

| Notable Estimates S.B. 22 (in millions) | | |
|---|-------------------------------|-------------------------------|
| | State Fiscal Year 2018 | State Fiscal Year 2019 |
| <i>Bipartisan Budget Act of 2018</i> | | |
| Extension of exclusion from gross income of discharge of indebtedness on qualified principal residence indebtedness | -\$10 | |
| Extension of above-the-line deduction for qualified tuition and related expenses | -1 | |
| <i>H.R. 1</i> | | |
| Limitation on losses for other than C-Corp. (\$500,000 for joint filer and \$250,000 for others) | | \$9 |
| Consolidation and modification of education savings rules | | -20 |
| Suspension of deduction for moving expenses | | 1 |
| Suspension exclusion for qualified moving expense reimbursement | | 3 |
| Limit net interest paid deduction | | 6 |
| Modification of net operating loss deduction | | 4 |
| Like-kind exchanges of real property | | 2 |
| Repeal deduction for income attributable to domestic production activities | | 2 |
| Entertainment, etc., expenses | | 1 |
| Repeal of advance refunding bonds | | Indeterminate |
| Opportunity zones | | Indeterminate loss |
| <i>Behavioral effects</i> | | |
| Pass-through entity impacts on Ohio's business income deduction and other effects | | Indeterminate loss |

Ohio Department of Taxation 2/19/2018

Note: The H.R. 1 provisions are assumed to almost entirely impact fiscal year 2019 with minimal impact on fiscal year 2018. This is based on the fact that less than five months remain in fiscal year 2018 and the expectation that the provisions will be mostly reflected in annual tax returns filed no sooner than early 2019 rather than in estimated payments or withholding. Most of these state estimates use the Joint Committee on Taxation (JCT) federal government revenue estimates as the starting point. However, because the federal fiscal year (Oct-Sept) does not match the state fiscal year (July-June), this creates additional complexity for estimating the state impacts. Conceptually, the impacts during the state FY18-19 biennium would reflect all of JCT's federal fiscal year 2018 estimate (assumed to almost entirely impact state fiscal year 2019, and little or no state fiscal year 2018) and some portion of the JCT federal fiscal year 2019 estimate. But because of the inherent estimation imprecision caused by the federal vs state fiscal year differences, the knowledge that the federal estimates reflect a longer time frame (through September 2019) than the current state biennium (ending in June 2019), and the expectation that state impacts will be primarily occur in annual returns (creating further lag between the federal revenue estimates and expected state revenue impacts), it was deemed reasonable to simply use the JCT estimates for federal fiscal year 2019 as the basis for estimating the full state FY18-19 biennium impacts.

Conformity estimates S.B. 22 (in millions)

| Item | State Fiscal Year 2018 | State Fiscal Year 2019 |
|--|------------------------|------------------------|
| <i>Bipartisan Budget Act of 2018</i> | | |
| Extension of exclusion from gross income of discharge of indebtedness on qualified principal residence indebtedness | -\$10 | |
| Extension of above-the-line deduction for qualified tuition and related expenses | -1 | |
| Extension of election to expense mine safety equipment | [2] | |
| Extension of special expensing rules for certain film, television, and theatrical productions | indeterminate | |
| Extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico | [2] | |
| Extension of energy efficient commercial buildings deduction | [2] | |
| Extension of special rule for sales or dispositions to implement Federal Energy Regulatory Commission ("FERC") or State electric restructuring policy for qualified electric utilities | indeterminate | |
| Extend the limitations period with respect to excluding amounts received by wrongfully incarcerated individuals | [2] | |
| Treatment of citizens or residents of United States living abroad in support of Armed Forces in combat zones | [2] | |
| <i>H.R. 1</i> | | |
| <i>Provisions affecting individuals</i> | | |
| Alternative (C-CPI-U) inflation adjustment (incl. earned income tax credit) | | [1] |
| Limitation on losses for other than C-Corp. (\$500,000 for joint filer and \$250,000 for others) | | \$9 |
| Consolidation and modification of education savings rules | | -20 |
| Reforms to discharge of certain student loan indebtedness | | [2] |
| Rollovers between qualified tuition programs and qualified ABLE programs | | [2] |
| Limitation on wagering losses | | [1] |
| Repeal of deduction for alimony payments and corresponding inclusion in gross income | | [1] |
| Suspension of deduction for moving expenses | | 1 |
| Suspension of exclusion for qualified bicycle commuting reimbursement | | [1] |
| Suspension exclusion for qualified moving expense reimbursement | | 3 |
| Repeal of special rule permitting recharacterization of IRA contributions | | [1] |

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| Extended rollover period for the rollover of plan loan offset amounts in certain cases | negligible |
| Modification of rules applicable to length of service award programs for bona fide public safety volunteers | [2] |
| Temporarily allow increased contributions to ABLE accounts | [2] |
| Treatment of certain individuals performing services in the Sinai Peninsula of Egypt | [2] |
| Relief for 2016 disaster areas | negligible |
| <i>Provisions affecting businesses</i> | |
| Increased expensing ³ | 0 |
| Modification to depreciation limitations on luxury automobiles | [2] |
| Modifications of treatment of certain farm property | [2] |
| Applicable recovery period for real property | [2] |
| Expansion of section 179 expensing ³ | 0 |
| Small business accounting method reform and simplification ⁴ | indeterminate |
| Limit net interest paid deduction | 6 |
| Modification of net operating loss deduction | 4 |
| Like-kind exchanges of real property | 2 |
| Repeal of deduction for local lobbying expenses | [1] |
| Repeal deduction for income attributable to domestic production activities | 2 |
| Entertainment, etc., expenses | 1 |
| Repeal of exclusion, etc., for employee achievement awards | [1] |
| Limitation on deduction for FDIC premiums | [1] |
| Repeal of rollover of publicly traded securities gain into specialized small business investment companies | [1] |
| Repeal of technical termination of partnerships | [1] |
| Amortization of research and experimental expenditures ⁵ | 0 |
| Certain special rules for taxable year of inclusion ⁴ | [1] |
| Denial of deduction for certain fines, penalties, and other amounts | [1] |
| Denial of deduction for settlements subject to nondisclosure agreements paid in connection with sexual harassment or sexual abuse | [1] |
| Repeal of advance refunding bonds | Indeterminate |
| Treatment of qualified equity grants | [2] |

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| Modification of the definition of substantial built-in loss in the case of transfer of partnership interest | indeterminate |
| Charitable contributions and foreign taxes taken into account in determining limitation on allowance of partner's share of loss | [1] |
| Expansion of qualifying beneficiaries of an electing small business trust | [2] |
| Production period for beer, wine, and distilled spirits | [2] |
| Opportunity zones | Indeterminate loss |
| <i>International provisions</i> | |
| Special rules relating to sales or transfers involving specified 10% owned foreign corporations | Indeterminate |
| Treatment of deferred foreign income upon transition to participation exemption system of taxation and deemed repatriation at two-tier rate | Indeterminate |
| Deduction for foreign-derived intangible income and global intangible low-taxed income | Indeterminate |
| Repeal of inclusion based on withdrawal of previously excluded subpart F income from qualified investment | Indeterminate |
| Repeal of treatment of foreign base company oil related income as subpart F income | Indeterminate |
| Modification of definition of United States shareholder | Indeterminate |
| Elimination of requirement that corporation must be controlled for 30 days before subpart F inclusions apply | Indeterminate |
| Current year inclusion of foreign high return amounts or global intangible low-taxed income by United States shareholders | Indeterminate |
| Limitations on income shifting through intangible property transfers | Indeterminate |
| Certain related party amounts paid or accrued in hybrid transactions or with hybrid entities | Indeterminate |
| Repeal of fair market value of interest expense apportionment | Indeterminate |

Ohio Department of Taxation 2/19/2018

[1] Minimal estimated gain (less than \$1M per year all funds)

[2] Minimal estimated loss (less than \$1M per year all funds)

³ R.C. 5747.01(A)(20)(a), with certain exceptions, requires an 83.33 percent add-back and (A)(21)(a) allows a 16.66 percent deduction of such amounts added back for the five following taxable years.

⁴Provision may have an indeterminate impact on the timing of liabilities.

⁵Provision applies to amounts paid or incurred in taxable years beginning after Dec. 31, 2021.