extent that the property will not continue to 70
qualify for the current agricultural use valuation either for 71
the current or the succeeding year, that the property will be 72
subject to a recoupment charge equal to the tax savings in 73
accordance with section 5713.34 of the Revised Code; 74

(c) That the grantor and the grantee have considered and 75
accounted for the total estimated amount of such recoupment, if 76
any, to the satisfaction of both the grantee and the grantor. 77
The auditor shall indorse the instrument, forward it to the 78

grantee or the grantee's representative, and provide a copy of 79
the indorsed instrument to the grantor or the grantor's 80
representative. 81

(C) The grantor shall pay the fee required by ~~division~~ 82
divisions (G) (3) and (5) of section 319.54 of the Revised Code; 83
and, in the event the board of county commissioners of the 84
county has levied a real property or a manufactured home 85
transfer tax pursuant to Chapter 322. of the Revised Code, the 86
amount required by the real property or manufactured home 87
transfer tax so levied. If the conveyance is exempt from the fee 88
provided for in ~~division~~divisions (G) (3) and (5) of section 89
319.54 of the Revised Code and the tax, if any, levied pursuant 90
to Chapter 322. of the Revised Code, the reason for such 91
exemption shall be shown on the statement. "Value" means, in the 92
case of any deed or certificate of title not a gift in whole or 93
part, the amount of the full consideration therefor, paid or to 94
be paid for the real estate or manufactured or mobile home 95
described in the deed or title, including the amount of any 96
mortgage or vendor's lien thereon. If property sold under a land 97
installment contract is conveyed by the seller under such 98
contract to a third party and the contract has been of record at 99
least twelve months prior to the date of conveyance, "value" 100
means the unpaid balance owed to the seller under the contract 101
at the time of the conveyance, but the statement shall set forth 102
the amount paid under such contract prior to the date of 103
conveyance. In the case of a gift in whole or part, "value" 104
means the estimated price the real estate or manufactured or 105
mobile home described in the deed or certificate of title would 106
bring in the open market and under the then existing and 107
prevailing market conditions in a sale between a willing seller 108
and a willing buyer, both conversant with the property and with 109

prevailing general price levels. No person shall willfully 110
falsify the value of property conveyed. 111

(D) The auditor shall indorse each conveyance on its face 112
to indicate the amount of the conveyance fee and compliance with 113
this section and if the property is residential rental property 114
include a statement that the grantee shall file with the county 115
auditor the information required under division (A) or (C) of 116
section 5323.02 of the Revised Code. The auditor shall retain 117
the original copy of the statement of value, forward to the tax 118
commissioner one copy on which shall be noted the most recent 119
assessed value of the property, and furnish one copy to the 120
grantee or the grantee's representative. 121

(E) In order to achieve uniform administration and 122
collection of the transfer fee required by ~~division~~ divisions 123
(G) (3) and (5) of section 319.54 of the Revised Code, the tax 124
commissioner shall adopt and promulgate rules for the 125
administration and enforcement of the levy and collection of 126
such ~~fees~~ fees. 127

(F) As used in this section, "residential rental property" 128
has the same meaning as in section 5323.01 of the Revised Code. 129

Sec. 319.54. (A) On all moneys collected by the county 130
treasurer on any tax duplicate of the county, other than estate 131
tax duplicates, on all property tax relief reimbursements paid 132
to the county under sections 323.156 and 4503.068 and divisions 133
(F) and (I) of section 321.24 of the Revised Code, and on all 134
moneys received as advance payments of personal property and 135
classified property taxes, the county auditor, on settlement 136
with the treasurer and tax commissioner, on or before the date 137
prescribed by law for such settlement or any lawful extension of 138
such date, shall be allowed as compensation for the county 139

auditor's services the following percentages:	140
(1) On the first one hundred thousand dollars, two and one-half per cent;	141 142
(2) On the next two million dollars, eight thousand three hundred eighteen ten-thousandths of one per cent;	143 144
(3) On the next two million dollars, six thousand six hundred fifty-five ten-thousandths of one per cent;	145 146
(4) On all further sums, one thousand six hundred sixty-three ten-thousandths of one per cent.	147 148
If any settlement is not made on or before the date prescribed by law for such settlement or any lawful extension of such date, the aggregate compensation allowed to the auditor shall be reduced one per cent for each day such settlement is delayed after the prescribed date. No penalty shall apply if the auditor and treasurer grant all requests for advances up to ninety per cent of the settlement pursuant to section 321.34 of the Revised Code. The compensation allowed in accordance with this section on settlements made before the dates prescribed by law, or the reduced compensation allowed in accordance with this section on settlements made after the date prescribed by law or any lawful extension of such date, shall be apportioned ratably by the auditor and deducted from the shares or portions of the revenue payable to the state as well as to the county, townships, municipal corporations, and school districts.	149 150 151 152 153 154 155 156 157 158 159 160 161 162 163
(B) For the purpose of reimbursing county auditors for the expenses associated with the increased number of applications for reductions in real property taxes under sections 323.152 and 4503.065 of the Revised Code that result from the amendment of those sections by Am. Sub. H.B. 119 of the 127th general	164 165 166 167 168

assembly, there shall be paid from the state's general revenue 169
fund to the county treasury, to the credit of the real estate 170
assessment fund created by section 325.31 of the Revised Code, 171
an amount equal to one per cent of the total annual amount of 172
property tax relief reimbursement paid to that county under 173
sections 323.156 and 4503.068 of the Revised Code for the 174
preceding tax year. Payments made under this division shall be 175
made at the same times and in the same manner as payments made 176
under section 323.156 of the Revised Code. 177

(C) From all moneys collected by the county treasurer on 178
any tax duplicate of the county, other than estate tax 179
duplicates, on all property tax relief reimbursements paid to 180
the county under sections 323.156 and 4503.068 and divisions (F) 181
and (I) of section 321.24 of the Revised Code, and on all moneys 182
received as advance payments of personal property and classified 183
property taxes, there shall be paid into the county treasury to 184
the credit of the real estate assessment fund created by section 185
325.31 of the Revised Code, an amount to be determined by the 186
county auditor, which shall not exceed the percentages 187
prescribed in divisions (C) (1) and (2) of this section. 188

(1) For payments made after June 30, 2007, and before 189
2011, the following percentages: 190

(a) On the first five hundred thousand dollars, four per 191
cent; 192

(b) On the next five million dollars, two per cent; 193

(c) On the next five million dollars, one per cent; 194

(d) On all further sums not exceeding one hundred fifty 195
million dollars, three-quarters of one per cent; 196

(e) On amounts exceeding one hundred fifty million 197

dollars, five hundred eighty-five thousandths of one per cent.	198
(2) For payments made in or after 2011, the following percentages:	199
(a) On the first five hundred thousand dollars, four per cent;	200
(b) On the next ten million dollars, two per cent;	201
(c) On amounts exceeding ten million five hundred thousand dollars, three-fourths of one per cent.	202
Such compensation shall be apportioned ratably by the auditor and deducted from the shares or portions of the revenue payable to the state as well as to the county, townships, municipal corporations, and school districts.	203
(D) Each county auditor shall receive four per cent of the amount of tax collected and paid into the county treasury, on property omitted and placed by the county auditor on the tax duplicate.	204
(E) On all estate tax moneys collected by the county treasurer, the county auditor, on settlement annually with the tax commissioner, shall be allowed, as compensation for the auditor's services under Chapter 5731. of the Revised Code, two per cent of the amount collected and reported that year in excess of refunds distributed, for the use of the general fund of the county.	205
(F) On all cigarette license moneys collected by the county treasurer, the county auditor, on settlement semiannually with the treasurer, shall be allowed as compensation for the auditor's services in the issuing of such licenses one-half of one per cent of such moneys, to be apportioned ratably and	206
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deducted from the shares of the revenue payable to the county	226
and subdivisions, for the use of the general fund of the county.	227
(G) The county auditor shall charge and receive fees as follows:	228
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(1) For deeds of land sold for taxes to be paid by the purchaser, five dollars;	230
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(2) For the transfer or entry of land, lot, or part of lot, or the transfer or entry on or after January 1, 2000, of a used manufactured home or mobile home as defined in section 5739.0210 of the Revised Code, fifty cents for each transfer or entry, to be paid by the person requiring it;	232
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(3) For receiving statements of value and administering section 319.202 of the Revised Code, one dollar, or ten cents for each one hundred dollars or fraction of one hundred dollars, whichever is greater, of the value of the real property transferred or, for sales occurring on or after January 1, 2000, the value of the used manufactured home or used mobile home, as defined in section 5739.0210 of the Revised Code, transferred, except no fee shall be charged when the transfer is made:	237
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(a) To or from the United States, this state, or any instrumentality, agency, or political subdivision of the United States or this state;	245
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(b) Solely in order to provide or release security for a debt or obligation;	248
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(c) To confirm or correct a deed previously executed and recorded, or when a current owner is changing the current owner name listed on any record made available to the general public on the internet, or a publicly accessible database, and the general tax list of real and public utility property, and the	250
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general duplicate of real and public utility property, to the	255
initials of the current owner as prescribed in division (C) (1)	256
of section 319.28 of the Revised Code;	257
(d) To evidence a gift, in trust or otherwise and whether	258
revocable or irrevocable, between husband and wife, or parent	259
and child or the spouse of either;	260
(e) On sale for delinquent taxes or assessments;	261
(f) Pursuant to court order, to the extent that such	262
transfer is not the result of a sale effected or completed	263
pursuant to such order;	264
(g) Pursuant to a reorganization of corporations or	265
unincorporated associations or pursuant to the dissolution of a	266
corporation, to the extent that the corporation conveys the	267
property to a stockholder as a distribution in kind of the	268
corporation's assets in exchange for the stockholder's shares in	269
the dissolved corporation;	270
(h) By a subsidiary corporation to its parent corporation	271
for no consideration, nominal consideration, or in sole	272
consideration of the cancellation or surrender of the	273
subsidiary's stock;	274
(i) By lease, whether or not it extends to mineral or	275
mineral rights, unless the lease is for a term of years	276
renewable forever;	277
(j) When the value of the real property or the	278
manufactured or mobile home or the value of the interest that is	279
conveyed does not exceed one hundred dollars;	280
(k) Of an occupied residential property, including a	281
manufactured or mobile home, being transferred to the builder of	282

a new residence or to the dealer of a new manufactured or mobile home when the former residence is traded as part of the consideration for the new residence or new manufactured or mobile home;	283 284 285 286
(l) To a grantee other than a dealer in real property or in manufactured or mobile homes, solely for the purpose of, and as a step in, the prompt sale of the real property or manufactured or mobile home to others;	287 288 289 290
(m) To or from a person when no money or other valuable and tangible consideration readily convertible into money is paid or to be paid for the real estate or manufactured or mobile home and the transaction is not a gift;	291 292 293 294
(n) Pursuant to division (B) of section 317.22 of the Revised Code, or section 2113.61 of the Revised Code, between spouses or to a surviving spouse pursuant to section 5302.17 of the Revised Code as it existed prior to April 4, 1985, between persons pursuant to section 5302.17 or 5302.18 of the Revised Code on or after April 4, 1985, to a person who is a surviving, survivorship tenant pursuant to section 5302.17 of the Revised Code on or after April 4, 1985, or pursuant to section 5309.45 of the Revised Code;	295 296 297 298 299 300 301 302 303
(o) To a trustee acting on behalf of minor children of the deceased;	304 305
(p) Of an easement or right-of-way when the value of the interest conveyed does not exceed one thousand dollars;	306 307
(q) Of property sold to a surviving spouse pursuant to section 2106.16 of the Revised Code;	308 309
(r) To or from an organization exempt from federal income taxation under section 501(c)(3) of the "Internal Revenue Code	310 311

of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended, provided 312
such transfer is without consideration and is in furtherance of 313
the charitable or public purposes of such organization; 314

(s) Among the heirs at law or devisees, including a 315
surviving spouse, of a common decedent, when no consideration in 316
money is paid or to be paid for the real property or 317
manufactured or mobile home; 318

(t) To a trustee of a trust, when the grantor of the trust 319
has reserved an unlimited power to revoke the trust; 320

(u) To the grantor of a trust by a trustee of the trust, 321
when the transfer is made to the grantor pursuant to the 322
exercise of the grantor's power to revoke the trust or to 323
withdraw trust assets; 324

(v) To the beneficiaries of a trust if the fee was paid on 325
the transfer from the grantor of the trust to the trustee or if 326
the transfer is made pursuant to trust provisions which became 327
irrevocable at the death of the grantor; 328

(w) To a corporation for incorporation into a sports 329
facility constructed pursuant to section 307.696 of the Revised 330
Code; 331

(x) Between persons pursuant to section 5302.18 of the 332
Revised Code; 333

(y) From a county land reutilization corporation organized 334
under Chapter 1724. of the Revised Code, or its wholly owned 335
subsidiary, to a third party. 336

(4) For the cost of publishing the delinquent manufactured 337
home tax list, the delinquent tax list, and the delinquent 338
vacant land tax list, a flat fee, as determined by the county 339

auditor, to be charged to the owner of a home on the delinquent 340
manufactured home tax list or the property owner of land on the 341
delinquent tax list or the delinquent vacant land tax list. 342

(5) For the purpose of subsidizing college and university 343
tuition, a fee equal to one per cent of the value of the real 344
property transferred on or after the effective date of this 345
amendment that is classified as to use as residential property, 346
provided that the value of the property exceeds two million 347
dollars. No such fee shall be charged when the transfer is made 348
under any of the circumstances described in divisions (G) (3) (a) 349
to (y) of this section. 350

(H) The auditor shall compute and collect the ~~feefees~~. The 351
auditor shall maintain a numbered receipt system, as prescribed 352
by the tax commissioner, and use such receipt system to provide 353
a receipt to each person paying a fee. The auditor shall deposit 354
the receipts of the fees on conveyances in the county treasury 355
daily to the credit of the general fund of the county, except 356
~~that fees as follows:~~ 357

(1) Fees charged and received under division (G) (3) of 358
this section for a transfer of real property to a county land 359
reutilization corporation shall be credited to the county land 360
reutilization corporation fund established under section 321.263 361
of the Revised Code. 362

(2) Fees charged and received under division (G) (5) of 363
this section shall be remitted to the treasurer of state and 364
credited to the Ohio free college fund created in section 365
3345.012 of the Revised Code. 366

The real property transfer fee provided for in division 367
(G) (3) of this section shall be applicable to any conveyance of 368

real property presented to the auditor on or after January 1, 369
1968, regardless of its time of execution or delivery. 370

The transfer fee for a used manufactured home or used 371
mobile home shall be computed by and paid to the county auditor 372
of the county in which the home is located immediately prior to 373
the transfer. 374

Sec. 3345.012. As used in this section, "state institution 375
of higher education" has the same meaning as in section 3345.011 376
of the Revised Code. 377

Notwithstanding any provision of law to the contrary, 378
beginning with the academic year immediately following the 379
effective date of this section, no state institution of higher 380
education shall charge instructional, general, or special fees 381
to a student who is a resident of this state under rules adopted 382
under section 3333.31 of the Revised Code. Each state 383
institution shall provide a free higher education to any such 384
student it accepts for enrollment for the equivalent of eight 385
semesters. 386

The chancellor of higher education shall develop a method 387
to distribute to state institutions annually the funds 388
appropriated by the general assembly to subsidize the costs 389
incurred under this section. 390

The Ohio free college fund is established in the state 391
treasury, consisting of such amounts designated for the purposes 392
of the fund by the general assembly. The fund shall be 393
administered by the chancellor and be used to distribute funds 394
under this section. The fund also may be used by the chancellor 395
to cover the costs of administering this section. 396

The chancellor shall adopt rules to implement this 397

section. 398

Sec. 5747.02. (A) For the purpose of providing revenue for 399
the support of schools and local government functions, to 400
provide relief to property taxpayers, to provide revenue for the 401
general revenue fund, and to meet the expenses of administering 402
the tax levied by this chapter, there is hereby levied on every 403
individual, trust, and estate residing in or earning or 404
receiving income in this state, on every individual, trust, and 405
estate earning or receiving lottery winnings, prizes, or awards 406
pursuant to Chapter 3770. of the Revised Code, on every 407
individual, trust, and estate earning or receiving winnings on 408
casino or sports gaming, and on every individual, trust, and 409
estate otherwise having nexus with or in this state under the 410
Constitution of the United States, an annual tax measured as 411
prescribed in divisions (A) (1) to (4) of this section. 412

(1) In the case of trusts, the tax imposed by this section 413
shall be measured by modified Ohio taxable income under division 414
(D) of this section and levied in the same amount as the tax is 415
imposed on estates as prescribed in division (A) (2) of this 416
section. 417

(2) In the case of estates, the tax imposed by this 418
section shall be measured by Ohio taxable income. The tax shall 419
be levied at the rate of 1.38462% for the first twenty-six 420
thousand fifty dollars of such income and, for income in excess 421
of that amount, the tax shall be levied at the same rates 422
prescribed in division (A) (3) of this section for individuals. 423

(3) In the case of individuals, the tax imposed by this 424
section on income other than taxable business income shall be 425
measured by Ohio adjusted gross income, less taxable business 426
income and less an exemption for the taxpayer, the taxpayer's 427

spouse, and each dependent as provided in section 5747.025 of 428
the Revised Code. If the balance thus obtained is equal to or 429
less than twenty-six thousand fifty dollars, no tax shall be 430
imposed on that balance. If the balance thus obtained is greater 431
than twenty-six thousand fifty dollars, the tax is hereby levied 432
as follows: 433

(a) For taxable years beginning in 2023: 434
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| A | OHIO ADJUSTED GROSS INCOME LESS TAX
TAXABLE BUSINESS INCOME AND EXEMPTIONS
(INDIVIDUALS) OR MODIFIED OHIO TAXABLE
INCOME (TRUSTS) OR OHIO TAXABLE INCOME
(ESTATES) | |
| B | More than \$26,050 but not more than
\$100,000 | \$360.69 plus 2.75% of the
amount in excess of \$26,050 |
| C | More than \$100,000 but not more than
\$115,300 | \$2,394.32 plus 3.688% of the
amount in excess of \$100,000 |
| D | More than \$115,300 | \$2,958.58 plus 3.75% of the
amount in excess of \$115,300 |

(b) For taxable years beginning in 2024 and thereafter: 436

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|---|---|--|
| A | OHIO ADJUSTED GROSS INCOME LESS TAXABLE TAX
BUSINESS INCOME AND EXEMPTIONS | |
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(INDIVIDUALS) OR MODIFIED OHIO TAXABLE
INCOME (TRUSTS) OR OHIO TAXABLE INCOME
(ESTATES)

B	More than \$26,050 but not more than \$100,000	\$360.69 plus 2.75% of the amount in excess of \$26,050
C	More than \$100,000	\$2,394.32 plus 3.5% of the amount in excess of \$100,000

(4) (a) In the case of individuals, the tax imposed by this section on taxable business income shall equal three per cent of the result obtained by subtracting any amount allowed under division (A) (4) (b) of this section from the individual's taxable business income.

(b) If the exemptions allowed to an individual under division (A) (3) of this section exceed the taxpayer's Ohio adjusted gross income less taxable business income, the excess shall be deducted from taxable business income before computing the tax under division (A) (4) (a) of this section.

(5) Except as otherwise provided in this division, in August of each year, the tax commissioner shall make a new adjustment to the income amounts prescribed in divisions (A) (2) and (3) of this section by multiplying the percentage increase in the gross domestic product deflator computed that year under section 5747.025 of the Revised Code by each of the income amounts resulting from the adjustment under this division in the preceding year, adding the resulting product to the corresponding income amount resulting from the adjustment in the

preceding year, and rounding the resulting sum to the nearest 458
multiple of fifty dollars. The tax commissioner also shall 459
recompute each of the tax dollar amounts to the extent necessary 460
to reflect the new adjustment of the income amounts. To 461
recompute the tax dollar amount corresponding to the lowest tax 462
rate in division (A) (3) of this section, the commissioner shall 463
multiply the tax rate prescribed in division (A) (2) of this 464
section by the income amount specified in that division and as 465
adjusted according to this paragraph. The rates of taxation 466
shall not be adjusted. 467

The adjusted amounts apply to taxable years beginning in 468
the calendar year in which the adjustments are made and to 469
taxable years beginning in each ensuing calendar year until a 470
calendar year in which a new adjustment is made pursuant to this 471
division. The tax commissioner shall not make a new adjustment 472
in any year in which the amount resulting from the adjustment 473
would be less than the amount resulting from the adjustment in 474
the preceding year. 475

(B) If the director of budget and management makes a 476
certification to the tax commissioner under division (B) of 477
section 131.44 of the Revised Code, the amount of tax as 478
determined under divisions (A) (1) to (3) of this section shall 479
be reduced by the percentage prescribed in that certification 480
for taxable years beginning in the calendar year in which that 481
certification is made. 482

(C) (1) The tax imposed by this section on a trust shall be 483
computed by multiplying the Ohio modified taxable income of the 484
trust by the rates prescribed by division (A) of this section. 485

(2) A resident trust may claim a credit against the tax 486
computed under division (C) of this section equal to the lesser 487

of (a) the tax paid to another state or the District of Columbia 488
on the resident trust's modified nonbusiness income, other than 489
the portion of the resident trust's nonbusiness income that is 490
qualifying investment income as defined in section 5747.012 of 491
the Revised Code, or (b) the effective tax rate, based on 492
modified Ohio taxable income, multiplied by the resident trust's 493
modified nonbusiness income other than the portion of the 494
resident trust's nonbusiness income that is qualifying 495
investment income. The credit applies before any other 496
applicable credits. 497

(3) Any credit authorized against the tax imposed by this 498
section applies to a trust subject to division (C) of this 499
section only if the trust otherwise qualifies for the credit. To 500
the extent that the trust distributes income for the taxable 501
year for which a credit is available to the trust, the credit 502
shall be shared by the trust and its beneficiaries. The tax 503
commissioner and the trust shall be guided by applicable 504
regulations of the United States treasury regarding the sharing 505
of credits. 506

(D) For the purposes of this section, "trust" means any 507
trust described in Subchapter J of Chapter 1 of the Internal 508
Revenue Code, excluding trusts that are not irrevocable as 509
defined in division (I) (3) (b) of section 5747.01 of the Revised 510
Code and that have no modified Ohio taxable income for the 511
taxable year, charitable remainder trusts, qualified funeral 512
trusts and preneed funeral contract trusts established pursuant 513
to sections 4717.31 to 4717.38 of the Revised Code that are not 514
qualified funeral trusts, endowment and perpetual care trusts, 515
qualified settlement trusts and funds, designated settlement 516
trusts and funds, and trusts exempted from taxation under 517
section 501(a) of the Internal Revenue Code. 518

(E) Nothing in division (A) (3) of this section shall 519
prohibit an individual with an Ohio adjusted gross income, less 520
taxable business income and exemptions, of twenty-six thousand 521
fifty dollars or less from filing a return under this chapter to 522
receive a refund of taxes withheld or to claim any refundable 523
credit allowed under this chapter. 524

(F) (1) For the purpose of subsidizing college and 525
university tuition, an annual tax is levied on every individual, 526
trust, and estate subject to the tax levied under division (A) 527
of this section that has a modified adjusted gross income, less 528
exemptions; modified Ohio taxable income; or Ohio taxable income 529
of more than five hundred thousand dollars, as follows: 530

(a) For taxable years beginning in 2025: 531

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A	<u>MODIFIED ADJUSTED GROSS INCOME LESS</u>	<u>TAX</u>
	<u>EXEMPTIONS (INDIVIDUALS) OR MODIFIED OHIO</u>	
	<u>TAXABLE INCOME (TRUSTS) OR OHIO TAXABLE</u>	
	<u>INCOME (ESTATES)</u>	
B	<u>More than \$500,000 but not more than</u>	<u>5.375% of the amount in</u>
	<u>\$1,000,000</u>	<u>excess of \$500,000</u>
C	<u>More than \$1,000,000</u>	<u>\$26,875 plus 7.375% of</u>
		<u>the amount in excess of</u>
		<u>\$1,000,000</u>

(b) For taxable years beginning in 2026 or thereafter: 533

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A	<u>MODIFIED ADJUSTED GROSS INCOME LESS</u>	<u>TAX</u>
	<u>EXEMPTIONS (INDIVIDUALS) OR MODIFIED OHIO</u>	
	<u>TAXABLE INCOME (TRUSTS) OR OHIO TAXABLE</u>	
	<u>INCOME (ESTATES)</u>	
B	<u>More than \$500,000 but not more than</u>	<u>5.75% of the amount in</u>
	<u>\$1,000,000</u>	<u>excess of \$500,000</u>
C	<u>More than \$1,000,000</u>	<u>\$28,750 plus 7.5% of the</u>
		<u>amount in excess of</u>
		<u>\$1,000,000</u>

(2) The tax levied under division (F) of this section 535
shall be, for all purposes, administered and enforced in the 536
same manner and subject to the same provisions as a tax levied 537
under division (A) of this section. 538

Sec. 5747.03. (A) (1) All money collected under this 539
chapter arising from the taxes imposed by section 5747.02, 540
5747.38, or 5747.41 of the Revised Code, except the tax levied 541
under division (F) of section 5747.02 of the Revised Code, shall 542
be credited to the general revenue fund and distributed pursuant 543
to division (F) of section 321.24 and section 323.156 of the 544
Revised Code; to make subsidy payments to institutions of higher 545
education from appropriations to the department of higher 546
education; to support expenditures for programs and services for 547
persons with mental illnesses, persons with developmental 548
disabilities, and the elderly; for primary and secondary 549
education; for medical assistance; and for any other purposes 550
authorized by law, subject to the limitation that at least fifty 551
per cent of the income tax collected by the state from the tax 552
imposed by section 5747.02 of the Revised Code shall be returned 553
pursuant to Section 9 of Article XII, Ohio Constitution. 554

(2) To ensure that such constitutional requirement is 555
satisfied the tax commissioner shall, on or before the thirtieth 556
day of June of each year, from the best information available to 557
the tax commissioner, determine and certify for each county to 558
the director of budget and management the amount of taxes 559
collected under this chapter from the tax imposed under section 560
5747.02 of the Revised Code during the preceding calendar year 561
that are required to be returned to the county by Section 9 of 562
Article XII, Ohio Constitution. The director shall provide for 563
payment from the general revenue fund to the county in the 564
amount, if any, that the sum of the amount so certified for that 565
county exceeds the sum of the following: 566

(a) The sum of the payments from the general revenue fund 567
for the preceding calendar year credited to the county's 568
undivided income tax fund pursuant to division (F) of section 569
321.24 and section 323.156 of the Revised Code or made directly 570
from the general revenue fund to political subdivisions located 571
in the county; 572

(b) The sum of the amounts from the general revenue fund 573
distributed in the county during the preceding calendar year for 574
subsidy payments to institutions of higher education from 575
appropriations to the department of higher education; for 576
programs and services for persons with mental illnesses, persons 577
with developmental disabilities, and elderly persons; for 578
primary and secondary education; and for medical assistance. 579

(c) In the case of payments made by the director under 580
this division in 2007, the total amount distributed to the 581
county during the preceding calendar year from the local 582
government fund and the local government revenue assistance 583
fund, and, in the case of payments made by the director under 584

this division in subsequent calendar years, the amount 585
distributed to the county from the local government fund; 586

(d) In the case of payments made by the director under 587
this division, the total amount distributed to the county during 588
the preceding calendar year from the public library fund. 589

Payments under this division shall be credited to the 590
county's undivided income tax fund, except that, notwithstanding 591
section 5705.14 of the Revised Code, such payments may be 592
transferred by the board of county commissioners to the county 593
general fund by resolution adopted with the affirmative vote of 594
two-thirds of the members thereof. 595

(B) All payments received in each month from taxes imposed 596
under Chapter 5748. of the Revised Code and any penalties or 597
interest thereon shall be paid into the school district income 598
tax fund, which is hereby created in the state treasury, except 599
that an amount equal to the following portion of such payments 600
shall be paid into the general school district income tax 601
administrative fund, which is hereby created in the state 602
treasury: 603

(1) One and three-quarters of one per cent of those 604
received in fiscal year 1996; 605

(2) One and one-half per cent of those received in fiscal 606
year 1997 and thereafter. 607

Money in the school district income tax administrative 608
fund shall be used by the tax commissioner to defray costs 609
incurred in administering the school district's income tax, 610
including the cost of providing employers with information 611
regarding the rate of tax imposed by any school district. Any 612
moneys remaining in the fund after such use shall be deposited 613

in the school district income tax fund. 614

All interest earned on moneys in the school district 615
income tax fund shall be credited to the fund. 616

(C) (1) (a) Within thirty days of the end of each calendar 617
quarter ending on the last day of March, June, September, and 618
December, the director of budget and management shall make a 619
payment from the school district income tax fund to each school 620
district for which school district income tax revenue was 621
received during that quarter. The amount of the payment shall 622
equal the balance in the school district's account at the end of 623
that quarter. 624

(b) After a school district ceases to levy an income tax, 625
the director of budget and management shall adjust the payments 626
under division (C) (1) (a) of this section to retain sufficient 627
money in the school district's account to pay refunds. For the 628
calendar quarters ending on the last day of March and December 629
of the calendar year following the last calendar year the tax is 630
levied, the director shall make the payments in the amount 631
required under division (C) (1) (a) of this section. For the 632
calendar quarter ending on the last day of June of the calendar 633
year following the last calendar year the tax is levied, the 634
director shall make a payment equal to nine-tenths of the 635
balance in the account at the end of that quarter. For the 636
calendar quarter ending on the last day of September of the 637
calendar year following the last calendar year the tax is 638
levied, the director shall make no payment. For the second and 639
succeeding calendar years following the last calendar year the 640
tax is levied, the director shall make one payment each year, 641
within thirty days of the last day of June, in an amount equal 642
to the balance in the district's account on the last day of 643

June. 644

(2) Moneys paid to a school district under this division 645
shall be deposited in its school district income tax fund. All 646
interest earned on moneys in the school district income tax fund 647
shall be apportioned by the tax commissioner pro rata among the 648
school districts in the proportions and at the times the 649
districts are entitled to receive payments under this division. 650

(D) All revenue from the tax levied under division (F) of 651
section 5747.02 of the Revised Code shall be credited to the 652
Ohio free college fund created in section 3345.012 of the 653
Revised Code. 654

Sec. 5747.07. (A) As used in this section: 655

(1) "Partial weekly withholding period" means a period 656
during which an employer directly, indirectly, or constructively 657
pays compensation to, or credits compensation to the benefit of, 658
an employee, and that consists of a consecutive Saturday, 659
Sunday, Monday, and Tuesday or a consecutive Wednesday, 660
Thursday, and Friday. There are two partial weekly withholding 661
periods each week, except that a partial weekly withholding 662
period cannot extend from one calendar year into the next 663
calendar year; if the first day of January falls on a day other 664
than Saturday or Wednesday, the partial weekly withholding 665
period ends on the thirty-first day of December and there are 666
three partial weekly withholding periods during that week. 667

(2) "Undeposited taxes" means the taxes an employer is 668
required to deduct and withhold from an employee's compensation 669
pursuant to section 5747.06 of the Revised Code that have not 670
been remitted to the tax commissioner pursuant to this section 671
or section 5747.072 of the Revised Code. 672

(3) A "week" begins on Saturday and concludes at the end 673
of the following Friday. 674

(4) "Professional employer organization," "professional 675
employer organization agreement," and "professional employer 676
organization reporting entity" have the same meanings as in 677
section 4125.01 of the Revised Code. 678

(5) "Alternate employer organization" and "alternate 679
employer organization agreement" have the same meanings as in 680
section 4133.01 of the Revised Code. 681

(6) "Client employer" has the same meaning as in section 682
4125.01 of the Revised Code in the context of a professional 683
employer organization or a professional employer organization 684
reporting entity, or the same meaning as in section 4133.01 of 685
the Revised Code in the context of an alternate employer 686
organization. 687

(B) Except as provided in divisions (C) and (D) of this 688
section and in division (A) of section 5747.072 of the Revised 689
Code, every employer required to deduct and withhold any amount 690
under section 5747.06 of the Revised Code shall file a return 691
and shall pay the amount required by law as follows: 692

(1) An employer who accumulates or is required to 693
accumulate undeposited taxes of one hundred thousand dollars or 694
more during a partial weekly withholding period shall make the 695
payment of the undeposited taxes by the close of the first 696
banking day after the day on which the accumulation reaches one 697
hundred thousand dollars. If required under division (I) of this 698
section, the payment shall be made electronically under section 699
5747.072 of the Revised Code. 700

(2) Except as required by division (B) (1) of this section, 701

an employer whose actual or required payments under this section 702
were at least eighty-four thousand dollars during the twelve- 703
month period ending on the thirtieth day of June of the 704
preceding calendar year shall make the payment of undeposited 705
taxes within three banking days after the close of a partial 706
weekly withholding period during which the employer was required 707
to deduct and withhold any amount under this chapter. If 708
required under division (I) of this section, the payment shall 709
be made electronically under section 5747.072 of the Revised 710
Code. 711

(3) Except as required by divisions (B) (1) and (2) of this 712
section, if an employer's actual or required payments were more 713
than two thousand dollars during the twelve-month period ending 714
on the thirtieth day of June of the preceding calendar year, the 715
employer shall make the payment of undeposited taxes for each 716
month during which they were required to be withheld no later 717
than fifteen days following the last day of that month. The 718
employer shall file the return prescribed by the tax 719
commissioner with the payment. 720

(4) Except as required by divisions (B) (1), (2), and (3) 721
of this section, an employer shall make the payment of 722
undeposited taxes for each calendar quarter during which they 723
were required to be withheld no later than the last day of the 724
month following the last day of March, June, September, and 725
December each year. The employer shall file the return 726
prescribed by the tax commissioner with the payment. 727

(C) The return and payment schedules prescribed by 728
divisions (B) (1) and (2) of this section do not apply to the 729
return and payment of undeposited school district income taxes 730
arising from taxes levied pursuant to Chapter 5748. of the 731

Revised Code. Undeposited school district income taxes shall be 732
returned and paid pursuant to divisions (B) (3) and (4) of this 733
section, as applicable. 734

(D) (1) The requirements of division (B) of this section 735
are met if the amount paid is not less than ninety-five per cent 736
of the actual tax withheld or required to be withheld for the 737
prior quarterly, monthly, or partial weekly withholding period, 738
and the underpayment is not due to willful neglect. Any 739
underpayment of withheld tax shall be paid within thirty days of 740
the date on which the withheld tax was due without regard to 741
division (D) (1) of this section. An employer described in 742
division (B) (1) or (2) of this section shall make the payment 743
electronically under section 5747.072 of the Revised Code. 744

(2) If the tax commissioner believes that quarterly or 745
monthly payments would result in a delay that might jeopardize 746
the remittance of withholding payments, the commissioner may 747
order that the payments be made weekly, or more frequently if 748
necessary, and the payments shall be made no later than three 749
banking days following the close of the period for which the 750
jeopardy order is made. An order requiring weekly or more 751
frequent payments shall be delivered to the employer in the 752
manner provided in section 5703.37 of the Revised Code and 753
remains in effect until the commissioner notifies the employer 754
to the contrary. 755

(3) If compelling circumstances exist concerning the 756
remittance of undeposited taxes, the commissioner may order the 757
employer to make payments under any of the payment schedules 758
under division (B) of this section. The order shall be delivered 759
to the employer in the manner provided in section 5703.37 of the 760
Revised Code and shall remain in effect until the commissioner 761

notifies the employer to the contrary. For purposes of division 762
(D) (3) of this section, "compelling circumstances" exist if 763
either or both of the following are true: 764

(a) Based upon annualization of payments made or required 765
to be made during the preceding calendar year and during the 766
current calendar year, the employer would be required for the 767
next calendar year to make payments under division (B) (2) of 768
this section. 769

(b) Based upon annualization of payments made or required 770
to be made during the current calendar year, the employer would 771
be required for the next calendar year to make payments under 772
division (B) (2) of this section. 773

(E) (1) In addition to other returns required to be filed 774
and payments required to be made under this section, every 775
employer required to deduct and withhold taxes shall file, not 776
later than the thirty-first day of January of each year, an 777
annual return covering, but not limited to, both the aggregate 778
amount deducted and withheld and the aggregate amount required 779
to be deducted and withheld during the entire preceding year for 780
the tax imposed under section 5747.02 of the Revised Code and 781
for each tax imposed under Chapter 5748. of the Revised Code. At 782
the time of filing that return, the employer shall pay over any 783
amounts of undeposited taxes for the preceding year, whether 784
actually deducted and withheld or required to be deducted and 785
withheld, that have not been previously paid. The employer shall 786
make the annual report, to each employee and to the tax 787
commissioner, of the compensation paid and each tax withheld, as 788
the commissioner by rule may prescribe. 789

(2) Each employer required to deduct and withhold any tax 790
is liable for the payment of that amount required to be deducted 791

and withheld, whether or not the tax has in fact been withheld, 792
unless the failure to withhold was based upon the employer's 793
good faith in reliance upon the statement of the employee as to 794
liability, and the amount shall be deemed to be a special fund 795
in trust for the general revenue fund. 796

(F) Each employer shall file with the employer's annual 797
return the following items of information on employees for whom 798
withholding is required under section 5747.06 of the Revised 799
Code: 800

(1) The full name of each employee, the employee's 801
address, the employee's school district of residence, and in the 802
case of a nonresident employee, the employee's principal county 803
of employment; 804

(2) The social security number of each employee; 805

(3) The total amount of compensation paid before any 806
deductions to each employee for the period for which the annual 807
return is made; 808

(4) The amount of the tax imposed by section 5747.02 of 809
the Revised Code and the amount of each tax imposed under 810
Chapter 5748. of the Revised Code withheld from the compensation 811
of the employee for the period for which the annual return is 812
made. The commissioner may extend upon good cause the period for 813
filing any notice or return required to be filed under this 814
section and may adopt rules relating to extensions of time. If 815
the extension results in an extension of time for the payment of 816
the amounts withheld with respect to which the return is filed, 817
the employer shall pay, at the time the amount withheld is paid, 818
an amount of interest computed at the rate per annum prescribed 819
by section 5703.47 of the Revised Code on that amount withheld, 820

from the day that amount was originally required to be paid to 821
the day of actual payment or to the day an assessment is issued 822
under section 5747.13 of the Revised Code, whichever occurs 823
first. 824

(5) In addition to all other interest charges and 825
penalties imposed, all amounts of taxes withheld or required to 826
be withheld and remaining unpaid after the day the amounts are 827
required to be paid shall bear interest from the date prescribed 828
for payment at the rate per annum prescribed by section 5703.47 829
of the Revised Code on the amount unpaid, in addition to the 830
amount withheld, until paid or until the day an assessment is 831
issued under section 5747.13 of the Revised Code, whichever 832
occurs first. 833

(G) An employee of a corporation, limited liability 834
company, or business trust having control or supervision of or 835
charged with the responsibility of filing the report and making 836
payment, or an officer, member, manager, or trustee of a 837
corporation, limited liability company, or business trust who is 838
responsible for the execution of the corporation's, limited 839
liability company's, or business trust's fiscal 840
responsibilities, shall be personally liable for failure to file 841
the report or pay the tax due as required by this section. The 842
dissolution, termination, or bankruptcy of a corporation, 843
limited liability company, or business trust does not discharge 844
a responsible officer's, member's, manager's, employee's, or 845
trustee's liability for a failure of the corporation, limited 846
liability company, or business trust to file returns or pay tax 847
due. 848

(H) If an employer required to deduct and withhold income 849
tax from compensation and to pay that tax to the state under 850

sections 5747.06 and 5747.07 of the Revised Code sells the 851
employer's business or stock of merchandise or quits the 852
employer's business, the taxes required to be deducted and 853
withheld and paid to the state pursuant to those sections prior 854
to that time, together with any interest and penalties imposed 855
on those taxes, become due and payable immediately, and that 856
person shall make a final return within fifteen days after the 857
date of selling or quitting business. The employer's successor 858
shall withhold a sufficient amount of the purchase money to 859
cover the amount of the taxes, interest, and penalties due and 860
unpaid, until the former owner produces a receipt from the tax 861
commissioner showing that the taxes, interest, and penalties 862
have been paid or a certificate indicating that no such taxes 863
are due. If the purchaser of the business or stock of 864
merchandise fails to withhold purchase money, the purchaser 865
shall be personally liable for the payment of the taxes, 866
interest, and penalties accrued and unpaid during the operation 867
of the business by the former owner. If the amount of taxes, 868
interest, and penalties outstanding at the time of the purchase 869
exceeds the total purchase money, the tax commissioner in the 870
commissioner's discretion may adjust the liability of the seller 871
or the responsibility of the purchaser to pay that liability to 872
maximize the collection of withholding tax revenue. 873

(I) An employer whose actual or required payments under 874
this section exceeded eighty-four thousand dollars during the 875
twelve-month period ending on the thirtieth day of June of the 876
preceding calendar year shall make all payments required by this 877
section for the year electronically under section 5747.072 of 878
the Revised Code. 879

(J) (1) Every professional employer organization, 880
professional employer organization reporting entity, and 881

alternate employer organization shall file a report with the tax 882
commissioner within thirty days after commencing business in 883
this state that includes all of the following information: 884

(a) The name, address, number the employer receives from 885
the secretary of state to do business in this state, if 886
applicable, and federal employer identification number of each 887
client employer of the organization or entity; 888

(b) The date that each client employer became a client of 889
the organization or entity; 890

(c) The names and mailing addresses of the chief executive 891
officer and the chief financial officer of each client employer 892
for taxation of the client employer. 893

(2) Beginning with the calendar quarter ending after a 894
professional employer organization, professional employer 895
organization reporting entity, or alternate employer 896
organization files the report required under division (J) (1) of 897
this section, and every calendar quarter thereafter, the 898
organization or entity shall file an updated report with the tax 899
commissioner. The organization or entity shall file the updated 900
report not later than the last day of the month following the 901
end of the calendar quarter and shall include all of the 902
following information in the report: 903

(a) If an entity became a client employer of the 904
professional employer organization, professional employer 905
organization reporting entity, or alternate employer 906
organization at any time during the calendar quarter, all of the 907
information required under division (J) (1) of this section for 908
each new client employer; 909

(b) If an entity terminated the professional employer 910

organization agreement or the alternate employer organization 911
agreement between the entity and the professional employer 912
organization, professional employer organization reporting 913
entity, or alternate employer organization, as applicable, at 914
any time during the calendar quarter, the information described 915
in division (J) (1) (a) of this section for that entity, the date 916
during the calendar quarter that the entity ceased being a 917
client of the organization or reporting entity, if applicable, 918
or the date the entity ceased business operations in this state, 919
if applicable; 920

(c) If the name or mailing address of the chief executive 921
officer or the chief financial officer of a client employer has 922
changed since the professional employer organization, 923
professional employer organization reporting entity, or 924
alternate employer organization previously submitted a report 925
under division (J) (1) or (2) of this section, the updated name 926
or mailing address, or both, of the chief executive officer or 927
the chief financial officer, as applicable; 928

(d) If none of the events described in divisions (J) (2) (a) 929
to (c) of this section occurred during the calendar quarter, a 930
statement of that fact. 931

(K) For the purpose of subsidizing college and university 932
tuition, a tax is levied on each employer required to withhold 933
and remit amounts under this section and section 5747.06 of the 934
Revised Code. The tax shall equal one-half of one per cent of 935
the amount of compensation in excess of ten million dollars for 936
the calendar year for which such withholding and remission under 937
this section is required. The tax shall be paid by the employer 938
at the same time and in the same manner as withheld amounts are 939
required to be paid under this section. Except as otherwise 940

provided in this division, the tax shall be considered a tax 941
levied under section 5747.02 of the Revised Code for all 942
purposes of this chapter. All revenue from the tax shall be 943
credited to the Ohio free college fund created in section 944
3345.012 of the Revised Code. 945

Section 2. That existing sections 319.202, 319.54, 946
5747.02, 5747.03, and 5747.07 of the Revised Code are hereby 947
repealed. 948

Section 3. The amendment by this act of section 5747.02 of 949
the Revised Code applies to taxable years beginning on or after 950
January 1, 2025. 951

Section 4. The General Assembly, applying the principle 952
stated in division (B) of section 1.52 of the Revised Code that 953
amendments are to be harmonized if reasonably capable of 954
simultaneous operation, finds that the following sections, 955
presented in this act as composites of the sections as amended 956
by the acts indicated, are the resulting versions of the 957
sections in effect prior to the effective date of the sections 958
as presented in this act: 959

Section 319.54 of the Revised Code as amended by both H.B. 960
265 and H.B. 496 of the 135th General Assembly. 961

Section 5747.03 of the Revised Code as amended by H.B. 281 962
and S.B. 246 all of the 134th General Assembly. 963