

\_\_\_\_\_ moved to amend as follows:

In line 1 of the title, delete "section" and insert "sections"; 1  
after "5701.11" insert "and 5747.01" 2

In line 5, delete "section" and insert "sections"; after "5701.11" 3  
insert "and 5747.01" 4

After line 42, insert: 5

**"Sec. 5747.01.** Except as otherwise expressly provided or 6  
clearly appearing from the context, any term used in this 7  
chapter that is not otherwise defined in this section has the 8  
same meaning as when used in a comparable context in the laws of 9  
the United States relating to federal income taxes or if not 10  
used in a comparable context in those laws, has the same meaning 11  
as in section 5733.40 of the Revised Code. Any reference in this 12  
chapter to the Internal Revenue Code includes other laws of the 13  
United States relating to federal income taxes. 14

As used in this chapter: 15

(A) "Adjusted gross income" or "Ohio adjusted gross 16  
income" means federal adjusted gross income, as defined and used 17



in the Internal Revenue Code, adjusted as provided in this	18
section:	19
(1) Add interest or dividends on obligations or securities	20
of any state or of any political subdivision or authority of any	21
state, other than this state and its subdivisions and	22
authorities.	23
(2) Add interest or dividends on obligations of any	24
authority, commission, instrumentality, territory, or possession	25
of the United States to the extent that the interest or	26
dividends are exempt from federal income taxes but not from	27
state income taxes.	28
(3) Deduct interest or dividends on obligations of the	29
United States and its territories and possessions or of any	30
authority, commission, or instrumentality of the United States	31
to the extent that the interest or dividends are included in	32
federal adjusted gross income but exempt from state income taxes	33
under the laws of the United States.	34
(4) Deduct disability and survivor's benefits to the	35
extent included in federal adjusted gross income.	36
(5) Deduct the following, to the extent not otherwise	37
deducted or excluded in computing federal or Ohio adjusted gross	38
income:	39
(a) Benefits under Title II of the Social Security Act and	40
tier 1 railroad retirement;	41
(b) Railroad retirement benefits, other than tier 1	42
railroad retirement benefits, to the extent such amounts are	43
exempt from state taxation under federal law.	44
(6) Deduct the amount of wages and salaries, if any, not	45

otherwise allowable as a deduction but that would have been 46  
allowable as a deduction in computing federal adjusted gross 47  
income for the taxable year, had the work opportunity tax credit 48  
allowed and determined under sections 38, 51, and 52 of the 49  
Internal Revenue Code not been in effect. 50

(7) Deduct any interest or interest equivalent on public 51  
obligations and purchase obligations to the extent that the 52  
interest or interest equivalent is included in federal adjusted 53  
gross income. 54

(8) Add any loss or deduct any gain resulting from the 55  
sale, exchange, or other disposition of public obligations to 56  
the extent that the loss has been deducted or the gain has been 57  
included in computing federal adjusted gross income. 58

(9) Deduct or add amounts, as provided under section 59  
5747.70 of the Revised Code, related to contributions made to or 60  
tuition units purchased under a qualified tuition program 61  
established pursuant to section 529 of the Internal Revenue 62  
Code. 63

(10) (a) Deduct, to the extent not otherwise allowable as a 64  
deduction or exclusion in computing federal or Ohio adjusted 65  
gross income for the taxable year, the amount the taxpayer paid 66  
during the taxable year for medical care insurance and qualified 67  
long-term care insurance for the taxpayer, the taxpayer's 68  
spouse, and dependents. No deduction for medical care insurance 69  
under division (A) (10) (a) of this section shall be allowed 70  
either to any taxpayer who is eligible to participate in any 71  
subsidized health plan maintained by any employer of the 72  
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 73  
entitled to, or on application would be entitled to, benefits 74  
under part A of Title XVIII of the "Social Security Act," 49 75

Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 76  
division (A) (10) (a) of this section, "subsidized health plan" 77  
means a health plan for which the employer pays any portion of 78  
the plan's cost. The deduction allowed under division (A) (10) (a) 79  
of this section shall be the net of any related premium refunds, 80  
related premium reimbursements, or related insurance premium 81  
dividends received during the taxable year. 82

(b) Deduct, to the extent not otherwise deducted or 83  
excluded in computing federal or Ohio adjusted gross income 84  
during the taxable year, the amount the taxpayer paid during the 85  
taxable year, not compensated for by any insurance or otherwise, 86  
for medical care of the taxpayer, the taxpayer's spouse, and 87  
dependents, to the extent the expenses exceed seven and one-half 88  
per cent of the taxpayer's federal adjusted gross income. 89

(c) For purposes of division (A) (10) of this section, 90  
"medical care" has the meaning given in section 213 of the 91  
Internal Revenue Code, subject to the special rules, 92  
limitations, and exclusions set forth therein, and "qualified 93  
long-term care" has the same meaning given in section 7702B(c) 94  
of the Internal Revenue Code. Solely for purposes of division 95  
(A) (10) (a) of this section, "dependent" includes a person who 96  
otherwise would be a "qualifying relative" and thus a 97  
"dependent" under section 152 of the Internal Revenue Code but 98  
for the fact that the person fails to meet the income and 99  
support limitations under section 152(d) (1) (B) and (C) of the 100  
Internal Revenue Code. 101

(11) (a) Deduct any amount included in federal adjusted 102  
gross income solely because the amount represents a 103  
reimbursement or refund of expenses that in any year the 104  
taxpayer had deducted as an itemized deduction pursuant to 105

section 63 of the Internal Revenue Code and applicable United States department of the treasury regulations. The deduction otherwise allowed under division (A) (11) (a) of this section shall be reduced to the extent the reimbursement is attributable to an amount the taxpayer deducted under this section in any taxable year.

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

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

(a) It is allowable for repayment of an item that was included in the taxpayer's adjusted gross income for a prior taxable year and did not qualify for a credit under division (A) or (B) of section 5747.05 of the Revised Code for that year;

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

(13) Deduct an amount equal to the deposits made to, and net investment earnings of, a medical savings account during the taxable year, in accordance with section 3924.66 of the Revised Code. The deduction allowed by division (A) (13) of this section does not apply to medical savings account deposits and earnings otherwise deducted or excluded for the current or any other taxable year from the taxpayer's federal adjusted gross income.

(14) (a) Add an amount equal to the funds withdrawn from a

medical savings account during the taxable year, and the net 135  
investment earnings on those funds, when the funds withdrawn 136  
were used for any purpose other than to reimburse an account 137  
holder for, or to pay, eligible medical expenses, in accordance 138  
with section 3924.66 of the Revised Code; 139

(b) Add the amounts distributed from a medical savings 140  
account under division (A) (2) of section 3924.68 of the Revised 141  
Code during the taxable year. 142

(15) Add any amount claimed as a credit under section 143  
5747.059 of the Revised Code to the extent that such amount 144  
satisfies either of the following: 145

(a) The amount was deducted or excluded from the 146  
computation of the taxpayer's federal adjusted gross income as 147  
required to be reported for the taxpayer's taxable year under 148  
the Internal Revenue Code; 149

(b) The amount resulted in a reduction of the taxpayer's 150  
federal adjusted gross income as required to be reported for any 151  
of the taxpayer's taxable years under the Internal Revenue Code. 152

(16) Deduct the amount contributed by the taxpayer to an 153  
individual development account program established by a county 154  
department of job and family services pursuant to sections 155  
329.11 to 329.14 of the Revised Code for the purpose of matching 156  
funds deposited by program participants. On request of the tax 157  
commissioner, the taxpayer shall provide any information that, 158  
in the tax commissioner's opinion, is necessary to establish the 159  
amount deducted under division (A) (16) of this section. 160

(17) (a) (i) Subject to divisions (A) (17) (a) (iii), (iv), and 161  
(v) of this section, add five-sixths of the amount of 162  
depreciation expense allowed by subsection (k) of section 168 of 163

the Internal Revenue Code, including the taxpayer's 164  
proportionate or distributive share of the amount of 165  
depreciation expense allowed by that subsection to a pass- 166  
through entity in which the taxpayer has a direct or indirect 167  
ownership interest. 168

(ii) Subject to divisions (A) (17) (a) (iii), (iv), and (v) 169  
of this section, add five-sixths of the amount of qualifying 170  
section 179 depreciation expense, including the taxpayer's 171  
proportionate or distributive share of the amount of qualifying 172  
section 179 depreciation expense allowed to any pass-through 173  
entity in which the taxpayer has a direct or indirect ownership 174  
interest. 175

(iii) Subject to division (A) (17) (a) (v) of this section, 176  
for taxable years beginning in 2012 or thereafter, if the 177  
increase in income taxes withheld by the taxpayer is equal to or 178  
greater than ten per cent of income taxes withheld by the 179  
taxpayer during the taxpayer's immediately preceding taxable 180  
year, "two-thirds" shall be substituted for "five-sixths" for 181  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 182

(iv) Subject to division (A) (17) (a) (v) of this section, 183  
for taxable years beginning in 2012 or thereafter, a taxpayer is 184  
not required to add an amount under division (A) (17) of this 185  
section if the increase in income taxes withheld by the taxpayer 186  
and by any pass-through entity in which the taxpayer has a 187  
direct or indirect ownership interest is equal to or greater 188  
than the sum of (I) the amount of qualifying section 179 189  
depreciation expense and (II) the amount of depreciation expense 190  
allowed to the taxpayer by subsection (k) of section 168 of the 191  
Internal Revenue Code, and including the taxpayer's 192  
proportionate or distributive shares of such amounts allowed to 193

any such pass-through entities. 194

(v) If a taxpayer directly or indirectly incurs a net 195  
operating loss for the taxable year for federal income tax 196  
purposes, to the extent such loss resulted from depreciation 197  
expense allowed by subsection (k) of section 168 of the Internal 198  
Revenue Code and by qualifying section 179 depreciation expense, 199  
"the entire" shall be substituted for "five-sixths of the" for 200  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 201

The tax commissioner, under procedures established by the 202  
commissioner, may waive the add-backs related to a pass-through 203  
entity if the taxpayer owns, directly or indirectly, less than 204  
five per cent of the pass-through entity. 205

(b) Nothing in division (A) (17) of this section shall be 206  
construed to adjust or modify the adjusted basis of any asset. 207

(c) To the extent the add-back required under division (A) 208  
(17) (a) of this section is attributable to property generating 209  
nonbusiness income or loss allocated under section 5747.20 of 210  
the Revised Code, the add-back shall be situated to the same 211  
location as the nonbusiness income or loss generated by the 212  
property for the purpose of determining the credit under 213  
division (A) of section 5747.05 of the Revised Code. Otherwise, 214  
the add-back shall be apportioned, subject to one or more of the 215  
four alternative methods of apportionment enumerated in section 216  
5747.21 of the Revised Code. 217

(d) For the purposes of division (A) (17) (a) (v) of this 218  
section, net operating loss carryback and carryforward shall not 219  
include the allowance of any net operating loss deduction 220  
carryback or carryforward to the taxable year to the extent such 221  
loss resulted from depreciation allowed by section 168(k) of the 222

Internal Revenue Code and by the qualifying section 179	223
depreciation expense amount.	224
(e) For the purposes of divisions (A) (17) and (18) of this	225
section:	226
(i) "Income taxes withheld" means the total amount	227
withheld and remitted under sections 5747.06 and 5747.07 of the	228
Revised Code by an employer during the employer's taxable year.	229
(ii) "Increase in income taxes withheld" means the amount	230
by which the amount of income taxes withheld by an employer	231
during the employer's current taxable year exceeds the amount of	232
income taxes withheld by that employer during the employer's	233
immediately preceding taxable year.	234
(iii) "Qualifying section 179 depreciation expense" means	235
the difference between (I) the amount of depreciation expense	236
directly or indirectly allowed to a taxpayer under section 179	237
of the Internal Revised Code, and (II) the amount of	238
depreciation expense directly or indirectly allowed to the	239
taxpayer under section 179 of the Internal Revenue Code as that	240
section existed on December 31, 2002.	241
(18) (a) If the taxpayer was required to add an amount	242
under division (A) (17) (a) of this section for a taxable year,	243
deduct one of the following:	244
(i) One-fifth of the amount so added for each of the five	245
succeeding taxable years if the amount so added was five-sixths	246
of qualifying section 179 depreciation expense or depreciation	247
expense allowed by subsection (k) of section 168 of the Internal	248
Revenue Code;	249
(ii) One-half of the amount so added for each of the two	250

succeeding taxable years if the amount so added was two-thirds	251
of such depreciation expense;	252
(iii) One-sixth of the amount so added for each of the six	253
succeeding taxable years if the entire amount of such	254
depreciation expense was so added.	255
(b) If the amount deducted under division (A) (18) (a) of	256
this section is attributable to an add-back allocated under	257
division (A) (17) (c) of this section, the amount deducted shall	258
be situated to the same location. Otherwise, the deduction shall	259
be apportioned using the apportionment factors for the taxable	260
year in which the deduction is taken, subject to one or more of	261
the four alternative methods of apportionment enumerated in	262
section 5747.21 of the Revised Code.	263
(c) No deduction is available under division (A) (18) (a) of	264
this section with regard to any depreciation allowed by section	265
168(k) of the Internal Revenue Code and by the qualifying	266
section 179 depreciation expense amount to the extent that such	267
depreciation results in or increases a federal net operating	268
loss carryback or carryforward. If no such deduction is	269
available for a taxable year, the taxpayer may carry forward the	270
amount not deducted in such taxable year to the next taxable	271
year and add that amount to any deduction otherwise available	272
under division (A) (18) (a) of this section for that next taxable	273
year. The carryforward of amounts not so deducted shall continue	274
until the entire addition required by division (A) (17) (a) of	275
this section has been deducted.	276
(19) Deduct, to the extent not otherwise deducted or	277
excluded in computing federal or Ohio adjusted gross income for	278
the taxable year, the amount the taxpayer received during the	279
taxable year as reimbursement for life insurance premiums under	280

section 5919.31 of the Revised Code. 281

(20) Deduct, to the extent not otherwise deducted or 282  
excluded in computing federal or Ohio adjusted gross income for 283  
the taxable year, the amount the taxpayer received during the 284  
taxable year as a death benefit paid by the adjutant general 285  
under section 5919.33 of the Revised Code. 286

(21) Deduct, to the extent included in federal adjusted 287  
gross income and not otherwise allowable as a deduction or 288  
exclusion in computing federal or Ohio adjusted gross income for 289  
the taxable year, military pay and allowances received by the 290  
taxpayer during the taxable year for active duty service in the 291  
armed forces of the United States, as defined in section 5907.01 292  
of the Revised Code, or reserve components thereof or the 293  
national guard. The deduction may not be claimed for military 294  
pay and allowances received by the taxpayer while the taxpayer 295  
is stationed in this state. 296

(22) Deduct, to the extent not otherwise allowable as a 297  
deduction or exclusion in computing federal or Ohio adjusted 298  
gross income for the taxable year and not otherwise compensated 299  
for by any other source, the amount of qualified organ donation 300  
expenses incurred by the taxpayer during the taxable year, not 301  
to exceed ten thousand dollars. A taxpayer may deduct qualified 302  
organ donation expenses only once for all taxable years 303  
beginning with taxable years beginning in 2007. 304

For the purposes of division (A) (22) of this section: 305

(a) "Human organ" means all or any portion of a human 306  
liver, pancreas, kidney, intestine, or lung, and any portion of 307  
human bone marrow. 308

(b) "Qualified organ donation expenses" means travel 309

expenses, lodging expenses, and wages and salary forgone by a 310  
taxpayer in connection with the taxpayer's donation, while 311  
living, of one or more of the taxpayer's human organs to another 312  
human being. 313

(23) Deduct, to the extent not otherwise deducted or 314  
excluded in computing federal or Ohio adjusted gross income for 315  
the taxable year, amounts received by the taxpayer as retired 316  
personnel pay for service in the uniformed services or reserve 317  
components thereof, or the national guard, or received by the 318  
surviving spouse or former spouse of such a taxpayer under the 319  
survivor benefit plan on account of such a taxpayer's death. If 320  
the taxpayer receives income on account of retirement paid under 321  
the federal civil service retirement system or federal employees 322  
retirement system, or under any successor retirement program 323  
enacted by the congress of the United States that is established 324  
and maintained for retired employees of the United States 325  
government, and such retirement income is based, in whole or in 326  
part, on credit for the taxpayer's uniformed service, the 327  
deduction allowed under this division shall include only that 328  
portion of such retirement income that is attributable to the 329  
taxpayer's uniformed service, to the extent that portion of such 330  
retirement income is otherwise included in federal adjusted 331  
gross income and is not otherwise deducted under this section. 332  
Any amount deducted under division (A) (23) of this section is 333  
not included in a taxpayer's adjusted gross income for the 334  
purposes of section 5747.055 of the Revised Code. No amount may 335  
be deducted under division (A) (23) of this section on the basis 336  
of which a credit was claimed under section 5747.055 of the 337  
Revised Code. 338

(24) Deduct, to the extent not otherwise deducted or 339  
excluded in computing federal or Ohio adjusted gross income for 340

the taxable year, the amount the taxpayer received during the 341  
taxable year from the military injury relief fund created in 342  
section 5902.05 of the Revised Code. 343

(25) Deduct, to the extent not otherwise deducted or 344  
excluded in computing federal or Ohio adjusted gross income for 345  
the taxable year, the amount the taxpayer received as a veterans 346  
bonus during the taxable year from the Ohio department of 347  
veterans services as authorized by Section 2r of Article VIII, 348  
Ohio Constitution. 349

(26) Deduct, to the extent not otherwise deducted or 350  
excluded in computing federal or Ohio adjusted gross income for 351  
the taxable year, any income derived from a transfer agreement 352  
or from the enterprise transferred under that agreement under 353  
section 4313.02 of the Revised Code. 354

(27) Deduct, to the extent not otherwise deducted or 355  
excluded in computing federal or Ohio adjusted gross income for 356  
the taxable year, Ohio college opportunity or federal Pell grant 357  
amounts received by the taxpayer or the taxpayer's spouse or 358  
dependent pursuant to section 3333.122 of the Revised Code or 20 359  
U.S.C. 1070a, et seq., and used to pay room or board furnished 360  
by the educational institution for which the grant was awarded 361  
at the institution's facilities, including meal plans 362  
administered by the institution. For the purposes of this 363  
division, receipt of a grant includes the distribution of a 364  
grant directly to an educational institution and the crediting 365  
of the grant to the enrollee's account with the institution. 366

(28) Deduct from the portion of an individual's federal 367  
adjusted gross income that is business income, to the extent not 368  
otherwise deducted or excluded in computing federal adjusted 369  
gross income for the taxable year, one hundred twenty-five 370

thousand dollars for each spouse if spouses file separate	371
returns under section 5747.08 of the Revised Code or two hundred	372
fifty thousand dollars for all other individuals.	373
(29) Deduct, as provided under section 5747.78 of the	374
Revised Code, contributions to ABLE savings accounts made in	375
accordance with sections 113.50 to 113.56 of the Revised Code.	376
(30) (a) Deduct, to the extent not otherwise deducted or	377
excluded in computing federal or Ohio adjusted gross income	378
during the taxable year, all of the following:	379
(i) Compensation paid to a qualifying employee described	380
in division (A) (14) (a) of section 5703.94 of the Revised Code to	381
the extent such compensation is for disaster work conducted in	382
this state during a disaster response period pursuant to a	383
qualifying solicitation received by the employee's employer;	384
(ii) Compensation paid to a qualifying employee described	385
in division (A) (14) (b) of section 5703.94 of the Revised Code to	386
the extent such compensation is for disaster work conducted in	387
this state by the employee during the disaster response period	388
on critical infrastructure owned or used by the employee's	389
employer;	390
(iii) Income received by an out-of-state disaster business	391
for disaster work conducted in this state during a disaster	392
response period, or, if the out-of-state disaster business is a	393
pass-through entity, a taxpayer's distributive share of the	394
pass-through entity's income from the business conducting	395
disaster work in this state during a disaster response period,	396
if, in either case, the disaster work is conducted pursuant to a	397
qualifying solicitation received by the business.	398
(b) All terms used in division (A) (30) of this section	399

have the same meanings as in section 5703.94 of the Revised Code. 400  
401

(31) For a taxpayer who is a qualifying Ohio educator, 402  
deduct, to the extent not otherwise deducted or excluded in 403  
computing federal or Ohio adjusted gross income for the taxable 404  
year, the lesser of three hundred dollars or the amount of 405  
expenses described in subsections (a) (2) (D) (i) and (ii) of 406  
section 62 of the Internal Revenue Code paid or incurred by the 407  
taxpayer during the taxpayer's taxable year in excess of the 408  
amount the taxpayer is authorized to deduct for that taxable 409  
year under subsection (a) (2) (D) of that section. 410

(32) Deduct, to the extent not otherwise deducted or 411  
excluded in computing federal or Ohio adjusted gross income for 412  
the taxable year, amounts received by the taxpayer as a 413  
disability severance payment, computed under 10 U.S.C. 1212, 414  
following discharge or release under honorable conditions from 415  
the armed forces of the United States, as defined in section 416  
5907.01 of the Revised Code. 417

(33) Deduct, to the extent not otherwise deducted or 418  
excluded in computing federal adjusted gross income or Ohio 419  
adjusted gross income, amounts not subject to tax due to an 420  
agreement entered into under division (A) (2) of section 5747.05 421  
of the Revised Code. 422

(34) Deduct amounts as provided under section 5747.79 of 423  
the Revised Code related to the taxpayer's qualifying capital 424  
gains and deductible payroll. 425

To the extent a qualifying capital gain described under 426  
division (A) (34) of this section is business income, the 427  
taxpayer shall deduct those gains under this division before 428

deducting any such gains under division (A) (28) of this section.	429
(35) (a) For taxable years beginning in or after 2026,	430
deduct, to the extent not otherwise deducted or excluded in	431
computing federal or Ohio adjusted gross income for the taxable	432
year:	433
(i) One hundred per cent of the capital gain received by	434
the taxpayer in the taxable year from a qualifying interest in	435
an Ohio venture capital operating company attributable to the	436
company's investments in Ohio businesses during the period for	437
which the company was an Ohio venture operating company; and	438
(ii) Fifty per cent of the capital gain received by the	439
taxpayer in the taxable year from a qualifying interest in an	440
Ohio venture capital operating company attributable to the	441
company's investments in all other businesses during the period	442
for which the company was an Ohio venture operating company.	443
(b) Add amounts previously deducted by the taxpayer under	444
division (A) (35) (a) of this section if the director of	445
development certifies to the tax commissioner that the	446
requirements for the deduction were not met.	447
(c) All terms used in division (A) (35) of this section	448
have the same meanings as in section 122.851 of the Revised	449
Code.	450
(d) To the extent a capital gain described in division (A)	451
(35) (a) of this section is business income, the taxpayer shall	452
apply that division before applying division (A) (28) of this	453
section.	454
(36) Add, to the extent not otherwise included in	455
computing federal or Ohio adjusted gross income for any taxable	456

year, the taxpayer's proportionate share of the amount of the 457  
tax levied under section 5747.38 of the Revised Code and paid by 458  
an electing pass-through entity for the taxable year. 459

Notwithstanding any provision of the Revised Code to the 460  
contrary, the portion of the addition required by division (A) 461  
(36) of this section related to the apportioned business income 462  
of the pass-through entity shall be considered business income 463  
under division (B) of this section. Such addition is eligible 464  
for the deduction in division (A) (28) of this section, subject 465  
to the applicable dollar limitations, and the tax rate 466  
prescribed by division (A) (4) (a) of section 5747.02 of the 467  
Revised Code. The taxpayer shall provide, upon request of the 468  
tax commissioner, any documentation necessary to verify the 469  
portion of the addition that is business income under this 470  
division. 471

(37) Deduct, to the extent not otherwise deducted or 472  
excluded in computing federal or Ohio adjusted gross income for 473  
the taxable year, amounts delivered to a qualifying institution 474  
pursuant to section 3333.128 of the Revised Code for the benefit 475  
of the taxpayer or the taxpayer's spouse or dependent. 476

(38) Deduct, to the extent not otherwise deducted or 477  
excluded in computing federal or Ohio adjusted gross income for 478  
the taxable year, amounts received under the Ohio adoption grant 479  
program pursuant to section 5180.451 of the Revised Code. 480

(39) Deduct, to the extent included in federal adjusted 481  
gross income, income attributable to amounts provided to a 482  
taxpayer for any of the purposes for which an exclusion would 483  
have been authorized under section 139 of the Internal Revenue 484  
Code if the train derailment near the city of East Palestine on 485  
February 3, 2023, had been a qualified disaster pursuant to that 486

section, or to compensate for lost business resulting from that 487  
derailment, if such amounts are provided by any of the 488  
following: 489

(a) A federal, state, or local government agency; 490

(b) A railroad company, as that term is defined in section 491  
5727.01 of the Revised Code; 492

(c) Any subsidiary, insurer, or agent of a railroad 493  
company or any related person. 494

Notwithstanding any provision to the contrary, the 495  
derailment is not required to meet the definition of a 496  
"qualified disaster" pursuant to section 139 of the Internal 497  
Revenue Code to qualify for the deduction under this section. 498

(40) Deduct, to the extent included in federal adjusted 499  
gross income, income attributable to loan repayments on behalf 500  
of the taxpayer under the rural practice incentive program under 501  
section 3333.135 of the Revised Code. 502

(41) Add any income taxes deducted in computing federal or 503  
Ohio adjusted gross income to the extent the income taxes were 504  
derived from income subject to a tax levied in another state or 505  
the District of Columbia when such tax was enacted for purposes 506  
of complying with internal revenue service notice 2020-75. 507

Notwithstanding any provision of the Revised Code to the 508  
contrary, the portion of the addition required by division (A) 509  
(41) of this section related to the apportioned business income 510  
of the pass-through entity shall be considered business income 511  
under division (B) of this section. Such addition is eligible 512  
for the deduction in division (A) (28) of this section, subject 513  
to the applicable dollar limitations, and the tax rate 514

prescribed by division (A) (4) (a) of section 5747.02 of the Revised Code. The taxpayer shall provide, upon request of the tax commissioner, any documentation necessary to verify the portion of the addition that is business income under this division.

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

(43) If the taxpayer is the account owner of a homeownership savings account, upon withdrawal or transfer of funds from the account, or closure of the account containing funds that are not used for eligible expenses, add the amount of such funds not used for an eligible expense. The addition required under this division shall not exceed the sum of the amounts deducted by the taxpayer for such account under division (A) (42) of this section in any taxable year and the amount of any funds deposited in the account by a contributor other than the account owner. As used in division (A) (43) of this section, "homeownership savings account," "contributor," "account owner," and "eligible expenses" have the same meanings as in section 5747.85 of the Revised Code.

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

(B) "Business income" means income, including gain or loss, arising from transactions, activities, and sources in the regular course of a trade or business and includes income, gain,

or loss from real property, tangible property, and intangible property if the acquisition, rental, management, and disposition of the property constitute integral parts of the regular course of a trade or business operation. "Business income" includes income, including gain or loss, from a partial or complete liquidation of a business, including, but not limited to, gain or loss from the sale or other disposition of goodwill or the sale of an equity or ownership interest in a business.

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

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

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

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

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

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

(F) "Fiscal year" means an accounting period of twelve months ending on the last day of any month other than December.	573 574
(G) "Individual" means any natural person.	575
(H) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.	576 577
(I) "Resident" means any of the following:	578
(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code;	579 580
(2) The estate of a decedent who at the time of death was domiciled in this state. The domicile tests of section 5747.24 of the Revised Code are not controlling for purposes of division (I) (2) of this section.	581 582 583 584
(3) A trust that, in whole or part, resides in this state. If only part of a trust resides in this state, the trust is a resident only with respect to that part.	585 586 587
For the purposes of division (I) (3) of this section:	588
(a) A trust resides in this state for the trust's current taxable year to the extent, as described in division (I) (3) (d) of this section, that the trust consists directly or indirectly, in whole or in part, of assets, net of any related liabilities, that were transferred, or caused to be transferred, directly or indirectly, to the trust by any of the following:	589 590 591 592 593 594
(i) A person, a court, or a governmental entity or instrumentality on account of the death of a decedent, but only if the trust is described in division (I) (3) (e) (i) or (ii) of this section;	595 596 597 598
(ii) A person who was domiciled in this state for the	599

purposes of this chapter when the person directly or indirectly transferred assets to an irrevocable trust, but only if at least one of the trust's qualifying beneficiaries is domiciled in this state for the purposes of this chapter during all or some portion of the trust's current taxable year;

(iii) A person who was domiciled in this state for the purposes of this chapter when the trust document or instrument or part of the trust document or instrument became irrevocable, but only if at least one of the trust's qualifying beneficiaries is a resident domiciled in this state for the purposes of this chapter during all or some portion of the trust's current taxable year. If a trust document or instrument became irrevocable upon the death of a person who at the time of death was domiciled in this state for purposes of this chapter, that person is a person described in division (I) (3) (a) (iii) of this section.

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

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

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

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

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

(iii) Whether a transfer to the trust is by or from any of the sources enumerated in division (I) (3) (a) of this section shall be ascertained without regard to the domicile of the

trust's beneficiaries. 660

(e) For the purposes of division (I) (3) (a) (i) of this 661  
section: 662

(i) A trust is described in division (I) (3) (e) (i) of this 663  
section if the trust is a testamentary trust and the testator of 664  
that testamentary trust was domiciled in this state at the time 665  
of the testator's death for purposes of the taxes levied under 666  
Chapter 5731. of the Revised Code. 667

(ii) A trust is described in division (I) (3) (e) (ii) of 668  
this section if the transfer is a qualifying transfer described 669  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 670  
trust is an irrevocable inter vivos trust, and at least one of 671  
the trust's qualifying beneficiaries is domiciled in this state 672  
for purposes of this chapter during all or some portion of the 673  
trust's current taxable year. 674

(f) For the purposes of division (I) (3) (e) (ii) of this 675  
section, a "qualifying transfer" is a transfer of assets, net of 676  
any related liabilities, directly or indirectly to a trust, if 677  
the transfer is described in any of the following: 678

(i) The transfer is made to a trust, created by the 679  
decedent before the decedent's death and while the decedent was 680  
domiciled in this state for the purposes of this chapter, and, 681  
prior to the death of the decedent, the trust became irrevocable 682  
while the decedent was domiciled in this state for the purposes 683  
of this chapter. 684

(ii) The transfer is made to a trust to which the 685  
decedent, prior to the decedent's death, had directly or 686  
indirectly transferred assets, net of any related liabilities, 687  
while the decedent was domiciled in this state for the purposes 688

of this chapter, and prior to the death of the decedent the 689  
trust became irrevocable while the decedent was domiciled in 690  
this state for the purposes of this chapter. 691

(iii) The transfer is made on account of a contractual 692  
relationship existing directly or indirectly between the 693  
transferor and either the decedent or the estate of the decedent 694  
at any time prior to the date of the decedent's death, and the 695  
decedent was domiciled in this state at the time of death for 696  
purposes of the taxes levied under Chapter 5731. of the Revised 697  
Code. 698

(iv) The transfer is made to a trust on account of a 699  
contractual relationship existing directly or indirectly between 700  
the transferor and another person who at the time of the 701  
decedent's death was domiciled in this state for purposes of 702  
this chapter. 703

(v) The transfer is made to a trust on account of the will 704  
of a testator who was domiciled in this state at the time of the 705  
testator's death for purposes of the taxes levied under Chapter 706  
5731. of the Revised Code. 707

(vi) The transfer is made to a trust created by or caused 708  
to be created by a court, and the trust was directly or 709  
indirectly created in connection with or as a result of the 710  
death of an individual who, for purposes of the taxes levied 711  
under Chapter 5731. of the Revised Code, was domiciled in this 712  
state at the time of the individual's death. 713

(g) The tax commissioner may adopt rules to ascertain the 714  
part of a trust residing in this state. 715

(J) "Nonresident" means an individual or estate that is 716  
not a resident. An individual who is a resident for only part of 717

a taxable year is a nonresident for the remainder of that taxable year. 718  
719

(K) "Pass-through entity" has the same meaning as in section 5733.04 of the Revised Code. 720  
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(L) "Return" means the notifications and reports required to be filed pursuant to this chapter for the purpose of reporting the tax due and includes declarations of estimated tax when so required. 722  
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(M) "Taxable year" means the calendar year or the taxpayer's fiscal year ending during the calendar year, or fractional part thereof, upon which the adjusted gross income is calculated pursuant to this chapter. 726  
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(N) "Taxpayer" means any person subject to the tax imposed by section 5747.02 of the Revised Code or any pass-through entity that makes the election under division (D) of section 5747.08 of the Revised Code. 730  
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(O) "Dependents" means ~~one of the following:~~ 734

~~(1) For taxable years beginning on or after January 1, 2018, and before January 1, 2026, dependents as defined in the Internal Revenue Code;~~ 735  
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~~(2) For all other taxable years, dependents as defined in the Internal Revenue Code and as claimed in the taxpayer's federal income tax return for the taxable year or which the taxpayer would have been permitted to claim had the taxpayer filed a federal income tax return.~~ 738  
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(P) "Principal county of employment" means, in the case of a nonresident, the county within the state in which a taxpayer performs services for an employer or, if those services are 743  
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performed in more than one county, the county in which the major portion of the services are performed. 746  
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(Q) As used in sections 5747.50 to 5747.55 of the Revised Code: 748  
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(1) "Subdivision" means any county, municipal corporation, park district, or township. 750  
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(2) "Essential local government purposes" includes all functions that any subdivision is required by general law to exercise, including like functions that are exercised under a charter adopted pursuant to the Ohio Constitution. 752  
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(R) "Overpayment" means any amount already paid that exceeds the figure determined to be the correct amount of the tax. 756  
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(S) "Taxable income" or "Ohio taxable income" applies only to estates and trusts, and means federal taxable income, as defined and used in the Internal Revenue Code, adjusted as follows: 759  
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(1) Add interest or dividends, net of ordinary, necessary, and reasonable expenses not deducted in computing federal taxable income, on obligations or securities of any state or of any political subdivision or authority of any state, other than this state and its subdivisions and authorities, but only to the extent that such net amount is not otherwise includible in Ohio taxable income and is described in either division (S) (1) (a) or (b) of this section: 763  
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(a) The net amount is not attributable to the S portion of an electing small business trust and has not been distributed to beneficiaries for the taxable year; 771  
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773

(b) The net amount is attributable to the S portion of an electing small business trust for the taxable year.	774 775
(2) Add interest or dividends, net of ordinary, necessary, and reasonable expenses not deducted in computing federal taxable income, on obligations of any authority, commission, instrumentality, territory, or possession of the United States to the extent that the interest or dividends are exempt from federal income taxes but not from state income taxes, but only to the extent that such net amount is not otherwise includible in Ohio taxable income and is described in either division (S) (1) (a) or (b) of this section;	776 777 778 779 780 781 782 783 784
(3) Add the amount of personal exemption allowed to the estate pursuant to section 642(b) of the Internal Revenue Code;	785 786
(4) Deduct interest or dividends, net of related expenses deducted in computing federal taxable income, on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent that the interest or dividends are exempt from state taxes under the laws of the United States, but only to the extent that such amount is included in federal taxable income and is described in either division (S) (1) (a) or (b) of this section;	787 788 789 790 791 792 793 794 795
(5) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal taxable income for the taxable year, had the work opportunity tax credit allowed under sections 38, 51, and 52 of the Internal Revenue Code not been in effect, but only to the extent such amount relates either to income included in federal taxable income for the taxable year or to income of the S portion of an electing small	796 797 798 799 800 801 802 803

business trust for the taxable year;	804
(6) Deduct any interest or interest equivalent, net of	805
related expenses deducted in computing federal taxable income,	806
on public obligations and purchase obligations, but only to the	807
extent that such net amount relates either to income included in	808
federal taxable income for the taxable year or to income of the	809
S portion of an electing small business trust for the taxable	810
year;	811
(7) Add any loss or deduct any gain resulting from sale,	812
exchange, or other disposition of public obligations to the	813
extent that such loss has been deducted or such gain has been	814
included in computing either federal taxable income or income of	815
the S portion of an electing small business trust for the	816
taxable year;	817
(8) Except in the case of the final return of an estate,	818
add any amount deducted by the taxpayer on both its Ohio estate	819
tax return pursuant to section 5731.14 of the Revised Code, and	820
on its federal income tax return in determining federal taxable	821
income;	822
(9) (a) Deduct any amount included in federal taxable	823
income solely because the amount represents a reimbursement or	824
refund of expenses that in a previous year the decedent had	825
deducted as an itemized deduction pursuant to section 63 of the	826
Internal Revenue Code and applicable treasury regulations. The	827
deduction otherwise allowed under division (S) (9) (a) of this	828
section shall be reduced to the extent the reimbursement is	829
attributable to an amount the taxpayer or decedent deducted	830
under this section in any taxable year.	831
(b) Add any amount not otherwise included in Ohio taxable	832

income for any taxable year to the extent that the amount is 833  
attributable to the recovery during the taxable year of any 834  
amount deducted or excluded in computing federal or Ohio taxable 835  
income in any taxable year, but only to the extent such amount 836  
has not been distributed to beneficiaries for the taxable year. 837

(10) Deduct any portion of the deduction described in 838  
section 1341(a) (2) of the Internal Revenue Code, for repaying 839  
previously reported income received under a claim of right, that 840  
meets both of the following requirements: 841

(a) It is allowable for repayment of an item that was 842  
included in the taxpayer's taxable income or the decedent's 843  
adjusted gross income for a prior taxable year and did not 844  
qualify for a credit under division (A) or (B) of section 845  
5747.05 of the Revised Code for that year. 846

(b) It does not otherwise reduce the taxpayer's taxable 847  
income or the decedent's adjusted gross income for the current 848  
or any other taxable year. 849

(11) Add any amount claimed as a credit under section 850  
5747.059 of the Revised Code to the extent that the amount 851  
satisfies either of the following: 852

(a) The amount was deducted or excluded from the 853  
computation of the taxpayer's federal taxable income as required 854  
to be reported for the taxpayer's taxable year under the 855  
Internal Revenue Code; 856

(b) The amount resulted in a reduction in the taxpayer's 857  
federal taxable income as required to be reported for any of the 858  
taxpayer's taxable years under the Internal Revenue Code. 859

(12) Deduct any amount, net of related expenses deducted 860

in computing federal taxable income, that a trust is required to report as farm income on its federal income tax return, but only if the assets of the trust include at least ten acres of land satisfying the definition of "land devoted exclusively to agricultural use" under section 5713.30 of the Revised Code, regardless of whether the land is valued for tax purposes as such land under sections 5713.30 to 5713.38 of the Revised Code. If the trust is a pass-through entity investor, section 5747.231 of the Revised Code applies in ascertaining if the trust is eligible to claim the deduction provided by division (S) (12) of this section in connection with the pass-through entity's farm income.

Except for farm income attributable to the S portion of an electing small business trust, the deduction provided by division (S) (12) of this section is allowed only to the extent that the trust has not distributed such farm income.

(13) Add the net amount of income described in section 641(c) of the Internal Revenue Code to the extent that amount is not included in federal taxable income.

(14) Add or deduct the amount the taxpayer would be required to add or deduct under division (A) (17) or (18) of this section if the taxpayer's Ohio taxable income was computed in the same manner as an individual's Ohio adjusted gross income is computed under this section.

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

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

(T) "School district income" and "school district income tax" have the same meanings as in section 5748.01 of the Revised Code.

(U) As used in divisions (A) (7), (A) (8), (S) (6), and (S) (7) of this section, "public obligations," "purchase obligations," and "interest or interest equivalent" have the same meanings as in section 5709.76 of the Revised Code.

(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 918  
income included in a trust's Ohio taxable income after such 919  
taxable income is first reduced by the qualifying trust amount, 920  
if any. 921

(2) "Qualifying trust amount" of a trust means capital 922  
gains and losses from the sale, exchange, or other disposition 923  
of equity or ownership interests in, or debt obligations of, a 924  
qualifying investee to the extent included in the trust's Ohio 925  
taxable income, but only if the following requirements are 926  
satisfied: 927

(a) The book value of the qualifying investee's physical 928  
assets in this state and everywhere, as of the last day of the 929  
qualifying investee's fiscal or calendar year ending immediately 930  
prior to the date on which the trust recognizes the gain or 931  
loss, is available to the trust. 932

(b) The requirements of section 5747.011 of the Revised 933  
Code are satisfied for the trust's taxable year in which the 934  
trust recognizes the gain or loss. 935

Any gain or loss that is not a qualifying trust amount is 936  
modified business income, qualifying investment income, or 937  
modified nonbusiness income, as the case may be. 938

(3) "Modified nonbusiness income" means a trust's Ohio 939  
taxable income other than modified business income, other than 940  
the qualifying trust amount, and other than qualifying 941  
investment income, as defined in section 5747.012 of the Revised 942  
Code, to the extent such qualifying investment income is not 943  
otherwise part of modified business income. 944

(4) "Modified Ohio taxable income" applies only to trusts, 945  
and means the sum of the amounts described in divisions (AA) (4) 946

(a) to (c) of this section:	947
(a) The fraction, calculated under section 5747.013, and	948
applying section 5747.231 of the Revised Code, multiplied by the	949
sum of the following amounts:	950
(i) The trust's modified business income;	951
(ii) The trust's qualifying investment income, as defined	952
in section 5747.012 of the Revised Code, but only to the extent	953
the qualifying investment income does not otherwise constitute	954
modified business income and does not otherwise constitute a	955
qualifying trust amount.	956
(b) The qualifying trust amount multiplied by a fraction,	957
the numerator of which is the sum of the book value of the	958
qualifying investee's physical assets in this state on the last	959
day of the qualifying investee's fiscal or calendar year ending	960
immediately prior to the day on which the trust recognizes the	961
qualifying trust amount, and the denominator of which is the sum	962
of the book value of the qualifying investee's total physical	963
assets everywhere on the last day of the qualifying investee's	964
fiscal or calendar year ending immediately prior to the day on	965
which the trust recognizes the qualifying trust amount. If, for	966
a taxable year, the trust recognizes a qualifying trust amount	967
with respect to more than one qualifying investee, the amount	968
described in division (AA) (4) (b) of this section shall equal the	969
sum of the products so computed for each such qualifying	970
investee.	971
(c) (i) With respect to a trust or portion of a trust that	972
is a resident as ascertained in accordance with division (I) (3)	973
(d) of this section, its modified nonbusiness income.	974
(ii) With respect to a trust or portion of a trust that is	975

not a resident as ascertained in accordance with division (I) (3) 976  
(d) of this section, the amount of its modified nonbusiness 977  
income satisfying the descriptions in divisions (B) (2) to (5) of 978  
section 5747.20 of the Revised Code, except as otherwise 979  
provided in division (AA) (4) (c) (ii) of this section. With 980  
respect to a trust or portion of a trust that is not a resident 981  
as ascertained in accordance with division (I) (3) (d) of this 982  
section, the trust's portion of modified nonbusiness income 983  
recognized from the sale, exchange, or other disposition of a 984  
debt interest in or equity interest in a section 5747.212 985  
entity, as defined in section 5747.212 of the Revised Code, 986  
without regard to division (A) of that section, shall not be 987  
allocated to this state in accordance with section 5747.20 of 988  
the Revised Code but shall be apportioned to this state in 989  
accordance with division (B) of section 5747.212 of the Revised 990  
Code without regard to division (A) of that section. 991

If the allocation and apportionment of a trust's income 992  
under divisions (AA) (4) (a) and (c) of this section do not fairly 993  
represent the modified Ohio taxable income of the trust in this 994  
state, the alternative methods described in division (C) of 995  
section 5747.21 of the Revised Code may be applied in the manner 996  
and to the same extent provided in that section. 997

(5) (a) Except as set forth in division (AA) (5) (b) of this 998  
section, "qualifying investee" means a person in which a trust 999  
has an equity or ownership interest, or a person or unit of 1000  
government the debt obligations of either of which are owned by 1001  
a trust. For the purposes of division (AA) (2) (a) of this section 1002  
and for the purpose of computing the fraction described in 1003  
division (AA) (4) (b) of this section, all of the following apply: 1004

(i) If the qualifying investee is a member of a qualifying 1005

controlled group on the last day of the qualifying investee's 1006  
fiscal or calendar year ending immediately prior to the date on 1007  
which the trust recognizes the gain or loss, then "qualifying 1008  
investee" includes all persons in the qualifying controlled 1009  
group on such last day. 1010

(ii) If the qualifying investee, or if the qualifying 1011  
investee and any members of the qualifying controlled group of 1012  
which the qualifying investee is a member on the last day of the 1013  
qualifying investee's fiscal or calendar year ending immediately 1014  
prior to the date on which the trust recognizes the gain or 1015  
loss, separately or cumulatively own, directly or indirectly, on 1016  
the last day of the qualifying investee's fiscal or calendar 1017  
year ending immediately prior to the date on which the trust 1018  
recognizes the qualifying trust amount, more than fifty per cent 1019  
of the equity of a pass-through entity, then the qualifying 1020  
investee and the other members are deemed to own the 1021  
proportionate share of the pass-through entity's physical assets 1022  
which the pass-through entity directly or indirectly owns on the 1023  
last day of the pass-through entity's calendar or fiscal year 1024  
ending within or with the last day of the qualifying investee's 1025  
fiscal or calendar year ending immediately prior to the date on 1026  
which the trust recognizes the qualifying trust amount. 1027

(iii) For the purposes of division (AA) (5) (a) (iii) of this 1028  
section, "upper level pass-through entity" means a pass-through 1029  
entity directly or indirectly owning any equity of another pass- 1030  
through entity, and "lower level pass-through entity" means that 1031  
other pass-through entity. 1032

An upper level pass-through entity, whether or not it is 1033  
also a qualifying investee, is deemed to own, on the last day of 1034  
the upper level pass-through entity's calendar or fiscal year, 1035

the proportionate share of the lower level pass-through entity's 1036  
physical assets that the lower level pass-through entity 1037  
directly or indirectly owns on the last day of the lower level 1038  
pass-through entity's calendar or fiscal year ending within or 1039  
with the last day of the upper level pass-through entity's 1040  
fiscal or calendar year. If the upper level pass-through entity 1041  
directly and indirectly owns less than fifty per cent of the 1042  
equity of the lower level pass-through entity on each day of the 1043  
upper level pass-through entity's calendar or fiscal year in 1044  
which or with which ends the calendar or fiscal year of the 1045  
lower level pass-through entity and if, based upon clear and 1046  
convincing evidence, complete information about the location and 1047  
cost of the physical assets of the lower pass-through entity is 1048  
not available to the upper level pass-through entity, then 1049  
solely for purposes of ascertaining if a gain or loss 1050  
constitutes a qualifying trust amount, the upper level pass- 1051  
through entity shall be deemed as owning no equity of the lower 1052  
level pass-through entity for each day during the upper level 1053  
pass-through entity's calendar or fiscal year in which or with 1054  
which ends the lower level pass-through entity's calendar or 1055  
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 1056  
shall be construed to provide for any deduction or exclusion in 1057  
computing any trust's Ohio taxable income. 1058

(b) With respect to a trust that is not a resident for the 1059  
taxable year and with respect to a part of a trust that is not a 1060  
resident for the taxable year, "qualifying investee" for that 1061  
taxable year does not include a C corporation if both of the 1062  
following apply: 1063

(i) During the taxable year the trust or part of the trust 1064  
recognizes a gain or loss from the sale, exchange, or other 1065  
disposition of equity or ownership interests in, or debt 1066

obligations of, the C corporation.	1067
(ii) Such gain or loss constitutes nonbusiness income.	1068
(6) "Available" means information is such that a person is	1069
able to learn of the information by the due date plus	1070
extensions, if any, for filing the return for the taxable year	1071
in which the trust recognizes the gain or loss.	1072
(BB) "Qualifying controlled group" has the same meaning as	1073
in section 5733.04 of the Revised Code.	1074
(CC) "Related member" has the same meaning as in section	1075
5733.042 of the Revised Code.	1076
(DD) (1) For the purposes of division (DD) of this section:	1077
(a) "Qualifying person" means any person other than a	1078
qualifying corporation.	1079
(b) "Qualifying corporation" means any person classified	1080
for federal income tax purposes as an association taxable as a	1081
corporation, except either of the following:	1082
(i) A corporation that has made an election under	1083
subchapter S, chapter one, subtitle A, of the Internal Revenue	1084
Code for its taxable year ending within, or on the last day of,	1085
the investor's taxable year;	1086
(ii) A subsidiary that is wholly owned by any corporation	1087
that has made an election under subchapter S, chapter one,	1088
subtitle A of the Internal Revenue Code for its taxable year	1089
ending within, or on the last day of, the investor's taxable	1090
year.	1091
(2) For the purposes of this chapter, unless expressly	1092
stated otherwise, no qualifying person indirectly owns any asset	1093

directly or indirectly owned by any qualifying corporation.	1094
(EE) For purposes of this chapter and Chapter 5751. of the Revised Code:	1095
	1096
(1) "Trust" does not include a qualified pre-income tax trust.	1097
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(2) A "qualified pre-income tax trust" is any pre-income tax trust that makes a qualifying pre-income tax trust election as described in division (EE)(3) of this section.	1099
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	1101
(3) A "qualifying pre-income tax trust election" is an election by a pre-income tax trust to subject to the tax imposed by section 5751.02 of the Revised Code the pre-income tax trust and all pass-through entities of which the trust owns or controls, directly, indirectly, or constructively through related interests, five per cent or more of the ownership or equity interests. The trustee shall notify the tax commissioner in writing of the election on or before April 15, 2006. The election, if timely made, shall be effective on and after January 1, 2006, and shall apply for all tax periods and tax years until revoked by the trustee of the trust.	1102
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(4) A "pre-income tax trust" is a trust that satisfies all of the following requirements:	1113
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(a) The document or instrument creating the trust was executed by the grantor before January 1, 1972;	1115
	1116
(b) The trust became irrevocable upon the creation of the trust; and	1117
	1118
(c) The grantor was domiciled in this state at the time the trust was created.	1119
	1120
(FF) "Uniformed services" means all of the following:	1121

(1) "Armed forces of the United States" as defined in	1122
section 5907.01 of the Revised Code;	1123
(2) The commissioned corps of the national oceanic and	1124
atmospheric administration;	1125
(3) The commissioned corps of the public health service.	1126
(GG) "Taxable business income" means the amount by which	1127
an individual's business income that is included in federal	1128
adjusted gross income exceeds the amount of business income the	1129
individual is authorized to deduct under division (A) (28) of	1130
this section for the taxable year.	1131
(HH) "Employer" does not include a franchisor with respect	1132
to the franchisor's relationship with a franchisee or an	1133
employee of a franchisee, unless the franchisor agrees to assume	1134
that role in writing or a court of competent jurisdiction	1135
determines that the franchisor exercises a type or degree of	1136
control over the franchisee or the franchisee's employees that	1137
is not customarily exercised by a franchisor for the purpose of	1138
protecting the franchisor's trademark, brand, or both. For	1139
purposes of this division, "franchisor" and "franchisee" have	1140
the same meanings as in 16 C.F.R. 436.1.	1141
(II) "Modified adjusted gross income" means Ohio adjusted	1142
gross income plus any amount deducted under divisions (A) (28)	1143
and (34) of this section for the taxable year.	1144
(JJ) "Qualifying Ohio educator" means an individual who,	1145
for a taxable year, qualifies as an eligible educator, as that	1146
term is defined in section 62 of the Internal Revenue Code, and	1147
who holds a certificate, license, or permit described in Chapter	1148
3319. or section 3301.071 of the Revised Code.	1149

(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."

In line 43, delete "section" and insert "sections"; after "5701.11" insert "and 5747.01"

In line 44, delete "is" and insert "are"

The motion was \_\_\_\_\_ agreed to.

**SYNOPSIS** 1166

**Income tax dependents** 1167

**R.C. 5747.01 (O)** 1168

Modifies the definition of a "dependent" for income tax purposes to conform with changes in the "One Big Beautiful Bill Act" (OBBA). The current definition reflects the suspension of federal personal and dependent exemptions since 2018, and does

not require a dependent to have been claimed or permitted to be 1173  
claimed on the taxpayer's federal tax return. This definition 1174  
would have expired in 2026, except that the OBBBA permanently 1175  
terminated the federal personal and dependent exemptions. This 1176  
amendment makes Ohio's definition consistent with the OBBBA for 1177  
2026 and after. 1178