

As Introduced

**134th General Assembly
Regular Session
2021-2022**

S. B. No. 297

Senator Schaffer

A BILL

To amend sections 5739.02, 5747.08, and 5747.98 and 1
to enact sections 122.97 and 5747.77 of the 2
Revised Code to authorize tax incentives 3
relating to nonprofit management and operations. 4

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

Section 1. That sections 5739.02, 5747.08, and 5747.98 be 5
amended and sections 122.97 and 5747.77 of the Revised Code be 6
enacted to read as follows: 7

Sec. 122.97. (A) As used in this section: 8

(1) "Nonprofit corporation" has the same meaning as in 9
section 1702.01 of the Revised Code. 10

(2) "Qualifying nonprofit corporation" means a nonprofit 11
corporation that relocates at least fifty full-time employment 12
positions from one or more other states to this state, provided 13
that the positions are relocated after the effective date of 14
this section and within one year after the nonprofit corporation 15
first establishes a physical presence in this state. 16

(B) A qualifying nonprofit corporation may apply to the 17
director of development for a job relocation exemption 18

certificate. The application shall be in the form prescribed by 19
the director, and shall include payroll information for the 20
full-time employees that the qualifying nonprofit corporation 21
employs in the state, with any employee identifying information 22
redacted. Within thirty days of the receipt of an application, 23
the director shall issue a job relocation exemption certificate 24
to the nonprofit corporation if the director determines that the 25
nonprofit corporation meets the criteria described in division 26
(A) (2) of this section. Except as provided in division (C) of 27
this section, the certificate shall be valid for one year from 28
the date the director issues the certificate. A qualifying 29
nonprofit corporation may obtain a certificate under this 30
section for no more than three consecutive yearlong periods. 31

(C) If a qualifying nonprofit corporation that receives a 32
job relocation exemption certificate fails to maintain at least 33
fifty full-time employment positions in this state during the 34
period for which the certificate is issued, the director shall 35
immediately revoke the certificate. The director may require a 36
qualifying nonprofit corporation that receives a job relocation 37
exemption certificate to periodically report to the director the 38
number of full-time employees that the qualifying nonprofit 39
corporation employs in the state, along with any other 40
information the director considers necessary to administer this 41
section. 42

If the director revokes a job relocation certificate under 43
this division, the qualifying nonprofit corporation shall give 44
notice of that revocation to any vendor that is no longer able 45
to rely on an exemption certificate issued under section 5739.03 46
of the Revised Code for the exemption provided in division (B) 47
(58) of section 5739.02 of the Revised Code. 48

Sec. 5739.02. For the purpose of providing revenue with 49
which to meet the needs of the state, for the use of the general 50
revenue fund of the state, for the purpose of securing a 51
thorough and efficient system of common schools throughout the 52
state, for the purpose of affording revenues, in addition to 53
those from general property taxes, permitted under 54
constitutional limitations, and from other sources, for the 55
support of local governmental functions, and for the purpose of 56
reimbursing the state for the expense of administering this 57
chapter, an excise tax is hereby levied on each retail sale made 58
in this state. 59

(A) (1) The tax shall be collected as provided in section 60
5739.025 of the Revised Code. The rate of the tax shall be five 61
and three-fourths per cent. The tax applies and is collectible 62
when the sale is made, regardless of the time when the price is 63
paid or delivered. 64

(2) In the case of the lease or rental, with a fixed term 65
of more than thirty days or an indefinite term with a minimum 66
period of more than thirty days, of any motor vehicles designed 67
by the manufacturer to carry a load of not more than one ton, 68
watercraft, outboard motor, or aircraft, or of any tangible 69
personal property, other than motor vehicles designed by the 70
manufacturer to carry a load of more than one ton, to be used by 71
the lessee or renter primarily for business purposes, the tax 72
shall be collected by the vendor at the time the lease or rental 73
is consummated and shall be calculated by the vendor on the 74
basis of the total amount to be paid by the lessee or renter 75
under the lease agreement. If the total amount of the 76
consideration for the lease or rental includes amounts that are 77
not calculated at the time the lease or rental is executed, the 78
tax shall be calculated and collected by the vendor at the time 79

such amounts are billed to the lessee or renter. In the case of 80
an open-end lease or rental, the tax shall be calculated by the 81
vendor on the basis of the total amount to be paid during the 82
initial fixed term of the lease or rental, and for each 83
subsequent renewal period as it comes due. As used in this 84
division, "motor vehicle" has the same meaning as in section 85
4501.01 of the Revised Code, and "watercraft" includes an 86
outdrive unit attached to the watercraft. 87

A lease with a renewal clause and a termination penalty or 88
similar provision that applies if the renewal clause is not 89
exercised is presumed to be a sham transaction. In such a case, 90
the tax shall be calculated and paid on the basis of the entire 91
length of the lease period, including any renewal periods, until 92
the termination penalty or similar provision no longer applies. 93
The taxpayer shall bear the burden, by a preponderance of the 94
evidence, that the transaction or series of transactions is not 95
a sham transaction. 96

(3) Except as provided in division (A) (2) of this section, 97
in the case of a sale, the price of which consists in whole or 98
in part of the lease or rental of tangible personal property, 99
the tax shall be measured by the installments of that lease or 100
rental. 101

(4) In the case of a sale of a physical fitness facility 102
service or recreation and sports club service, the price of 103
which consists in whole or in part of a membership for the 104
receipt of the benefit of the service, the tax applicable to the 105
sale shall be measured by the installments thereof. 106

(B) The tax does not apply to the following: 107

(1) Sales to the state or any of its political 108

subdivisions, or to any other state or its political	109
subdivisions if the laws of that state exempt from taxation	110
sales made to this state and its political subdivisions;	111
(2) Sales of food for human consumption off the premises	112
where sold;	113
(3) Sales of food sold to students only in a cafeteria,	114
dormitory, fraternity, or sorority maintained in a private,	115
public, or parochial school, college, or university;	116
(4) Sales of newspapers and sales or transfers of	117
magazines distributed as controlled circulation publications;	118
(5) The furnishing, preparing, or serving of meals without	119
charge by an employer to an employee provided the employer	120
records the meals as part compensation for services performed or	121
work done;	122
(6) (a) Sales of motor fuel upon receipt, use,	123
distribution, or sale of which in this state a tax is imposed by	124
the law of this state, but this exemption shall not apply to the	125
sale of motor fuel on which a refund of the tax is allowable	126
under division (A) of section 5735.14 of the Revised Code; and	127
the tax commissioner may deduct the amount of tax levied by this	128
section applicable to the price of motor fuel when granting a	129
refund of motor fuel tax pursuant to division (A) of section	130
5735.14 of the Revised Code and shall cause the amount deducted	131
to be paid into the general revenue fund of this state;	132
(b) Sales of motor fuel other than that described in	133
division (B) (6) (a) of this section and used for powering a	134
refrigeration unit on a vehicle other than one used primarily to	135
provide comfort to the operator or occupants of the vehicle.	136
(7) Sales of natural gas by a natural gas company or	137

municipal gas utility, of water by a water-works company, or of steam by a heating company, if in each case the thing sold is delivered to consumers through pipes or conduits, and all sales of communications services by a telegraph company, all terms as defined in section 5727.01 of the Revised Code, and sales of electricity delivered through wires;

(8) Casual sales by a person, or auctioneer employed directly by the person to conduct such sales, except as to such sales of motor vehicles, watercraft or outboard motors required to be titled under section 1548.06 of the Revised Code, watercraft documented with the United States coast guard, snowmobiles, and all-purpose vehicles as defined in section 4519.01 of the Revised Code;

(9) (a) Sales of services or tangible personal property, other than motor vehicles, mobile homes, and manufactured homes, by churches, organizations exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, or nonprofit organizations operated exclusively for charitable purposes as defined in division (B)(12) of this section, provided that the number of days on which such tangible personal property or services, other than items never subject to the tax, are sold does not exceed six in any calendar year, except as otherwise provided in division (B)(9)(b) of this section. If the number of days on which such sales are made exceeds six in any calendar year, the church or organization shall be considered to be engaged in business and all subsequent sales by it shall be subject to the tax. In counting the number of days, all sales by groups within a church or within an organization shall be considered to be sales of that church or organization.

(b) The limitation on the number of days on which tax-

exempt sales may be made by a church or organization under 168
division (B) (9) (a) of this section does not apply to sales made 169
by student clubs and other groups of students of a primary or 170
secondary school, or a parent-teacher association, booster 171
group, or similar organization that raises money to support or 172
fund curricular or extracurricular activities of a primary or 173
secondary school. 174

(c) Divisions (B) (9) (a) and (b) of this section do not 175
apply to sales by a noncommercial educational radio or 176
television broadcasting station. 177

(10) Sales not within the taxing power of this state under 178
the Constitution or laws of the United States or the 179
Constitution of this state; 180

(11) Except for transactions that are sales under division 181
(B) (3) (p) of section 5739.01 of the Revised Code, the 182
transportation of persons or property, unless the transportation 183
is by a private investigation and security service; 184

(12) Sales of tangible personal property or services to 185
churches, to organizations exempt from taxation under section 186
501(c) (3) of the Internal Revenue Code of 1986, and to any other 187
nonprofit organizations operated exclusively for charitable 188
purposes in this state, no part of the net income of which 189
inures to the benefit of any private shareholder or individual, 190
and no substantial part of the activities of which consists of 191
carrying on propaganda or otherwise attempting to influence 192
legislation; sales to offices administering one or more homes 193
for the aged or one or more hospital facilities exempt under 194
section 140.08 of the Revised Code; and sales to organizations 195
described in division (D) of section 5709.12 of the Revised 196
Code. 197

"Charitable purposes" means the relief of poverty; the 198
improvement of health through the alleviation of illness, 199
disease, or injury; the operation of an organization exclusively 200
for the provision of professional, laundry, printing, and 201
purchasing services to hospitals or charitable institutions; the 202
operation of a home for the aged, as defined in section 5701.13 203
of the Revised Code; the operation of a radio or television 204
broadcasting station that is licensed by the federal 205
communications commission as a noncommercial educational radio 206
or television station; the operation of a nonprofit animal 207
adoption service or a county humane society; the promotion of 208
education by an institution of learning that maintains a faculty 209
of qualified instructors, teaches regular continuous courses of 210
study, and confers a recognized diploma upon completion of a 211
specific curriculum; the operation of a parent-teacher 212
association, booster group, or similar organization primarily 213
engaged in the promotion and support of the curricular or 214
extracurricular activities of a primary or secondary school; the 215
operation of a community or area center in which presentations 216
in music, dramatics, the arts, and related fields are made in 217
order to foster public interest and education therein; the 218
production of performances in music, dramatics, and the arts; or 219
the promotion of education by an organization engaged in 220
carrying on research in, or the dissemination of, scientific and 221
technological knowledge and information primarily for the 222
public. 223

Nothing in this division shall be deemed to exempt sales 224
to any organization for use in the operation or carrying on of a 225
trade or business, or sales to a home for the aged for use in 226
the operation of independent living facilities as defined in 227
division (A) of section 5709.12 of the Revised Code. 228

(13) Building and construction materials and services sold	229
to construction contractors for incorporation into a structure	230
or improvement to real property under a construction contract	231
with this state or a political subdivision of this state, or	232
with the United States government or any of its agencies;	233
building and construction materials and services sold to	234
construction contractors for incorporation into a structure or	235
improvement to real property that are accepted for ownership by	236
this state or any of its political subdivisions, or by the	237
United States government or any of its agencies at the time of	238
completion of the structures or improvements; building and	239
construction materials sold to construction contractors for	240
incorporation into a horticulture structure or livestock	241
structure for a person engaged in the business of horticulture	242
or producing livestock; building materials and services sold to	243
a construction contractor for incorporation into a house of	244
public worship or religious education, or a building used	245
exclusively for charitable purposes under a construction	246
contract with an organization whose purpose is as described in	247
division (B) (12) of this section; building materials and	248
services sold to a construction contractor for incorporation	249
into a building under a construction contract with an	250
organization exempt from taxation under section 501(c) (3) of the	251
Internal Revenue Code of 1986 when the building is to be used	252
exclusively for the organization's exempt purposes; building and	253
construction materials sold for incorporation into the original	254
construction of a sports facility under section 307.696 of the	255
Revised Code; building and construction materials and services	256
sold to a construction contractor for incorporation into real	257
property outside this state if such materials and services, when	258
sold to a construction contractor in the state in which the real	259
property is located for incorporation into real property in that	260

state, would be exempt from a tax on sales levied by that state; 261
building and construction materials for incorporation into a 262
transportation facility pursuant to a public-private agreement 263
entered into under sections 5501.70 to 5501.83 of the Revised 264
Code; and, until one calendar year after the construction of a 265
convention center that qualifies for property tax exemption 266
under section 5709.084 of the Revised Code is completed, 267
building and construction materials and services sold to a 268
construction contractor for incorporation into the real property 269
comprising that convention center; 270

(14) Sales of ships or vessels or rail rolling stock used 271
or to be used principally in interstate or foreign commerce, and 272
repairs, alterations, fuel, and lubricants for such ships or 273
vessels or rail rolling stock; 274

(15) Sales to persons primarily engaged in any of the 275
activities mentioned in division (B) (42) (a), (g), or (h) of this 276
section, to persons engaged in making retail sales, or to 277
persons who purchase for sale from a manufacturer tangible 278
personal property that was produced by the manufacturer in 279
accordance with specific designs provided by the purchaser, of 280
packages, including material, labels, and parts for packages, 281
and of machinery, equipment, and material for use primarily in 282
packaging tangible personal property produced for sale, 283
including any machinery, equipment, and supplies used to make 284
labels or packages, to prepare packages or products for 285
labeling, or to label packages or products, by or on the order 286
of the person doing the packaging, or sold at retail. "Packages" 287
includes bags, baskets, cartons, crates, boxes, cans, bottles, 288
bindings, wrappings, and other similar devices and containers, 289
but does not include motor vehicles or bulk tanks, trailers, or 290
similar devices attached to motor vehicles. "Packaging" means 291

placing in a package. Division (B) (15) of this section does not	292
apply to persons engaged in highway transportation for hire.	293
(16) Sales of food to persons using supplemental nutrition	294
assistance program benefits to purchase the food. As used in	295
this division, "food" has the same meaning as in 7 U.S.C. 2012	296
and federal regulations adopted pursuant to the Food and	297
Nutrition Act of 2008.	298
(17) Sales to persons engaged in farming, agriculture,	299
horticulture, or floriculture, of tangible personal property for	300
use or consumption primarily in the production by farming,	301
agriculture, horticulture, or floriculture of other tangible	302
personal property for use or consumption primarily in the	303
production of tangible personal property for sale by farming,	304
agriculture, horticulture, or floriculture; or material and	305
parts for incorporation into any such tangible personal property	306
for use or consumption in production; and of tangible personal	307
property for such use or consumption in the conditioning or	308
holding of products produced by and for such use, consumption,	309
or sale by persons engaged in farming, agriculture,	310
horticulture, or floriculture, except where such property is	311
incorporated into real property;	312
(18) Sales of drugs for a human being that may be	313
dispensed only pursuant to a prescription; insulin as recognized	314
in the official United States pharmacopoeia; urine and blood	315
testing materials when used by diabetics or persons with	316
hypoglycemia to test for glucose or acetone; hypodermic syringes	317
and needles when used by diabetics for insulin injections;	318
epoetin alfa when purchased for use in the treatment of persons	319
with medical disease; hospital beds when purchased by hospitals,	320
nursing homes, or other medical facilities; and medical oxygen	321

and medical oxygen-dispensing equipment when purchased by	322
hospitals, nursing homes, or other medical facilities;	323
(19) Sales of prosthetic devices, durable medical	324
equipment for home use, or mobility enhancing equipment, when	325
made pursuant to a prescription and when such devices or	326
equipment are for use by a human being.	327
(20) Sales of emergency and fire protection vehicles and	328
equipment to nonprofit organizations for use solely in providing	329
fire protection and emergency services, including trauma care	330
and emergency medical services, for political subdivisions of	331
the state;	332
(21) Sales of tangible personal property manufactured in	333
this state, if sold by the manufacturer in this state to a	334
retailer for use in the retail business of the retailer outside	335
of this state and if possession is taken from the manufacturer	336
by the purchaser within this state for the sole purpose of	337
immediately removing the same from this state in a vehicle owned	338
by the purchaser;	339
(22) Sales of services provided by the state or any of its	340
political subdivisions, agencies, instrumentalities,	341
institutions, or authorities, or by governmental entities of the	342
state or any of its political subdivisions, agencies,	343
instrumentalities, institutions, or authorities;	344
(23) Sales of motor vehicles to nonresidents of this state	345
under the circumstances described in division (B) of section	346
5739.029 of the Revised Code;	347
(24) Sales to persons engaged in the preparation of eggs	348
for sale of tangible personal property used or consumed directly	349
in such preparation, including such tangible personal property	350

used for cleaning, sanitizing, preserving, grading, sorting, and 351
classifying by size; packages, including material and parts for 352
packages, and machinery, equipment, and material for use in 353
packaging eggs for sale; and handling and transportation 354
equipment and parts therefor, except motor vehicles licensed to 355
operate on public highways, used in intraplant or interplant 356
transfers or shipment of eggs in the process of preparation for 357
sale, when the plant or plants within or between which such 358
transfers or shipments occur are operated by the same person. 359
"Packages" includes containers, cases, baskets, flats, fillers, 360
filler flats, cartons, closure materials, labels, and labeling 361
materials, and "packaging" means placing therein. 362

(25) (a) Sales of water to a consumer for residential use; 363

(b) Sales of water by a nonprofit corporation engaged 364
exclusively in the treatment, distribution, and sale of water to 365
consumers, if such water is delivered to consumers through pipes 366
or tubing. 367

(26) Fees charged for inspection or reinspection of motor 368
vehicles under section 3704.14 of the Revised Code; 369

(27) Sales to persons licensed to conduct a food service 370
operation pursuant to section 3717.43 of the Revised Code, of 371
tangible personal property primarily used directly for the 372
following: 373

(a) To prepare food for human consumption for sale; 374

(b) To preserve food that has been or will be prepared for 375
human consumption for sale by the food service operator, not 376
including tangible personal property used to display food for 377
selection by the consumer; 378

(c) To clean tangible personal property used to prepare or 379

serve food for human consumption for sale.	380
(28) Sales of animals by nonprofit animal adoption services or county humane societies;	381 382
(29) Sales of services to a corporation described in division (A) of section 5709.72 of the Revised Code, and sales of tangible personal property that qualifies for exemption from taxation under section 5709.72 of the Revised Code;	383 384 385 386
(30) Sales and installation of agricultural land tile, as defined in division (B) (5) (a) of section 5739.01 of the Revised Code;	387 388 389
(31) Sales and erection or installation of portable grain bins, as defined in division (B) (5) (b) of section 5739.01 of the Revised Code;	390 391 392
(32) The sale, lease, repair, and maintenance of, parts for, or items attached to or incorporated in, motor vehicles that are primarily used for transporting tangible personal property belonging to others by a person engaged in highway transportation for hire, except for packages and packaging used for the transportation of tangible personal property;	393 394 395 396 397 398
(33) Sales to the state headquarters of any veterans' organization in this state that is either incorporated and issued a charter by the congress of the United States or is recognized by the United States veterans administration, for use by the headquarters;	399 400 401 402 403
(34) Sales to a telecommunications service vendor, mobile telecommunications service vendor, or satellite broadcasting service vendor of tangible personal property and services used directly and primarily in transmitting, receiving, switching, or recording any interactive, one- or two-way electromagnetic	404 405 406 407 408

communications, including voice, image, data, and information, 409
through the use of any medium, including, but not limited to, 410
poles, wires, cables, switching equipment, computers, and record 411
storage devices and media, and component parts for the tangible 412
personal property. The exemption provided in this division shall 413
be in lieu of all other exemptions under division (B) (42) (a) or 414
(n) of this section to which the vendor may otherwise be 415
entitled, based upon the use of the thing purchased in providing 416
the telecommunications, mobile telecommunications, or satellite 417
broadcasting service. 418

(35) (a) Sales where the purpose of the consumer is to use 419
or consume the things transferred in making retail sales and 420
consisting of newspaper inserts, catalogues, coupons, flyers, 421
gift certificates, or other advertising material that prices and 422
describes tangible personal property offered for retail sale. 423

(b) Sales to direct marketing vendors of preliminary 424
materials such as photographs, artwork, and typesetting that 425
will be used in printing advertising material; and of printed 426
matter that offers free merchandise or chances to win sweepstake 427
prizes and that is mailed to potential customers with 428
advertising material described in division (B) (35) (a) of this 429
section; 430

(c) Sales of equipment such as telephones, computers, 431
facsimile machines, and similar tangible personal property 432
primarily used to accept orders for direct marketing retail 433
sales. 434

(d) Sales of automatic food vending machines that preserve 435
food with a shelf life of forty-five days or less by 436
refrigeration and dispense it to the consumer. 437

For purposes of division (B) (35) of this section, "direct marketing" means the method of selling where consumers order tangible personal property by United States mail, delivery service, or telecommunication and the vendor delivers or ships the tangible personal property sold to the consumer from a warehouse, catalogue distribution center, or similar fulfillment facility by means of the United States mail, delivery service, or common carrier.

(36) Sales to a person engaged in the business of horticulture or producing livestock of materials to be incorporated into a horticulture structure or livestock structure;

(37) Sales of personal computers, computer monitors, computer keyboards, modems, and other peripheral computer equipment to an individual who is licensed or certified to teach in an elementary or a secondary school in this state for use by that individual in preparation for teaching elementary or secondary school students;

(38) Sales of tangible personal property that is not required to be registered or licensed under the laws of this state to a citizen of a foreign nation that is not a citizen of the United States, provided the property is delivered to a person in this state that is not a related member of the purchaser, is physically present in this state for the sole purpose of temporary storage and package consolidation, and is subsequently delivered to the purchaser at a delivery address in a foreign nation. As used in division (B) (38) of this section, "related member" has the same meaning as in section 5733.042 of the Revised Code, and "temporary storage" means the storage of tangible personal property for a period of not more than sixty

days.	468
(39) Sales of used manufactured homes and used mobile homes, as defined in section 5739.0210 of the Revised Code, made on or after January 1, 2000;	469 470 471
(40) Sales of tangible personal property and services to a provider of electricity used or consumed directly and primarily in generating, transmitting, or distributing electricity for use by others, including property that is or is to be incorporated into and will become a part of the consumer's production, transmission, or distribution system and that retains its classification as tangible personal property after incorporation; fuel or power used in the production, transmission, or distribution of electricity; energy conversion equipment as defined in section 5727.01 of the Revised Code; and tangible personal property and services used in the repair and maintenance of the production, transmission, or distribution system, including only those motor vehicles as are specially designed and equipped for such use. The exemption provided in this division shall be in lieu of all other exemptions in division (B) (42) (a) or (n) of this section to which a provider of electricity may otherwise be entitled based on the use of the tangible personal property or service purchased in generating, transmitting, or distributing electricity.	472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490
(41) Sales to a person providing services under division (B) (3) (p) of section 5739.01 of the Revised Code of tangible personal property and services used directly and primarily in providing taxable services under that section.	491 492 493 494
(42) Sales where the purpose of the purchaser is to do any of the following:	495 496

(a) To incorporate the thing transferred as a material or 497
a part into tangible personal property to be produced for sale 498
by manufacturing, assembling, processing, or refining; or to use 499
or consume the thing transferred directly in producing tangible 500
personal property for sale by mining, including, without 501
limitation, the extraction from the earth of all substances that 502
are classed geologically as minerals, or directly in the 503
rendition of a public utility service, except that the sales tax 504
levied by this section shall be collected upon all meals, 505
drinks, and food for human consumption sold when transporting 506
persons. This paragraph does not exempt from "retail sale" or 507
"sales at retail" the sale of tangible personal property that is 508
to be incorporated into a structure or improvement to real 509
property. 510

(b) To hold the thing transferred as security for the 511
performance of an obligation of the vendor; 512

(c) To resell, hold, use, or consume the thing transferred 513
as evidence of a contract of insurance; 514

(d) To use or consume the thing directly in commercial 515
fishing; 516

(e) To incorporate the thing transferred as a material or 517
a part into, or to use or consume the thing transferred directly 518
in the production of, magazines distributed as controlled 519
circulation publications; 520

(f) To use or consume the thing transferred in the 521
production and preparation in suitable condition for market and 522
sale of printed, imprinted, overprinted, lithographic, 523
multilithic, blueprinted, photostatic, or other productions or 524
reproductions of written or graphic matter; 525

(g) To use the thing transferred, as described in section 5739.011 of the Revised Code, primarily in a manufacturing operation to produce tangible personal property for sale;	526 527 528
(h) To use the benefit of a warranty, maintenance or service contract, or similar agreement, as described in division (B) (7) of section 5739.01 of the Revised Code, to repair or maintain tangible personal property, if all of the property that is the subject of the warranty, contract, or agreement would not be subject to the tax imposed by this section;	529 530 531 532 533 534
(i) To use the thing transferred as qualified research and development equipment;	535 536
(j) To use or consume the thing transferred primarily in storing, transporting, mailing, or otherwise handling purchased sales inventory in a warehouse, distribution center, or similar facility when the inventory is primarily distributed outside this state to retail stores of the person who owns or controls the warehouse, distribution center, or similar facility, to retail stores of an affiliated group of which that person is a member, or by means of direct marketing. This division does not apply to motor vehicles registered for operation on the public highways. As used in this division, "affiliated group" has the same meaning as in division (B) (3) (e) of section 5739.01 of the Revised Code and "direct marketing" has the same meaning as in division (B) (35) of this section.	537 538 539 540 541 542 543 544 545 546 547 548 549
(k) To use or consume the thing transferred to fulfill a contractual obligation incurred by a warrantor pursuant to a warranty provided as a part of the price of the tangible personal property sold or by a vendor of a warranty, maintenance or service contract, or similar agreement the provision of which is defined as a sale under division (B) (7) of section 5739.01 of	550 551 552 553 554 555

the Revised Code;	556
(1) To use or consume the thing transferred in the	557
production of a newspaper for distribution to the public;	558
(m) To use tangible personal property to perform a service	559
listed in division (B) (3) of section 5739.01 of the Revised	560
Code, if the property is or is to be permanently transferred to	561
the consumer of the service as an integral part of the	562
performance of the service;	563
(n) To use or consume the thing transferred primarily in	564
producing tangible personal property for sale by farming,	565
agriculture, horticulture, or floriculture. Persons engaged in	566
rendering farming, agriculture, horticulture, or floriculture	567
services for others are deemed engaged primarily in farming,	568
agriculture, horticulture, or floriculture. This paragraph does	569
not exempt from "retail sale" or "sales at retail" the sale of	570
tangible personal property that is to be incorporated into a	571
structure or improvement to real property.	572
(o) To use or consume the thing transferred in acquiring,	573
formatting, editing, storing, and disseminating data or	574
information by electronic publishing;	575
(p) To provide the thing transferred to the owner or	576
lessee of a motor vehicle that is being repaired or serviced, if	577
the thing transferred is a rented motor vehicle and the	578
purchaser is reimbursed for the cost of the rented motor vehicle	579
by a manufacturer, warrantor, or provider of a maintenance,	580
service, or other similar contract or agreement, with respect to	581
the motor vehicle that is being repaired or serviced;	582
(q) To use or consume the thing transferred directly in	583
production of crude oil and natural gas for sale. Persons	584

engaged in rendering production services for others are deemed 585
engaged in production. 586

As used in division (B) (42) (q) of this section, 587
"production" means operations and tangible personal property 588
directly used to expose and evaluate an underground reservoir 589
that may contain hydrocarbon resources, prepare the wellbore for 590
production, and lift and control all substances yielded by the 591
reservoir to the surface of the earth. 592

(i) For the purposes of division (B) (42) (q) of this 593
section, the "thing transferred" includes, but is not limited 594
to, any of the following: 595

(I) Services provided in the construction of permanent 596
access roads, services provided in the construction of the well 597
site, and services provided in the construction of temporary 598
impoundments; 599

(II) Equipment and rigging used for the specific purpose 600
of creating with integrity a wellbore pathway to underground 601
reservoirs; 602

(III) Drilling and workover services used to work within a 603
subsurface wellbore, and tangible personal property directly 604
used in providing such services; 605

(IV) Casing, tubulars, and float and centralizing 606
equipment; 607

(V) Trailers to which production equipment is attached; 608

(VI) Well completion services, including cementing of 609
casing, and tangible personal property directly used in 610
providing such services; 611

(VII) Wireline evaluation, mud logging, and perforation 612

services, and tangible personal property directly used in	613
providing such services;	614
(VIII) Reservoir stimulation, hydraulic fracturing, and	615
acidizing services, and tangible personal property directly used	616
in providing such services, including all material pumped	617
downhole;	618
(IX) Pressure pumping equipment;	619
(X) Artificial lift systems equipment;	620
(XI) Wellhead equipment and well site equipment used to	621
separate, stabilize, and control hydrocarbon phases and produced	622
water;	623
(XII) Tangible personal property directly used to control	624
production equipment.	625
(ii) For the purposes of division (B) (42) (q) of this	626
section, the "thing transferred" does not include any of the	627
following:	628
(I) Tangible personal property used primarily in the	629
exploration and production of any mineral resource regulated	630
under Chapter 1509. of the Revised Code other than oil or gas;	631
(II) Tangible personal property used primarily in storing,	632
holding, or delivering solutions or chemicals used in well	633
stimulation as defined in section 1509.01 of the Revised Code;	634
(III) Tangible personal property used primarily in	635
preparing, installing, or reclaiming foundations for drilling or	636
pumping equipment or well stimulation material tanks;	637
(IV) Tangible personal property used primarily in	638
transporting, delivering, or removing equipment to or from the	639

well site or storing such equipment before its use at the well site;	640 641
(V) Tangible personal property used primarily in gathering operations occurring off the well site, including gathering pipelines transporting hydrocarbon gas or liquids away from a crude oil or natural gas production facility;	642 643 644 645
(VI) Tangible personal property that is to be incorporated into a structure or improvement to real property;	646 647
(VII) Well site fencing, lighting, or security systems;	648
(VIII) Communication devices or services;	649
(IX) Office supplies;	650
(X) Trailers used as offices or lodging;	651
(XI) Motor vehicles of any kind;	652
(XII) Tangible personal property used primarily for the storage of drilling byproducts and fuel not used for production;	653 654
(XIII) Tangible personal property used primarily as a safety device;	655 656
(XIV) Data collection or monitoring devices;	657
(XV) Access ladders, stairs, or platforms attached to storage tanks.	658 659
The enumeration of tangible personal property in division (B) (42) (q) (ii) of this section is not intended to be exhaustive, and any tangible personal property not so enumerated shall not necessarily be construed to be a "thing transferred" for the purposes of division (B) (42) (q) of this section.	660 661 662 663 664
The commissioner shall adopt and promulgate rules under	665

sections 119.01 to 119.13 of the Revised Code that the 666
commissioner deems necessary to administer division (B) (42) (q) 667
of this section. 668

As used in division (B) (42) of this section, "thing" 669
includes all transactions included in divisions (B) (3) (a), (b), 670
and (e) of section 5739.01 of the Revised Code. 671

(43) Sales conducted through a coin operated device that 672
activates vacuum equipment or equipment that dispenses water, 673
whether or not in combination with soap or other cleaning agents 674
or wax, to the consumer for the consumer's use on the premises 675
in washing, cleaning, or waxing a motor vehicle, provided no 676
other personal property or personal service is provided as part 677
of the transaction. 678

(44) Sales of replacement and modification parts for 679
engines, airframes, instruments, and interiors in, and paint 680
for, aircraft used primarily in a fractional aircraft ownership 681
program, and sales of services for the repair, modification, and 682
maintenance of such aircraft, and machinery, equipment, and 683
supplies primarily used to provide those services. 684

(45) Sales of telecommunications service that is used 685
directly and primarily to perform the functions of a call 686
center. As used in this division, "call center" means any 687
physical location where telephone calls are placed or received 688
in high volume for the purpose of making sales, marketing, 689
customer service, technical support, or other specialized 690
business activity, and that employs at least fifty individuals 691
that engage in call center activities on a full-time basis, or 692
sufficient individuals to fill fifty full-time equivalent 693
positions. 694

(46) Sales by a telecommunications service vendor of 900 service to a subscriber. This division does not apply to information services.	695 696 697
(47) Sales of value-added non-voice data service. This division does not apply to any similar service that is not otherwise a telecommunications service.	698 699 700
(48) Sales of feminine hygiene products.	701
(49) Sales of materials, parts, equipment, or engines used in the repair or maintenance of aircraft or avionics systems of such aircraft, and sales of repair, remodeling, replacement, or maintenance services in this state performed on aircraft or on an aircraft's avionics, engine, or component materials or parts. As used in division (B) (49) of this section, "aircraft" means aircraft of more than six thousand pounds maximum certified takeoff weight or used exclusively in general aviation.	702 703 704 705 706 707 708 709
(50) Sales of full flight simulators that are used for pilot or flight-crew training, sales of repair or replacement parts or components, and sales of repair or maintenance services for such full flight simulators. "Full flight simulator" means a replica of a specific type, or make, model, and series of aircraft cockpit. It includes the assemblage of equipment and computer programs necessary to represent aircraft operations in ground and flight conditions, a visual system providing an out-of-the-cockpit view, and a system that provides cues at least equivalent to those of a three-degree-of-freedom motion system, and has the full range of capabilities of the systems installed in the device as described in appendices A and B of part 60 of chapter 1 of title 14 of the Code of Federal Regulations.	710 711 712 713 714 715 716 717 718 719 720 721 722
(51) Any transfer or lease of tangible personal property	723

between the state and JobsOhio in accordance with section	724
4313.02 of the Revised Code.	725
(52) (a) Sales to a qualifying corporation.	726
(b) As used in division (B) (52) of this section:	727
(i) "Qualifying corporation" means a nonprofit corporation	728
organized in this state that leases from an eligible county	729
land, buildings, structures, fixtures, and improvements to the	730
land that are part of or used in a public recreational facility	731
used by a major league professional athletic team or a class A	732
to class AAA minor league affiliate of a major league	733
professional athletic team for a significant portion of the	734
team's home schedule, provided the following apply:	735
(I) The facility is leased from the eligible county	736
pursuant to a lease that requires substantially all of the	737
revenue from the operation of the business or activity conducted	738
by the nonprofit corporation at the facility in excess of	739
operating costs, capital expenditures, and reserves to be paid	740
to the eligible county at least once per calendar year.	741
(II) Upon dissolution and liquidation of the nonprofit	742
corporation, all of its net assets are distributable to the	743
board of commissioners of the eligible county from which the	744
corporation leases the facility.	745
(ii) "Eligible county" has the same meaning as in section	746
307.695 of the Revised Code.	747
(53) Sales to or by a cable service provider, video	748
service provider, or radio or television broadcast station	749
regulated by the federal government of cable service or	750
programming, video service or programming, audio service or	751
programming, or electronically transferred digital audiovisual	752

or audio work. As used in division (B) (53) of this section, 753
"cable service" and "cable service provider" have the same 754
meanings as in section 1332.01 of the Revised Code, and "video 755
service," "video service provider," and "video programming" have 756
the same meanings as in section 1332.21 of the Revised Code. 757

(54) Sales of a digital audio work electronically 758
transferred for delivery through use of a machine, such as a 759
juke box, that does all of the following: 760

(a) Accepts direct payments to operate; 761

(b) Automatically plays a selected digital audio work for 762
a single play upon receipt of a payment described in division 763
(B) (54) (a) of this section; 764

(c) Operates exclusively for the purpose of playing 765
digital audio works in a commercial establishment. 766

(55) (a) Sales of the following occurring on the first 767
Friday of August and the following Saturday and Sunday of each 768
year, beginning in 2018: 769

(i) An item of clothing, the price of which is seventy- 770
five dollars or less; 771

(ii) An item of school supplies, the price of which is 772
twenty dollars or less; 773

(iii) An item of school instructional material, the price 774
of which is twenty dollars or less. 775

(b) As used in division (B) (55) of this section: 776

(i) "Clothing" means all human wearing apparel suitable 777
for general use. "Clothing" includes, but is not limited to, 778
aprons, household and shop; athletic supporters; baby receiving 779

blankets; bathing suits and caps; beach capes and coats; belts 780
and suspenders; boots; coats and jackets; costumes; diapers, 781
children and adult, including disposable diapers; earmuffs; 782
footlets; formal wear; garters and garter belts; girdles; gloves 783
and mittens for general use; hats and caps; hosiery; insoles for 784
shoes; lab coats; neckties; overshoes; pantyhose; rainwear; 785
rubber pants; sandals; scarves; shoes and shoe laces; slippers; 786
sneakers; socks and stockings; steel-toed shoes; underwear; 787
uniforms, athletic and nonathletic; and wedding apparel. 788
"Clothing" does not include items purchased for use in a trade 789
or business; clothing accessories or equipment; protective 790
equipment; sports or recreational equipment; belt buckles sold 791
separately; costume masks sold separately; patches and emblems 792
sold separately; sewing equipment and supplies including, but 793
not limited to, knitting needles, patterns, pins, scissors, 794
sewing machines, sewing needles, tape measures, and thimbles; 795
and sewing materials that become part of "clothing" including, 796
but not limited to, buttons, fabric, lace, thread, yarn, and 797
zippers. 798

(ii) "School supplies" means items commonly used by a 799
student in a course of study. "School supplies" includes only 800
the following items: binders; book bags; calculators; cellophane 801
tape; blackboard chalk; compasses; composition books; crayons; 802
erasers; folders, expandable, pocket, plastic, and manila; glue, 803
paste, and paste sticks; highlighters; index cards; index card 804
boxes; legal pads; lunch boxes; markers; notebooks; paper, 805
loose-leaf ruled notebook paper, copy paper, graph paper, 806
tracing paper, manila paper, colored paper, poster board, and 807
construction paper; pencil boxes and other school supply boxes; 808
pencil sharpeners; pencils; pens; protractors; rulers; scissors; 809
and writing tablets. "School supplies" does not include any item 810

purchased for use in a trade or business. 811

(iii) "School instructional material" means written 812
material commonly used by a student in a course of study as a 813
reference and to learn the subject being taught. "School 814
instructional material" includes only the following items: 815
reference books, reference maps and globes, textbooks, and 816
workbooks. "School instructional material" does not include any 817
material purchased for use in a trade or business. 818

(56) (a) Sales of diapers or incontinence underpads sold 819
pursuant to a prescription, for the benefit of a medicaid 820
recipient with a diagnosis of incontinence, and by a medicaid 821
provider that maintains a valid provider agreement under section 822
5164.30 of the Revised Code with the department of medicaid, 823
provided that the medicaid program covers diapers or 824
incontinence underpads as an incontinence garment. 825

(b) As used in division (B) (56) (a) of this section: 826

(i) "Diaper" means an absorbent garment worn by humans who 827
are incapable of, or have difficulty, controlling their bladder 828
or bowel movements. 829

(ii) "Incontinence underpad" means an absorbent product, 830
not worn on the body, designed to protect furniture or other 831
tangible personal property from soiling or damage due to human 832
incontinence. 833

(57) Sales of investment metal bullion and investment 834
coins. "Investment metal bullion" means any bullion described in 835
section 408(m) (3) (B) of the Internal Revenue Code, regardless of 836
whether that bullion is in the physical possession of a trustee. 837
"Investment coin" means any coin composed primarily of gold, 838
silver, platinum, or palladium. 839

(58) Sales of tangible personal property or services to a 840
nonprofit corporation that holds a job relocation exemption 841
certificate issued under section 122.97 of the Revised Code. 842

(C) For the purpose of the proper administration of this 843
chapter, and to prevent the evasion of the tax, it is presumed 844
that all sales made in this state are subject to the tax until 845
the contrary is established. 846

(D) The tax collected by the vendor from the consumer 847
under this chapter is not part of the price, but is a tax 848
collection for the benefit of the state, and of counties levying 849
an additional sales tax pursuant to section 5739.021 or 5739.026 850
of the Revised Code and of transit authorities levying an 851
additional sales tax pursuant to section 5739.023 of the Revised 852
Code. Except for the discount authorized under section 5739.12 853
of the Revised Code and the effects of any rounding pursuant to 854
section 5703.055 of the Revised Code, no person other than the 855
state or such a county or transit authority shall derive any 856
benefit from the collection or payment of the tax levied by this 857
section or section 5739.021, 5739.023, or 5739.026 of the 858
Revised Code. 859

Sec. 5747.08. An annual return with respect to the tax 860
imposed by section 5747.02 of the Revised Code and each tax 861
imposed under Chapter 5748. of the Revised Code shall be made by 862
every taxpayer for any taxable year for which the taxpayer is 863
liable for the tax imposed by that section or under that 864
chapter, unless the total credits allowed under division (E) of 865
section 5747.05 and divisions (F) and (G) of section 5747.055 of 866
the Revised Code for the year are equal to or exceed the tax 867
imposed by section 5747.02 of the Revised Code, in which case no 868
return shall be required unless the taxpayer is liable for a tax 869

imposed pursuant to Chapter 5748. of the Revised Code. 870

(A) If an individual is deceased, any return or notice 871
required of that individual under this chapter shall be made and 872
filed by that decedent's executor, administrator, or other 873
person charged with the property of that decedent. 874

(B) If an individual is unable to make a return or notice 875
required by this chapter, the return or notice required of that 876
individual shall be made and filed by the individual's duly 877
authorized agent, guardian, conservator, fiduciary, or other 878
person charged with the care of the person or property of that 879
individual. 880

(C) Returns or notices required of an estate or a trust 881
shall be made and filed by the fiduciary of the estate or trust. 882

(D) (1) (a) Except as otherwise provided in division (D) (1) 883
(b) of this section, any pass-through entity may file a single 884
return on behalf of one or more of the entity's investors other 885
than an investor that is a person subject to the tax imposed 886
under section 5733.06 of the Revised Code. The single return 887
shall set forth the name, address, and social security number or 888
other identifying number of each of those pass-through entity 889
investors and shall indicate the distributive share of each of 890
those pass-through entity investor's income taxable in this 891
state in accordance with sections 5747.20 to 5747.231 of the 892
Revised Code. Such pass-through entity investors for whom the 893
pass-through entity elects to file a single return are not 894
entitled to the exemption or credit provided for by sections 895
5747.02 and 5747.022 of the Revised Code; shall calculate the 896
tax before business credits at the highest rate of tax set forth 897
in section 5747.02 of the Revised Code for the taxable year for 898
which the return is filed; and are entitled to only their 899

distributive share of the business credits as defined in 900
division (D)(2) of this section. A single check drawn by the 901
pass-through entity shall accompany the return in full payment 902
of the tax due, as shown on the single return, for such 903
investors, other than investors who are persons subject to the 904
tax imposed under section 5733.06 of the Revised Code. 905

(b) (i) A pass-through entity shall not include in such a 906
single return any investor that is a trust to the extent that 907
any direct or indirect current, future, or contingent 908
beneficiary of the trust is a person subject to the tax imposed 909
under section 5733.06 of the Revised Code. 910

(ii) A pass-through entity shall not include in such a 911
single return any investor that is itself a pass-through entity 912
to the extent that any direct or indirect investor in the second 913
pass-through entity is a person subject to the tax imposed under 914
section 5733.06 of the Revised Code. 915

(c) Nothing in division (D) of this section precludes the 916
tax commissioner from requiring such investors to file the 917
return and make the payment of taxes and related interest, 918
penalty, and interest penalty required by this section or 919
section 5747.02, 5747.09, or 5747.15 of the Revised Code. 920
Nothing in division (D) of this section precludes such an 921
investor from filing the annual return under this section, 922
utilizing the refundable credit equal to the investor's 923
proportionate share of the tax paid by the pass-through entity 924
on behalf of the investor under division (I) of this section, 925
and making the payment of taxes imposed under section 5747.02 of 926
the Revised Code. Nothing in division (D) of this section shall 927
be construed to provide to such an investor or pass-through 928
entity any additional deduction or credit, other than the credit 929

provided by division (I) of this section, solely on account of	930
the entity's filing a return in accordance with this section.	931
Such a pass-through entity also shall make the filing and	932
payment of estimated taxes on behalf of the pass-through entity	933
investors other than an investor that is a person subject to the	934
tax imposed under section 5733.06 of the Revised Code.	935
(2) For the purposes of this section, "business credits"	936
means the credits listed in section 5747.98 of the Revised Code	937
excluding the following credits:	938
(a) The retirement income credit under division (B) of	939
section 5747.055 of the Revised Code;	940
(b) The senior citizen credit under division (F) of	941
section 5747.055 of the Revised Code;	942
(c) The lump sum distribution credit under division (G) of	943
section 5747.055 of the Revised Code;	944
(d) The dependent care credit under section 5747.054 of	945
the Revised Code;	946
(e) The lump sum retirement income credit under division	947
(C) of section 5747.055 of the Revised Code;	948
(f) The lump sum retirement income credit under division	949
(D) of section 5747.055 of the Revised Code;	950
(g) The lump sum retirement income credit under division	951
(E) of section 5747.055 of the Revised Code;	952
(h) The credit for displaced workers who pay for job	953
training under section 5747.27 of the Revised Code;	954
(i) The twenty-dollar personal exemption credit under	955
section 5747.022 of the Revised Code;	956

(j) The joint filing credit under division (E) of section 5747.05 of the Revised Code;	957 958
(k) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	959 960
(l) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	961 962
(m) The earned income tax credit under section 5747.71 of the Revised Code;	963 964
(n) The lead abatement credit under section 5747.26 of the Revised Code;	965 966
(o) The credit for education expenses under section 5747.72 of the Revised Code;	967 968
(p) The credit for tuition paid to a nonchartered nonpublic school under section 5747.75 of the Revised Code;	969 970
<u>(q) The credit for tuition and fees paid to earn a degree or specialization in nonprofit management under division (B) of section 5747.77 of the Revised Code;</u>	971 972 973
<u>(r) The credit for expenses incurred to complete a professional certification program or obtain a professional designation under division (C) of section 5747.77 of the Revised Code.</u>	974 975 976 977
(3) The election provided for under division (D) of this section applies only to the taxable year for which the election is made by the pass-through entity. Unless the tax commissioner provides otherwise, this election, once made, is binding and irrevocable for the taxable year for which the election is made. Nothing in this division shall be construed to provide for any deduction or credit that would not be allowable if a nonresident	978 979 980 981 982 983 984

pass-through entity investor were to file an annual return. 985

(4) If a pass-through entity makes the election provided 986
for under division (D) of this section, the pass-through entity 987
shall be liable for any additional taxes, interest, interest 988
penalty, or penalties imposed by this chapter if the tax 989
commissioner finds that the single return does not reflect the 990
correct tax due by the pass-through entity investors covered by 991
that return. Nothing in this division shall be construed to 992
limit or alter the liability, if any, imposed on pass-through 993
entity investors for unpaid or underpaid taxes, interest, 994
interest penalty, or penalties as a result of the pass-through 995
entity's making the election provided for under division (D) of 996
this section. For the purposes of division (D) of this section, 997
"correct tax due" means the tax that would have been paid by the 998
pass-through entity had the single return been filed in a manner 999
reflecting the commissioner's findings. Nothing in division (D) 1000
of this section shall be construed to make or hold a pass- 1001
through entity liable for tax attributable to a pass-through 1002
entity investor's income from a source other than the pass- 1003
through entity electing to file the single return. 1004

(E) If a husband and wife file a joint federal income tax 1005
return for a taxable year, they shall file a joint return under 1006
this section for that taxable year, and their liabilities are 1007
joint and several, but, if the federal income tax liability of 1008
either spouse is determined on a separate federal income tax 1009
return, they shall file separate returns under this section. 1010

If either spouse is not required to file a federal income 1011
tax return and either or both are required to file a return 1012
pursuant to this chapter, they may elect to file separate or 1013
joint returns, and, pursuant to that election, their liabilities 1014

are separate or joint and several. If a husband and wife file 1015
separate returns pursuant to this chapter, each must claim the 1016
taxpayer's own exemption, but not both, as authorized under 1017
section 5747.02 of the Revised Code on the taxpayer's own 1018
return. 1019

(F) Each return or notice required to be filed under this 1020
section shall contain the signature of the taxpayer or the 1021
taxpayer's duly authorized agent and of the person who prepared 1022
the return for the taxpayer, and shall include the taxpayer's 1023
social security number. Each return shall be verified by a 1024
declaration under the penalties of perjury. The tax commissioner 1025
shall prescribe the form that the signature and declaration 1026
shall take. 1027

(G) Each return or notice required to be filed under this 1028
section shall be made and filed as required by section 5747.04 1029
of the Revised Code, on or before the fifteenth day of April of 1030
each year, on forms that the tax commissioner shall prescribe, 1031
together with remittance made payable to the treasurer of state 1032
in the combined amount of the state and all school district 1033
income taxes shown to be due on the form. 1034

Upon good cause shown, the commissioner may extend the 1035
period for filing any notice or return required to be filed 1036
under this section and may adopt rules relating to extensions. 1037
If the extension results in an extension of time for the payment 1038
of any state or school district income tax liability with 1039
respect to which the return is filed, the taxpayer shall pay at 1040
the time the tax liability is paid an amount of interest 1041
computed at the rate per annum prescribed by section 5703.47 of 1042
the Revised Code on that liability from the time that payment is 1043
due without extension to the time of actual payment. Except as 1044

provided in section 5747.132 of the Revised Code, in addition to 1045
all other interest charges and penalties, all taxes imposed 1046
under this chapter or Chapter 5748. of the Revised Code and 1047
remaining unpaid after they become due, except combined amounts 1048
due of one dollar or less, bear interest at the rate per annum 1049
prescribed by section 5703.47 of the Revised Code until paid or 1050
until the day an assessment is issued under section 5747.13 of 1051
the Revised Code, whichever occurs first. 1052

If the commissioner considers it necessary in order to 1053
ensure the payment of the tax imposed by section 5747.02 of the 1054
Revised Code or any tax imposed under Chapter 5748. of the 1055
Revised Code, the commissioner may require returns and payments 1056
to be made otherwise than as provided in this section. 1057

To the extent that any provision in this division 1058
conflicts with any provision in section 5747.026 of the Revised 1059
Code, the provision in that section prevails. 1060

(H) The amounts withheld pursuant to section 5747.06, 1061
5747.062, 5747.063, 5747.064, 5747.065, or 5747.071 of the 1062
Revised Code shall be allowed to the ultimate recipient of the 1063
income as credits against payment of the appropriate taxes 1064
imposed on the ultimate recipient by section 5747.02 and under 1065
Chapter 5748. of the Revised Code. As used in this division, 1066
"ultimate recipient" means the person who is required to report 1067
income from which amounts are withheld pursuant to section 1068
5747.06, 5747.062, 5747.063, 5747.064, 5747.065, or 5747.071 of 1069
the Revised Code on the annual return required to be filed under 1070
this section. 1071

(I) If a pass-through entity elects to file a single 1072
return under division (D) of this section and if any investor is 1073
required to file the annual return and make the payment of taxes 1074

required by this chapter on account of the investor's other 1075
income that is not included in a single return filed by a pass- 1076
through entity or any other investor elects to file the annual 1077
return, the investor is entitled to a refundable credit equal to 1078
the investor's proportionate share of the tax paid by the pass- 1079
through entity on behalf of the investor. The investor shall 1080
claim the credit for the investor's taxable year in which or 1081
with which ends the taxable year of the pass-through entity. 1082
Nothing in this chapter shall be construed to allow any credit 1083
provided in this chapter to be claimed more than once. For the 1084
purpose of computing any interest, penalty, or interest penalty, 1085
the investor shall be deemed to have paid the refundable credit 1086
provided by this division on the day that the pass-through 1087
entity paid the estimated tax or the tax giving rise to the 1088
credit. 1089

(J) The tax commissioner shall ensure that each return 1090
required to be filed under this section includes a box that the 1091
taxpayer may check to authorize a paid tax preparer who prepared 1092
the return to communicate with the department of taxation about 1093
matters pertaining to the return. The return or instructions 1094
accompanying the return shall indicate that by checking the box 1095
the taxpayer authorizes the department of taxation to contact 1096
the preparer concerning questions that arise during the 1097
processing of the return and authorizes the preparer only to 1098
provide the department with information that is missing from the 1099
return, to contact the department for information about the 1100
processing of the return or the status of the taxpayer's refund 1101
or payments, and to respond to notices about mathematical 1102
errors, offsets, or return preparation that the taxpayer has 1103
received from the department and has shown to the preparer. 1104

(K) The tax commissioner shall permit individual taxpayers 1105

to instruct the department of taxation to cause any refund of 1106
overpaid taxes to be deposited directly into a checking account, 1107
savings account, or an individual retirement account or 1108
individual retirement annuity, or preexisting college savings 1109
plan or program account offered by the Ohio tuition trust 1110
authority under Chapter 3334. of the Revised Code, as designated 1111
by the taxpayer, when the taxpayer files the annual return 1112
required by this section electronically. 1113

(L) The tax commissioner may adopt rules to administer 1114
this section. 1115

Sec. 5747.77. (A) For the purpose of this section: 1116

(1) "Eligible institution" means a state university or 1117
state institution of higher education as defined in section 1118
3345.011 of the Revised Code; a private, nonprofit college, 1119
university, or other post-secondary institution located in this 1120
state that possesses a certificate of authorization issued by 1121
the department of higher education pursuant to Chapter 1713. of 1122
the Revised Code or a certificate of registration issued by the 1123
state board of career colleges and schools under Chapter 3332. 1124
of the Revised Code; or an institution exempt from regulation 1125
under Chapter 3332. of the Revised Code as prescribed in section 1126
3333.046 of the Revised Code. 1127

(2) "Tuition and fees" means tuition and fees imposed by 1128
an eligible institution as a condition of enrollment or 1129
attendance. "Tuition and fees" does not include: 1130

(a) Expenses for any course or activity involving sports, 1131
games, or hobbies; 1132

(b) The cost of room and board, student activity fees, 1133
athletic fees, insurance expenses, or other expenses unrelated 1134

to the individual's academic course of instruction; 1135

(c) Tuition, fees, or other expenses paid or reimbursed 1136
through an employer, scholarship, grant in aid, or other 1137
educational benefit program. 1138

(3) "Eligible expenses" includes the costs of completing a 1139
program or obtaining a certification or accreditation, including 1140
any review courses and testing costs, but does not include any 1141
expenses incurred as part of a program of continuing education. 1142

(B) A nonrefundable credit is allowed against a taxpayer's 1143
aggregate tax liability under section 5747.02 of the Revised 1144
Code for a taxpayer who pays tuition and fees during a taxable 1145
year to an eligible institution at which the taxpayer, the 1146
taxpayer's spouse, or a dependent of the taxpayer is enrolled in 1147
or attending a program that culminates in a degree or 1148
specialization in nonprofit, public, or organizational 1149
management. The amount of the credit equals the lesser of one 1150
thousand five hundred dollars or the amount of tuition and fees 1151
paid to the eligible institution during the taxable year. 1152

(C) A nonrefundable credit is allowed against a taxpayer's 1153
aggregate tax liability under section 5747.02 of the Revised 1154
Code for a taxpayer who incurs eligible expenses during the 1155
taxable year to complete the institute of organization 1156
management program sponsored by the United States chamber of 1157
commerce, to complete the lobbying certificate program sponsored 1158
by the association of government relations professionals, to 1159
receive an accreditation in public relations, or to become 1160
certified as a certified fund-raising executive, certified 1161
sports event executive, certified destination marketing 1162
executive, certified association executive, or certified meeting 1163
professional. The amount of the credit equals the lesser of five 1164

hundred dollars or fifty per cent of the eligible expenses 1165
incurred, provided that, if the taxpayer receives reimbursement 1166
for the taxpayer's eligible expenses from any source, the amount 1167
of the credit equals the lesser of five hundred dollars or fifty 1168
per cent of the eligible expenses incurred after subtracting the 1169
amount reimbursed to the taxpayer. 1170

(D) A taxpayer shall claim a credit allowed under division 1171
(B) or (C) of this section in the order required under section 1172
5747.98 of the Revised Code. The taxpayer may carry forward a 1173
credit to the extent that the credit exceeds the amount of tax 1174
due after allowing for any other credits that precede the credit 1175
in that order. 1176

Sec. 5747.98. (A) To provide a uniform procedure for 1177
calculating a taxpayer's aggregate tax liability under section 1178
5747.02 of the Revised Code, a taxpayer shall claim any credits 1179
to which the taxpayer is entitled in the following order: 1180

Either the retirement income credit under division (B) of 1181
section 5747.055 of the Revised Code or the lump sum retirement 1182
income credits under divisions (C), (D), and (E) of that 1183
section; 1184

Either the senior citizen credit under division (F) of 1185
section 5747.055 of the Revised Code or the lump sum 1186
distribution credit under division (G) of that section; 1187

The dependent care credit under section 5747.054 of the 1188
Revised Code; 1189

The credit for displaced workers who pay for job training 1190
under section 5747.27 of the Revised Code; 1191

The campaign contribution credit under section 5747.29 of 1192
the Revised Code; 1193

The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	1194 1195
The joint filing credit under division (G) of section 5747.05 of the Revised Code;	1196 1197
The earned income credit under section 5747.71 of the Revised Code;	1198 1199
The nonrefundable credit for education expenses under section 5747.72 of the Revised Code;	1200 1201
The nonrefundable credit for donations to scholarship granting organizations under section 5747.73 of the Revised Code;	1202 1203 1204
The nonrefundable credit for tuition paid to a nonchartered nonpublic school under section 5747.75 of the Revised Code;	1205 1206 1207
The nonrefundable vocational job credit under section 5747.057 of the Revised Code;	1208 1209
The credit for adoption of a minor child under section 5747.37 of the Revised Code;	1210 1211
The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	1212 1213
The enterprise zone credit under section 5709.66 of the Revised Code;	1214 1215
The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	1216 1217
The small business investment credit under section 5747.81 of the Revised Code;	1218 1219
The nonrefundable lead abatement credit under section	1220

5747.26 of the Revised Code;	1221
The opportunity zone investment credit under section	1222
122.84 of the Revised Code;	1223
The enterprise zone credits under section 5709.65 of the	1224
Revised Code;	1225
The research and development credit under section 5747.331	1226
of the Revised Code;	1227
The credit for rehabilitating a historic building under	1228
section 5747.76 of the Revised Code;	1229
The nonresident credit under division (A) of section	1230
5747.05 of the Revised Code;	1231
The credit for a resident's out-of-state income under	1232
division (B) of section 5747.05 of the Revised Code;	1233
<u>The credit for tuition and fees paid to earn a degree or</u>	1234
<u>specialization in nonprofit management under division (B) of</u>	1235
<u>section 5747.77 of the Revised Code;</u>	1236
<u>The credit for expenses incurred to complete a</u>	1237
<u>professional certification program or obtain a professional</u>	1238
<u>designation under division (C) of section 5747.77 of the Revised</u>	1239
<u>Code;</u>	1240
The refundable motion picture and Broadway theatrical	1241
production credit under section 5747.66 of the Revised Code;	1242
The refundable jobs creation credit or job retention	1243
credit under division (A) of section 5747.058 of the Revised	1244
Code;	1245
The refundable credit for taxes paid by a qualifying	1246
entity granted under section 5747.059 of the Revised Code;	1247

The refundable credits for taxes paid by a qualifying	1248
pass-through entity granted under division (I) of section	1249
5747.08 of the Revised Code;	1250
The refundable credit under section 5747.80 of the Revised	1251
Code for losses on loans made to the Ohio venture capital	1252
program under sections 150.01 to 150.10 of the Revised Code;	1253
The refundable credit for rehabilitating a historic	1254
building under section 5747.76 of the Revised Code.	1255
(B) For any credit, except the refundable credits	1256
enumerated in this section and the credit granted under division	1257
(H) of section 5747.08 of the Revised Code, the amount of the	1258
credit for a taxable year shall not exceed the taxpayer's	1259
aggregate amount of tax due under section 5747.02 of the Revised	1260
Code, after allowing for any other credit that precedes it in	1261
the order required under this section. Any excess amount of a	1262
particular credit may be carried forward if authorized under the	1263
section creating that credit. Nothing in this chapter shall be	1264
construed to allow a taxpayer to claim, directly or indirectly,	1265
a credit more than once for a taxable year.	1266
Section 2. That existing sections 5739.02, 5747.08, and	1267
5747.98 of the Revised Code are hereby repealed.	1268