As Introduced

136th General Assembly
Regular Session
2025-2026

S. B. No. 464

Senator Romanchuk

To amend sections 5747.98 and 5751.98 and to enact sections 5747.053 and 5751.55 of the Revised Code to authorize a refundable tax credit for compensation paid to skilled trades instructors.

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

Section 1. That sections 5747.98 and 5751.98 be amended and sections 5747.053 and 5751.55 of the Revised Code be enacted to read as follows:

Sec. 5747.053. (A) As used in this section:

(1) "Construction occupation" means employment that consists of the construction, reconstruction, enlargement, alteration, repair, remodeling, renovation, demolition, or painting of a building or other structure, road, bridge, or other work, including preparation of a site for new construction.

(2) "Dropout prevention and recovery community school" has the same meaning as in section 3314.02 of the Revised Code.

(3) "Eligible expenses" means compensation, including wages, fringe benefits, and other direct expenses, paid to or on behalf of an employee who is a qualified instructor while the employee is on release time, provided that the compensation is

equal to the compensation the employee would have received if the employee had worked in the employee's job for that period and is paid as part of a policy of the employer for release time that does not deduct from the employee's paid leave time.

(4) "Eligible program" means any of the following programs that prepare an individual for employment in a construction occupation or manufacturing occupation:

(a) A career-technical education program approved by the department of education and workforce under section 3317.161 of the Revised Code;

(b) A career-technical education program operated by an institution of higher education, as defined in section 3345.19 of the Revised Code, or an Ohio technical center, as defined in section 3333.94 of the Revised Code;

(c) An apprenticeship program registered with the United States department of labor as meeting the minimum standards established by the "National Apprenticeship Act of 1937," 29 U.S.C. 50, and 29 C.F.R. Part 29;

(d) An apprenticeship program registered by the department of job and family services in accordance with Chapter 4139. of the Revised Code.

(5) "Manufacturing occupation" means employment that consists of the mechanical, physical, or chemical transformation of materials, substances, or components into new products for sale, including the assembling of component parts into a finished product.

(6) "Qualifying employer" means any person that employs one or more qualified instructors.

(7) "Qualified instructor" means an individual who has attained what is recognized within the construction or manufacturing industry as mastery of the skills, abilities, and competencies required for employment in a construction occupation or manufacturing occupation. "Qualified instructor" includes a mentor, technician, specialist, or other skilled worker who has obtained documented proficiency in a construction occupation or manufacturing occupation, either through a formal apprenticeship or other on-the-job experience and formal training.

(8) "Release time" means each hour during which a qualified instructor is released by a qualifying employer from the instructor's regular employment duties to do any of the following:

(a) Provide instruction in an eligible program;

(b) Receive pedagogical training and classroom management instruction for purposes of providing instruction in an eligible program;

(c) Engage in noninstructional activities related to providing instruction in an eligible program, including curriculum mapping, laboratory preparation, and lesson planning.

(9) "Tax credit certificate" means a certificate issued by the tax commissioner under division (B) of this section.

(B)(1) A qualifying employer that incurs eligible expenses during the preceding calendar year may submit an application to the tax commissioner for a credit authorized by this section. The application shall be made on a form and in a manner that the commissioner shall prescribe. The application shall state the amount of such eligible expenses, the tax against which the credit will be claimed, and any other information the commissioner may require. An employer shall submit the application on or before the fifteenth day of January.

(2) The commissioner shall evaluate applications in the order in which they are received and issue a determination, except that priority shall be given to applicants for each qualified instructor released to an eligible program offered by a dropout prevention and recovery community school. If the commissioner denies an application, the determination shall state the reason for the denial. If the commissioner approves an application, the determination shall include a certificate listing the amount of credit that the applicant may claim and the tax against which it may be claimed.

(3) The amount of a credit authorized by this section with respect to a qualified instructor shall equal the lesser of the amount of eligible expenses incurred in the preceding calendar year for that qualified instructor's release time or one hundred fifty dollars for each hour of release time. The total amount of eligible expenses incurred by a qualifying employer and eligible for the credit allowed under this section per calendar year shall not exceed fifty thousand dollars.

(4) The tax commissioner shall not issue more than ten million dollars in credits under this section in a single calendar year and shall not issue any tax credit certificates under this section on the basis of eligible expenses incurred after December 31, 2028.

(C) A qualifying employer may claim a credit authorized under division (D) of this section or by section 5751.55 of the Revised Code, as authorized by the tax credit certificate, equal to the amount listed on that certificate.

(D) There is allowed a refundable credit against a taxpayer's aggregate tax liability under section 5747.02 of the Revised Code for a taxpayer who is a qualifying employer, or that owns a direct or indirect interest in a qualifying employer, that has been issued a tax credit certificate. In the case of a taxpayer who is a qualifying employer, the credit shall be claimed for the taxable year preceding the year in which the certificate is issued or the following taxable year. If a taxpayer holds a direct or indirect equity interest in a qualifying employer that was issued a tax credit certificate, the taxpayer shall claim the taxpayer's distributive or proportionate share of the credit for the taxpayer's taxable year preceding the year in which the certificate is issued or the taxpayer's following taxable year. The credit shall be claimed in the order required under section 5747.98 of the Revised Code. Any credit amount in excess of the aggregate amount of tax due under section 5747.02 of the Revised Code, after allowing for any other credits preceding the credit in that order, shall be refunded to the taxpayer.

(E) On or before the first day of August of each calendar year in which the tax commissioner has issued a tax credit certificate under this section, the commissioner shall submit a report to the governor and, in accordance with section 101.68 of the Revised Code, the general assembly on the tax credit program authorized under this section. The report shall provide relevant statistics on program usage, including the number of instructor hours added, and shall describe what impact the program has had on instructor shortages.

Sec. 5747.98. (A) To provide a uniform procedure for calculating a taxpayer's aggregate tax liability under section 5747.02 of the Revised Code, a taxpayer shall claim any credits to which the taxpayer is entitled in the following order:

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

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

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

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

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

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

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

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

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

The nonrefundable credit for tuition paid to a nonchartered nonpublic school under section 5747.75 of the Revised Code;

The nonrefundable vocational job credit under section

5747.057 of the Revised Code;

The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;

The enterprise zone credit under section 5709.66 of the Revised Code;

The credit for beginning farmers who participate in a financial management program under division (B) of section 5747.77 of the Revised Code;

The credit for commercial vehicle operator training expenses under section 5747.82 of the Revised Code;

The nonrefundable welcome home Ohio (WHO) program credit under section 122.633 of the Revised Code;

The nonrefundable credit for transformational mixed use development tax credit certificate holders under section 5747.87 of the Revised Code;

The credit for selling or renting agricultural assets to beginning farmers under division (A) of section 5747.77 of the Revised Code;

The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;

The small business investment credit under section 5747.81 of the Revised Code;

The nonrefundable lead abatement credit under section 5747.26 of the Revised Code;

The opportunity zone investment credit under section 5747.86 of the Revised Code;

The enterprise zone credits under section 5709.65 of the

Revised Code;

The research and development credit under section 5747.331 of the Revised Code;

The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;

The nonrefundable Ohio low-income housing tax credit under section 5747.83 of the Revised Code;

The nonrefundable affordable single-family home credit under section 5747.84 of the Revised Code;

The nonresident credit under division (A) of section 5747.05 of the Revised Code;

The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;

The refundable motion picture and broadway theatrical production credit under section 5747.66 of the Revised Code;

The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;

The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;

The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;

The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;

The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;

The refundable credit for released skilled trades instructor compensation under section 5747.053 of the Revised Code;

The refundable credit under section 5747.39 of the Revised Code for taxes levied under section 5747.38 of the Revised Code paid by an electing pass-through entity.

(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the taxpayer's aggregate amount of tax due under section 5747.02 of the Revised Code, after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.

Sec. 5751.55. (A) As used in this section, "tax credit certificate" has the same meaning as in section 5747.053 of the Revised Code.

(B) A taxpayer issued a tax credit certificate authorizing the taxpayer to claim a credit against the tax levied under section 5751.02 of the Revised Code may claim a credit against that tax equal to the amount stated in the certificate. The credit shall be claimed for the tax period preceding the tax period in which the certificate is issued and in the order required by section 5751.98 of the Revised Code. Any credit amount in excess of the taxpayer's tax liability, after allowing for any other credits preceding the credit in that order, shall be refunded to the taxpayer.

Sec. 5751.98. (A) To provide a uniform procedure for calculating the amount of tax due under this chapter, a taxpayer shall claim any credits to which it is entitled in the following order:

The nonrefundable jobs retention credit under division (B) of section 5751.50 of the Revised Code;

The nonrefundable credit for qualified research expenses under division (B) of section 5751.51 of the Revised Code;

The nonrefundable credit for a borrower's qualified research and development loan payments under division (B) of section 5751.52 of the Revised Code;

The nonrefundable credit for unused net operating losses under section 5751.53 of the Revised Code;

The refundable motion picture and broadway theatrical production credit under section 5751.54 of the Revised Code;

The refundable jobs creation credit or job retention credit under division (A) of section 5751.50 of the Revised Code;

The refundable credit for released skilled trades instructor compensation under section 5751.55 of the Revised Code.

(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a tax period shall not exceed the tax due 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 the credit.

Section 2. That existing sections 5747.98 and 5751.98 of the Revised Code are hereby repealed.

Section 3. The amendment or enactment by this act of sections 5747.053, 5747.98, 5751.55, and 5751.98 of the Revised Code applies eligible expenses, as that term is defined in section 5747.053 of the Revised Code, incurred on and after January 1, 2027.