

**As Introduced**

**135th General Assembly  
Regular Session  
2023-2024**

**S. B. No. 124**

**Senator Schaffer  
Cosponsor: Senator Antani**

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**A BILL**

To amend sections 107.036, 5739.02, 5747.98, and	1
5751.98 and to enact sections 122.97, 122.971,	2
122.972, 122.973, 122.974, and 122.975 of the	3
Revised Code to exempt from the sales and use	4
tax the sale of certain firearms and ammunition	5
and to authorize nonrefundable tax credits for	6
small arms and ammunition manufacturers.	7

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

<b>Section 1.</b> That sections 107.036, 5739.02, 5747.98, and	8
5751.98 be amended and sections 122.97, 122.971, 122.972,	9
122.973, 122.974, and 122.975 of the Revised Code be enacted to	10
read as follows:	11

<b>Sec. 107.036.</b> (A) For each business incentive tax credit,	12
the main operating appropriations act shall contain a detailed	13
estimate of the total amount of credits that may be authorized	14
in each year, an estimate of the amount of credits expected to	15
be claimed in each year, and an estimate of the amount of	16
credits expected to remain outstanding at the end of the	17
biennium. The governor shall include such estimates in the state	18

budget submitted to the general assembly pursuant to section	19
107.03 of the Revised Code.	20
(B) As used in this section, "business incentive tax	21
credit" means all of the following:	22
(1) The job creation tax credit under section 122.17 of	23
the Revised Code;	24
(2) The job retention tax credit under section 122.171 of	25
the Revised Code;	26
(3) The historic preservation tax credit under section	27
149.311 of the Revised Code;	28
(4) The motion picture and Broadway theatrical production	29
tax credit under section 122.85 of the Revised Code;	30
(5) The new markets tax credit under section 5725.33 of	31
the Revised Code;	32
(6) The research and development credit under section	33
166.21 of the Revised Code;	34
(7) The small business investment credit under section	35
122.86 of the Revised Code;	36
(8) The rural growth investment credit under section	37
122.152 of the Revised Code;	38
(9) The opportunity zone investment credit under section	39
122.84 of the Revised Code;	40
(10) The transformational mixed use development credit	41
under section 122.09 of the Revised Code;	42
<u>(11) The small arms and ammunition manufacturing credit</u>	43
<u>under section 122.973 of the Revised Code.</u>	44

Sec. 122.97. For purposes of this section and sections 45  
122.971 to 122.975 of the Revised Code: 46

(A) "Affiliated group" has the same meaning as in section 47  
1504 of the Internal Revenue Code, except that "more than fifty 48  
per cent" shall be substituted for "at least eighty percent" 49  
each place it appears in that section. 50

(B) "Controlled group of corporations" has the same 51  
meaning as in section 1563 of the Internal Revenue Code. 52

(C) "Corporation" means any corporation, joint-stock 53  
company, association, or other entity treated as a corporation 54  
for federal income tax purposes, and any business conducted by a 55  
trustee wherein interest or ownership is evidenced by a 56  
certificate of interest or ownership, or another similar written 57  
instrument. 58

(D) "Expanded facility" means a small arms and ammunition 59  
manufacturing facility in this state, other than a new facility 60  
or a replacement facility, resulting from the acquisition, 61  
construction, reconstruction, installation, or erection of 62  
improvements or additions to existing property if the 63  
improvements or additions are placed in service or use on or 64  
after July 1, 2024. 65

(E) "New facility" means a small arms and ammunition 66  
manufacturing facility in this state purchased or leased by the 67  
taxpayer on or after July 1, 2024, that was not in service or 68  
use at any point during the ninety days immediately preceding 69  
the purchase or the commencement of the lease term, as 70  
applicable. A small arms and ammunition manufacturing facility 71  
is not a "new facility" of a person whose only activity with 72  
respect to the facility is to lease it to another person or 73

persons. A small arms and ammunition manufacturing facility 74  
purchased or leased from a related entity is not a "new 75  
facility," unless the tax credit authority determines that the 76  
purchase or lease is at fair market value and is not tax 77  
motivated. 78

(F) "Payroll" means wages, salaries, and other 79  
compensation paid to employees for work at a new or expanded 80  
facility. 81

(G) Real or tangible personal property is "placed in 82  
service or use" in the earlier of the following: 83

(1) The taxable year for which depreciation of the 84  
property commences for federal income tax purposes; 85

(2) The taxable year in which the property is placed in a 86  
condition or state of readiness and availability for a 87  
specifically assigned function in a new or expanded facility. 88

(H) "Related entity" has the same meaning as in section 89  
5733.04 of the Revised Code. 90

(I) "Replacement facility" means any real or tangible 91  
personal property other than an expanded facility that replaces 92  
other real or personal property located within this state that: 93

(1) The taxpayer or a related entity used in or connection 94  
with any small arms and ammunition manufacturing facility for 95  
more than two of the five years preceding the date the 96  
replacement property is placed in service or use by the 97  
taxpayer; or 98

(2) Is not used by the taxpayer or a related entity in or 99  
in connection with a small arms and ammunition manufacturing 100  
facility for a continuous period of at least one year starting 101

with the date the replacement property is placed in service or 102  
use by the taxpayer. 103

(J) "Small arms and ammunition manufacturing" means a 104  
business activity which is or may be classified under the north 105  
American industry classification system with code number 332992 106  
or 332994. 107

(K) "Small arms and ammunition manufacturing facility" and 108  
"facility" mean a factory, mill, plant, warehouse, building, or 109  
complex of buildings located in this state and used primarily 110  
for small arms and ammunition manufacturing, including both of 111  
the following: 112

(1) The land on which the facility is located; 113

(2) All machinery, equipment, and other tangible personal 114  
property located at or within the facility and used in 115  
connection with the operation of the facility. 116

(L) "Taxpayer" means either of the following: 117

(1) A person subject to the tax imposed by section 5747.02 118  
of the Revised Code; 119

(2) A person or, in the case of a consolidated elected 120  
taxpayer or combined taxpayer treated as one taxpayer, a group 121  
of persons required to register or pay the tax under Chapter 122  
5751. of the Revised Code. 123

(M) "Tax year" means, in the case of a taxpayer described 124  
in division (L) (1) of this section, the taxpayer's taxable year, 125  
as defined in section 5747.01 of the Revised Code. For any other 126  
taxpayer, "tax year" means the calendar year that includes the 127  
taxpayer's tax period, as defined in section 5751.01 of the 128  
Revised Code. 129

(N) "Qualified investment" means the taxpayer's capital 130  
investment in a new or expanded small arms and ammunition 131  
manufacturing facility, as computed by the tax credit authority 132  
under section 122.972 of the Revised Code. 133

(O) "Internal Revenue Code" has the same meaning as in 134  
section 5747.01 of the Revised Code. 135

**Sec. 122.971.** (A) On or before the first day of March 136  
following the end of a tax year in which a taxpayer makes a 137  
capital investment in a new or expanded small arms and 138  
ammunition manufacturing facility, the taxpayer may apply to the 139  
tax credit authority created under section 122.17 of the Revised 140  
Code for nonrefundable credits against the taxes imposed by 141  
sections 5747.02 and 5751.02 of the Revised Code. The 142  
application shall be made in the form and manner prescribed by 143  
rule of the director of development adopted under section 144  
122.975 of the Revised Code and shall, at minimum, include all 145  
of the following: 146

(1) The name, address, and taxpayer identification number 147  
of the applicant; 148

(2) A detailed description of the new or expanded facility 149  
in which the investment was made, including any information 150  
about the location, operations, ownership, organization, and 151  
origin of the facility that may be necessary or useful to the 152  
tax credit authority in evaluating and making a determination on 153  
the tax credit application; 154

(3) A comprehensive list of the real property, tangible 155  
personal property, and improvements purchased, constructed, 156  
leased, or moved to this state as part of the applicant's 157  
investment including, with respect to each parcel of real 158

<u>property, improvement, and item of tangible personal property:</u>	159
<u>(a) A description of the property and its use as a</u>	160
<u>component part of the new or expanded facility;</u>	161
<u>(b) The person or persons from which the property was</u>	162
<u>acquired and the relationship, if any, of that person or those</u>	163
<u>persons to the applicant;</u>	164
<u>(c) The actual or reasonably determined cost of the</u>	165
<u>property or, in the case of property acquired by lease, the</u>	166
<u>primary term of the lease and the amount of rent reserved for</u>	167
<u>that term;</u>	168
<u>(d) In the case of property previously used by the</u>	169
<u>applicant at a business location outside this state and then</u>	170
<u>placed into service or use at a new or expanded facility, the</u>	171
<u>location of the out-of-state facility and, if the property is</u>	172
<u>leased, the remaining duration of the primary term of such lease</u>	173
<u>and the amount of rent reserved for that term;</u>	174
<u>(e) The straight-line depreciation life of the property;</u>	175
<u>and</u>	176
<u>(f) The date upon which the property was placed into</u>	177
<u>service or use in the new or expanded facility.</u>	178
<u>(4) The total number of individuals employed at the new or</u>	179
<u>expanded facility and the payroll paid to those employees during</u>	180
<u>the tax year;</u>	181
<u>(5) The number of individuals employed at the new or</u>	182
<u>expanded facility whose employment is directly attributable to</u>	183
<u>and the result of the applicant's capital investment and the</u>	184
<u>payroll paid to those employees during the tax year;</u>	185
<u>(6) If the applicant requests that the credit percentage</u>	186

be computed using a method other than the payroll method 187  
described in division (C) (2) of this section, the reasons why 188  
the payroll method does not produce an accurate approximation of 189  
the taxes attributable to the applicant's capital investment, a 190  
detailed description of the applicant's proposed method for 191  
determining the credit percentage and the variables that 192  
contribute to such determination, and any data or documentation 193  
the applicant wishes to produce in support of the alternative 194  
method; 195

(7) Whether the taxpayer seeks to apply the credit to the 196  
taxable year and tax periods that ended in the preceding tax 197  
year or to the taxable year and tax periods that end in the 198  
current tax year; 199

(8) The amount of federal excise tax paid by the taxpayer 200  
under section 4181 of the Internal Revenue Code for the 201  
preceding federal taxable year on pistols, revolvers, other 202  
firearms, shells, and cartridges manufactured at the new or 203  
expanded facility; 204

(9) Any other information required by rule of the director 205  
of development. 206

(B) (1) Upon receiving an application under this section, 207  
the tax credit authority shall compute the amount of the 208  
applicant's qualified investment in the manner prescribed by 209  
section 122.972 of the Revised Code and determine if the small 210  
arms and ammunition manufacturing facility described in the 211  
application qualifies as a new or expanded facility of that 212  
applicant. 213

(2) If the tax credit authority determines that the 214  
applicant's qualified investment is less than two million 215



dollars or that the small arms and ammunition manufacturing 216  
facility in which the investment was made does not qualify as a 217  
new or expanded facility, the authority shall deny the 218  
application and notify the applicant of such determination. 219

(3) If the tax credit authority determines that the 220  
applicant's qualified investment equals or exceeds two million 221  
dollars and that the small arms and ammunition manufacturing 222  
facility in which the investment was made qualifies as a new or 223  
expanded facility, the authority shall approve the application 224  
and issue the applicant a tax credit certificate that includes 225  
all of the following information: 226

(a) A unique certificate identification number; 227

(b) The name, address, and taxpayer identification number 228  
of the applicant; 229

(c) The taxable year and tax periods for which the credit 230  
may be claimed, which shall be the taxable year and tax periods 231  
specified by the applicant under division (A) (7) of this 232  
section; 233

(d) The credit percentage determined under division (C) of 234  
this section; 235

(e) The maximum credit amount, which shall equal the 236  
amount of federal excise tax paid by the applicant under section 237  
4181 of the Internal Revenue Code for the preceding federal 238  
taxable year on pistols, revolvers, other firearms, shells, and 239  
cartridges manufactured at the new or expanded facility, 240  
multiplied by the credit percentage determined under division 241  
(C) of this section; 242

(f) The amount of the applicant's qualified investment, as 243  
determined by the tax credit authority under section 122.972 of 244

the Revised Code; a list of the real property, improvements, and 245  
tangible personal property that comprise that investment; and 246  
the cost attributed to each such parcel, improvement, or item. 247

(4) The tax credit authority shall make a determination on 248  
each application timely received under this section and, if 249  
approved, issue a tax credit certificate to the applicant not 250  
later than the last day of March. 251

(C) (1) The credit percentage shall approximate the 252  
percentage of taxes levied on the applicant under sections 253  
5747.02 and 5751.02 of the Revised Code, before any allowable 254  
credits, that are directly attributable to and the result of the 255  
applicant's qualified investment in the new or expanded small 256  
arms and ammunition manufacturing facility, as provided under 257  
divisions (C) (2) and (3) of this section. 258

(2) Except as provided in division (C) (3) of this section, 259  
the tax credit authority shall compute the credit percentage by 260  
dividing the payroll paid to individuals employed at the new or 261  
expanded facility whose employment is directly attributable to 262  
and the result of the applicant's qualified investment by the 263  
payroll paid to all individuals employed at the new or expanded 264  
facility. In performing the computation, the authority may rely 265  
on the information submitted by the applicant under divisions 266  
(A) (4) and (5) of this section, or may adjust the reported 267  
payroll apportionment based on other information available to 268  
the authority in evaluating and approving the application. 269

(3) If the tax credit authority determines that the 270  
payroll method described in division (C) (2) of this section does 271  
not produce an accurate approximation of the taxes attributable 272  
to the applicant's qualified investment, the authority shall 273  
devise an alternative method of computing the credit percentage 274

that produces an adequate approximation. If the applicant 275  
proposes an alternative method of determining the credit 276  
percentage under division (A) (6) of this section, the tax credit 277  
authority shall evaluate the merits of the taxpayer's proposed 278  
alternative method prior to making a final determination on the 279  
credit percentage. 280

**Sec. 122.972.** (A) Upon receiving a tax credit application 281  
under section 122.971 of the Revised Code, the tax credit 282  
authority shall determine the amount of the applicant's 283  
qualified investment based on the costs incurred by the 284  
applicant during the preceding tax year to construct, purchase, 285  
or lease real property, improvements to real property, or 286  
tangible personal property placed in service by the applicant on 287  
or after July 1, 2024, for use as a component part of a new or 288  
expanded small arms and ammunition manufacturing facility. Only 289  
the following amounts shall be included in computing the 290  
applicant's qualified investment: 291

(1) The purchase price of real property acquired in fee 292  
and improvements to such property that have a useful life of at 293  
least four years; 294

(2) The full amount of rent reserved for the primary term 295  
of a written lease of at least ten years for real property and 296  
improvements to such property that have a useful life of at 297  
least four years, excluding any rent reserved for after the 298  
twentieth year of the lease term; 299

(3) Amounts paid to acquire or construct improvements to 300  
real property, if such improvements have a useful life of at 301  
least four years; 302

(4) The purchase price for tangible personal property that 303

has a useful life of at least four years at the time it is 304  
placed in service or use at the new or expanded facility, but 305  
only if depreciation or amortization in lieu of depreciation is 306  
allowable with respect to the tangible personal property for 307  
federal income tax purposes; 308

(5) (a) One-third of the amount of rent reserved for the 309  
primary term of a written lease for tangible personal property, 310  
if the primary term of the lease is at least four years but less 311  
than six years, and excluding rent reserved for any portion of 312  
the lease term subsequent to the expiration of the book life of 313  
the equipment, determined using the straight-line method of 314  
depreciation; 315

(b) Two-thirds of the amount of rent reserved for the 316  
primary term of a written lease for tangible personal property, 317  
if the primary term of the lease is at least six years but less 318  
than eight years, and excluding rent reserved for any portion of 319  
the lease term subsequent to the expiration of the book life of 320  
the equipment, determined using the straight-line method of 321  
depreciation; 322

(c) The full amount of rent reserved for the primary term 323  
of a written lease of at least eight years for tangible personal 324  
property, excluding rent reserved for after the twentieth year 325  
of the lease or for any portion of the lease term subsequent to 326  
the expiration of the book life of the equipment, determined 327  
using the straight-line method of depreciation. 328

(6) The original cost of tangible personal property owned 329  
and previously used by the applicant at a business location 330  
outside this state, then placed in service or use at a new or 331  
expanded facility in this state, less straight-line depreciation 332  
allowable for the federal taxable years or portions of taxable 333

years that the applicant used the property outside this state, 334  
excluding property for which depreciation or amortization in 335  
lieu of depreciation is not allowable for federal income tax 336  
purposes or that does not have a remaining useful life of at 337  
least four years at the time it is placed into service or use at 338  
a new or expanded facility in this state; and 339

(7) The rent reserved for up to twenty years of the 340  
remaining portion of the primary term of a written lease for 341  
tangible personal property previously used by the applicant at a 342  
business location outside this state, then placed in service or 343  
use at a new or expanded facility in this state, excluding rent 344  
reserved for any portion of the lease term subsequent to the 345  
expiration of the book life of the equipment, determined using 346  
the straight-line method of depreciation, and excluding property 347  
for which the remaining primary term of the lease is less than 348  
four years at the time it is placed into service or use at a new 349  
or expanded facility in this state. 350

(B) An applicant's qualified investment excludes repair 351  
costs, including materials used in the repair, unless the cost 352  
of the repair must be capitalized rather than expensed for 353  
federal income tax purposes, and amounts paid to purchase, 354  
construct, or lease any of the following: 355

(1) Real or tangible personal property that is not placed 356  
in service by the applicant for use as a component part of a new 357  
or expanded small arms and ammunition manufacturing facility; 358

(2) Airplanes and helicopters; 359

(3) Tangible personal property that is primarily used 360  
outside this state; 361

(4) Tangible personal property acquired as incident to the 362

purchase of the stock or assets of the seller unless, for good 363  
cause shown, the tax credit authority consents to including such 364  
amounts in computing the applicant's qualified investment; 365

(5) Real or tangible personal property acquired from a 366  
person whose relationship to the applicant would result in 367  
disallowance of the deductions under section 267 or 707(b) of 368  
the Internal Revenue Code; 369

(6) Real or tangible personal property acquired by one 370  
component member of an affiliated group or a controlled group of 371  
corporations from another component member of the same group, 372  
unless the applicant demonstrates to the satisfaction of the tax 373  
credit authority that the property was acquired for fair market 374  
value; 375

(7) Real or personal property the basis for which in the 376  
hands of the applicant for federal income tax purposes is not 377  
determined in whole or in part by reference to the federal 378  
adjusted basis of the property in the hands of the person from 379  
which it was acquired or under section 1014(e) of the Internal 380  
Revenue Code; 381

(8) Real or tangible personal property the cost or 382  
consideration for which cannot be quantified with any reasonable 383  
degree of accuracy at the time it is placed in service or use. 384

(C) For purposes of this section: 385

(1) Costs are incurred during the tax year in which the 386  
real or tangible personal property is placed in service or use 387  
at a new or expanded facility in this state; 388

(2) The value of any real or tangible personal property 389  
traded or exchanged shall not be included in the cost of real or 390  
tangible personal property placed in service or use in a new or 391

expanded facility; 392

(3) If tangible personal property used in the operation of 393  
a new or expanded facility is stolen, or is damaged or destroyed 394  
by fire, flood, storm, or other casualty, the cost of 395  
replacement property shall be reduced by any insurance proceeds 396  
received in compensation for that loss; 397

(4) The cost of self-constructed property shall equal the 398  
amount properly charged to the applicant's capital account for 399  
depreciation for federal income tax purposes; 400

(5) All property which the applicant is required to show 401  
on the applicant's books and records as an asset under generally 402  
accepted principles of financial accounting shall be treated as 403  
purchased rather than leased. 404

**Sec. 122.973.** (A) The owner of a tax credit certificate 405  
issued under section 122.971 or 122.974 of the Revised Code may 406  
claim a nonrefundable credit against the tax imposed by section 407  
5751.02 of the Revised Code for each tax period ending in the 408  
tax year specified by the certificate. Subject to division (C) 409  
of this section, the credit equals the taxes due on the 410  
taxpayer's gross receipts derived from the new or expanded small 411  
arms and ammunition manufacturing facility, before any allowable 412  
credits against the tax, multiplied by the credit percentage 413  
specified in the tax credit certificate. The taxpayer shall 414  
claim the credit in the order required by section 5751.98 of the 415  
Revised Code. 416

(B) The owner of a tax credit certificate issued under 417  
section 122.971 or 122.974 of the Revised Code may claim a 418  
nonrefundable credit against the tax imposed by section 5747.02 419  
of the Revised Code for the taxpayer's taxable year ending in 420

the tax year specified by the certificate. Subject to division 421  
(C) of this section, the credit equals the taxes due on the 422  
taxpayer's Ohio adjusted gross income derived from the new or 423  
expanded small arms and ammunition manufacturing facility, 424  
before any allowable credits against the tax, multiplied by the 425  
credit percentage specified in the tax credit certificate. The 426  
taxpayer shall claim the credit in the order required by section 427  
5747.98 of the Revised Code. A taxpayer claiming a credit under 428  
this section shall include a copy of the applicable tax credit 429  
certificate. 430

(C) The sum of the credits claimed by a taxpayer under 431  
this section shall not exceed the maximum credit amount stated 432  
in the tax credit certificate. If computing the credits in the 433  
manner described in divisions (A) and (B) of this section would 434  
result in exceeding the maximum credit amount, the taxpayer 435  
shall first reduce the credit allowed under division (B) of this 436  
section and then, if necessary, reduce the credit allowed by 437  
division (A) of this section. 438

**Sec. 122.974.** (A) Subject to division (C) of this section, 439  
the owner of a tax credit certificate issued under this section 440  
or section 122.971 of the Revised Code shall annually, on or 441  
before the first day of March, certify the following information 442  
to the tax credit authority: 443

(1) An updated list of real property, improvements, and 444  
tangible personal property comprising the taxpayer's qualified 445  
investment that accounts for any additional capital investments 446  
in the new or expanded facility made by the taxpayer since last 447  
applying for a tax credit certificate under this section or 448  
section 122.971 of the Revised Code as well as any real 449  
property, improvements, or tangible personal property that have 450



been disposed of or are no longer used in the facility. For 451  
purposes of this division, property or improvements that are 452  
damaged or destroyed by fire, flood, storm, or other casualty, 453  
or that are stolen, remain a part of the taxpayer's qualified 454  
investment even if the property is no longer used in the new or 455  
expanded facility. 456

(2) For the first nine years following the issuance of the 457  
initial tax credit certificate under section 122.971 of the 458  
Revised Code, the amount of federal excise tax paid by the 459  
taxpayer under section 4181 of the Internal Revenue Code for the 460  
preceding federal taxable year on pistols, revolvers, other 461  
firearms, shells, and cartridges manufactured at the new or 462  
expanded facility. 463

(3) The amount, if any, by which the maximum credit amount 464  
prescribed by the tax credit certificate issued in the preceding 465  
year under this section or section 122.971 of the Revised Code 466  
exceeds the tax credits claimed with the certificate under 467  
section 122.973 of the Revised Code; 468

(4) Updated payroll information described in divisions (A) 469  
(4) and (5) of section 122.971 of the Revised Code for the 470  
preceding tax year; 471

(5) If the taxpayer requests a change in the way the 472  
credit percentage is computed, the information described in 473  
division (A) (6) of section 122.971 of the Revised Code; 474

(6) Any other information required by rule of the director 475  
of development adopted under section 122.975 of the Revised 476  
Code. 477

(B) (1) Not later than the last day of March following 478  
receipt of a certification under division (A) of this section, 479

the tax credit authority shall issue the taxpayer an updated tax 480  
credit certificate that includes the information prescribed by 481  
division (C) (3) of section 122.971 of the Revised Code. 482

(2) The credit percentage specified in the updated 483  
certificate shall be determined using the updated information 484  
provided by the taxpayer under division (A) (4) of this section 485  
or, if the authority determines that the payroll method does not 486  
produce an accurate approximation of the taxes attributable to 487  
the taxpayer's qualified investment, through an alternative 488  
method devised by the authority in the manner prescribed by 489  
division (C) (3) of section 122.971 of the Revised Code. 490

(3) (a) If the credit percentage specified in the updated 491  
certificate is less than the credit percentage for the preceding 492  
year, the tax credit authority, prior to computing the maximum 493  
credit amount, shall reduce the amount certified by the 494  
applicant under division (A) (3) of this section proportionally, 495  
based on the decrease in credit percentage; 496

(b) For the first nine years following the issuance of the 497  
initial tax credit certificate under section 122.971 of the 498  
Revised Code, the maximum credit amount shall equal the amount 499  
reported by the applicant under division (A) (3) of this section 500  
adjusted as required by division (B) (3) (a) of this section, plus 501  
the product obtained by multiplying the updated credit 502  
percentage by the amount reported by the applicant under 503  
division (A) (2) of this section; 504

(c) For the tenth through the nineteenth year following 505  
the issuance of the initial tax credit certificate under section 506  
122.971 of the Revised Code, the maximum credit amount shall 507  
equal the amount reported by the applicant under division (A) (3) 508  
of this section adjusted as required by division (B) (3) (a) of 509

this section. 510

(4) The credits allowed by the updated certificate shall 511  
be claimed for either the taxable year and tax periods that 512  
ended in the preceding tax year or the taxable year and tax 513  
periods that end in the current tax year, depending on the 514  
preference asserted in the taxpayer's initial tax credit 515  
application under division (A) (7) of section 122.971 of the 516  
Revised Code. 517

(C) The tax credit authority shall not issue a tax credit 518  
certificate under this section in any year after the nineteenth 519  
year following the issuance of the initial tax credit 520  
certificate under section 122.971 of the Revised Code or in any 521  
year for which the certificate owner does not certify the 522  
information required by division (A) of this section. A 523  
certificate owner is not required to certify information under 524  
division (A) of this section in any year after the earlier of 525  
the following: 526

(1) The nineteenth year following the issuance of the 527  
initial tax credit certificate under section 122.971 of the 528  
Revised Code; 529

(2) Any year after the ninth year following the issuance 530  
of the initial tax credit certificate under that section for 531  
which the maximum credit amount determined under division (B) of 532  
this section is zero. 533

(D) If the owner of a tax credit certificate issued under 534  
this section or section 122.971 of the Revised Code sells or 535  
transfers all or part of the certificate owner's interest in the 536  
new or expanded small arms and ammunition manufacturing facility 537  
and the transferee continues to operate that new or expanded 538

facility, the certificate owner may also convey all or part of 539  
the tax credit certificate to the transferee. The portion of the 540  
tax credit certificate conveyed to the transferee shall equal 541  
the percentage of the previous certificate owner's interest in 542  
the new or expanded facility that is sold or transferred to the 543  
transferee. The previous certificate owner shall notify the tax 544  
credit authority in writing of such a conveyance. The 545  
notification shall include the identity of the transferee and 546  
the percentage of the tax credit certificate conveyed. A 547  
taxpayer that conveys a tax credit certificate under this 548  
division shall not claim the credits authorized by section 549  
122.973 of the Revised Code to the extent that the certificate 550  
was conveyed. A taxpayer to which a tax credit certificate is 551  
conveyed shall not claim any portion of a credit that has been 552  
claimed by the previous certificate owner. 553

**Sec. 122.975.** (A) On or before July 1, 2029, and every 554  
fifth year thereafter, the tax credit authority shall submit to 555  
the general assembly under section 101.68 of the Revised Code 556  
and to the governor a report evaluating the cost and 557  
effectiveness of the small arms and ammunition manufacturing 558  
credit under sections 122.97 to 122.975 of the Revised Code 559  
during the most recent five-year period. The criteria to be 560  
evaluated shall include all of the following: 561

- (1) The number of taxpayers claiming the credit; 562
- (2) The total amount of qualified investments made by such 563  
taxpayers and the net number of new jobs that are directly 564  
attributable to and the result of those qualified investments; 565
- (3) The aggregate cost of the tax credit; 566
- (4) The cost of the tax credit per new job created; 567

(5) A comparison of the employment trends for the small 568  
arms and ammunition manufacturing industry and for taxpayers 569  
within that industry that claim the credit. 570

(B) The information included in the report described in 571  
division (A) of this section shall be generalized with respect 572  
to all tax credit recipients and the small arms and ammunition 573  
manufacturing industry as a whole. The report shall not include 574  
confidential or proprietary information about any particular 575  
taxpayer. 576

(C) The director of development shall, after consultation 577  
with the tax commissioner and the tax credit authority and in 578  
accordance with Chapter 119. of the Revised Code, adopt all 579  
rules necessary to implement sections 122.97 to 122.975 of the 580  
Revised Code. Notwithstanding any provision of section 121.95 of 581  
the Revised Code to the contrary, a regulatory restriction 582  
contained in a rule adopted under this division is not subject 583  
to sections 121.95 to 121.953 of the Revised Code. 584

**Sec. 5739.02.** For the purpose of providing revenue with 585  
which to meet the needs of the state, for the use of the general 586  
revenue fund of the state, for the purpose of securing a 587  
thorough and efficient system of common schools throughout the 588  
state, for the purpose of affording revenues, in addition to 589  
those from general property taxes, permitted under 590  
constitutional limitations, and from other sources, for the 591  
support of local governmental functions, and for the purpose of 592  
reimbursing the state for the expense of administering this 593  
chapter, an excise tax is hereby levied on each retail sale made 594  
in this state. 595

(A) (1) The tax shall be collected as provided in section 596  
5739.025 of the Revised Code. The rate of the tax shall be five 597

and three-fourths per cent. The tax applies and is collectible 598  
when the sale is made, regardless of the time when the price is 599  
paid or delivered. 600

(2) In the case of the lease or rental, with a fixed term 601  
of more than thirty days or an indefinite term with a minimum 602  
period of more than thirty days, of any motor vehicles designed 603  
by the manufacturer to carry a load of not more than one ton, 604  
watercraft, outboard motor, or aircraft, or of any tangible 605  
personal property, other than motor vehicles designed by the 606  
manufacturer to carry a load of more than one ton, to be used by 607  
the lessee or renter primarily for business purposes, the tax 608  
shall be collected by the vendor at the time the lease or rental 609  
is consummated and shall be calculated by the vendor on the 610  
basis of the total amount to be paid by the lessee or renter 611  
under the lease agreement. If the total amount of the 612  
consideration for the lease or rental includes amounts that are 613  
not calculated at the time the lease or rental is executed, the 614  
tax shall be calculated and collected by the vendor at the time 615  
such amounts are billed to the lessee or renter. In the case of 616  
an open-end lease or rental, the tax shall be calculated by the 617  
vendor on the basis of the total amount to be paid during the 618  
initial fixed term of the lease or rental, and for each 619  
subsequent renewal period as it comes due. As used in this 620  
division, "motor vehicle" has the same meaning as in section 621  
4501.01 of the Revised Code, and "watercraft" includes an 622  
outdrive unit attached to the watercraft. 623

A lease with a renewal clause and a termination penalty or 624  
similar provision that applies if the renewal clause is not 625  
exercised is presumed to be a sham transaction. In such a case, 626  
the tax shall be calculated and paid on the basis of the entire 627  
length of the lease period, including any renewal periods, until 628

the termination penalty or similar provision no longer applies. 629  
The taxpayer shall bear the burden, by a preponderance of the 630  
evidence, that the transaction or series of transactions is not 631  
a sham transaction. 632

(3) Except as provided in division (A) (2) of this section, 633  
in the case of a sale, the price of which consists in whole or 634  
in part of the lease or rental of tangible personal property, 635  
the tax shall be measured by the installments of that lease or 636  
rental. 637

(4) In the case of a sale of a physical fitness facility 638  
service or recreation and sports club service, the price of 639  
which consists in whole or in part of a membership for the 640  
receipt of the benefit of the service, the tax applicable to the 641  
sale shall be measured by the installments thereof. 642

(B) The tax does not apply to the following: 643

(1) Sales to the state or any of its political 644  
subdivisions, or to any other state or its political 645  
subdivisions if the laws of that state exempt from taxation 646  
sales made to this state and its political subdivisions; 647

(2) Sales of food for human consumption off the premises 648  
where sold; 649

(3) Sales of food sold to students only in a cafeteria, 650  
dormitory, fraternity, or sorority maintained in a private, 651  
public, or parochial school, college, or university; 652

(4) Sales of newspapers and sales or transfers of 653  
magazines distributed as controlled circulation publications; 654

(5) The furnishing, preparing, or serving of meals without 655  
charge by an employer to an employee provided the employer 656

records the meals as part compensation for services performed or 657  
work done; 658

(6) (a) Sales of motor fuel upon receipt, use, 659  
distribution, or sale of which in this state a tax is imposed by 660  
the law of this state, but this exemption shall not apply to the 661  
sale of motor fuel on which a refund of the tax is allowable 662  
under division (A) of section 5735.14 of the Revised Code; and 663  
the tax commissioner may deduct the amount of tax levied by this 664  
section applicable to the price of motor fuel when granting a 665  
refund of motor fuel tax pursuant to division (A) of section 666  
5735.14 of the Revised Code and shall cause the amount deducted 667  
to be paid into the general revenue fund of this state; 668

(b) Sales of motor fuel other than that described in 669  
division (B) (6) (a) of this section and used for powering a 670  
refrigeration unit on a vehicle other than one used primarily to 671  
provide comfort to the operator or occupants of the vehicle. 672

(7) Sales of natural gas by a natural gas company or 673  
municipal gas utility, of water by a water-works company, or of 674  
steam by a heating company, if in each case the thing sold is 675  
delivered to consumers through pipes or conduits, and all sales 676  
of communications services by a telegraph company, all terms as 677  
defined in section 5727.01 of the Revised Code, and sales of 678  
electricity delivered through wires; 679

(8) Casual sales by a person, or auctioneer employed 680  
directly by the person to conduct such sales, except as to such 681  
sales of motor vehicles, watercraft or outboard motors required 682  
to be titled under section 1548.06 of the Revised Code, 683  
watercraft documented with the United States coast guard, 684  
snowmobiles, and all-purpose vehicles as defined in section 685  
4519.01 of the Revised Code; 686



(9) (a) Sales of services or tangible personal property, 687  
other than motor vehicles, mobile homes, and manufactured homes, 688  
by churches, organizations exempt from taxation under section 689  
501(c) (3) of the Internal Revenue Code of 1986, or nonprofit 690  
organizations operated exclusively for charitable purposes as 691  
defined in division (B) (12) of this section, provided that the 692  
number of days on which such tangible personal property or 693  
services, other than items never subject to the tax, are sold 694  
does not exceed six in any calendar year, except as otherwise 695  
provided in division (B) (9) (b) of this section. If the number of 696  
days on which such sales are made exceeds six in any calendar 697  
year, the church or organization shall be considered to be 698  
engaged in business and all subsequent sales by it shall be 699  
subject to the tax. In counting the number of days, all sales by 700  
groups within a church or within an organization shall be 701  
considered to be sales of that church or organization. 702

(b) The limitation on the number of days on which tax- 703  
exempt sales may be made by a church or organization under 704  
division (B) (9) (a) of this section does not apply to sales made 705  
by student clubs and other groups of students of a primary or 706  
secondary school, or a parent-teacher association, booster 707  
group, or similar organization that raises money to support or 708  
fund curricular or extracurricular activities of a primary or 709  
secondary school. 710

(c) Divisions (B) (9) (a) and (b) of this section do not 711  
apply to sales by a noncommercial educational radio or 712  
television broadcasting station. 713

(10) Sales not within the taxing power of this state under 714  
the Constitution or laws of the United States or the 715  
Constitution of this state; 716

(11) Except for transactions that are sales under division 717  
(B) (3) (p) of section 5739.01 of the Revised Code, the 718  
transportation of persons or property, unless the transportation 719  
is by a private investigation and security service; 720

(12) Sales of tangible personal property or services to 721  
churches, to organizations exempt from taxation under section 722  
501(c) (3) of the Internal Revenue Code of 1986, and to any other 723  
nonprofit organizations operated exclusively for charitable 724  
purposes in this state, no part of the net income of which 725  
inures to the benefit of any private shareholder or individual, 726  
and no substantial part of the activities of which consists of 727  
carrying on propaganda or otherwise attempting to influence 728  
legislation; sales to offices administering one or more homes 729  
for the aged or one or more hospital facilities exempt under 730  
section 140.08 of the Revised Code; and sales to organizations 731  
described in division (D) of section 5709.12 of the Revised 732  
Code. 733

"Charitable purposes" means the relief of poverty; the 734  
improvement of health through the alleviation of illness, 735  
disease, or injury; the operation of an organization exclusively 736  
for the provision of professional, laundry, printing, and 737  
purchasing services to hospitals or charitable institutions; the 738  
operation of a home for the aged, as defined in section 5701.13 739  
of the Revised Code; the operation of a radio or television 740  
broadcasting station that is licensed by the federal 741  
communications commission as a noncommercial educational radio 742  
or television station; the operation of a nonprofit animal 743  
adoption service or a county humane society; the promotion of 744  
education by an institution of learning that maintains a faculty 745  
of qualified instructors, teaches regular continuous courses of 746  
study, and confers a recognized diploma upon completion of a 747

specific curriculum; the operation of a parent-teacher 748  
association, booster group, or similar organization primarily 749  
engaged in the promotion and support of the curricular or 750  
extracurricular activities of a primary or secondary school; the 751  
operation of a community or area center in which presentations 752  
in music, dramatics, the arts, and related fields are made in 753  
order to foster public interest and education therein; the 754  
production of performances in music, dramatics, and the arts; or 755  
the promotion of education by an organization engaged in 756  
carrying on research in, or the dissemination of, scientific and 757  
technological knowledge and information primarily for the 758  
public. 759

Nothing in this division shall be deemed to exempt sales 760  
to any organization for use in the operation or carrying on of a 761  
trade or business, or sales to a home for the aged for use in 762  
the operation of independent living facilities as defined in 763  
division (A) of section 5709.12 of the Revised Code. 764

(13) Building and construction materials and services sold 765  
to construction contractors for incorporation into a structure 766  
or improvement to real property under a construction contract 767  
with this state or a political subdivision of this state, or 768  
with the United States government or any of its agencies; 769  
building and construction materials and services sold to 770  
construction contractors for incorporation into a structure or 771  
improvement to real property that are accepted for ownership by 772  
this state or any of its political subdivisions, or by the 773  
United States government or any of its agencies at the time of 774  
completion of the structures or improvements; building and 775  
construction materials sold to construction contractors for 776  
incorporation into a horticulture structure or livestock 777  
structure for a person engaged in the business of horticulture 778

or producing livestock; building materials and services sold to 779  
a construction contractor for incorporation into a house of 780  
public worship or religious education, or a building used 781  
exclusively for charitable purposes under a construction 782  
contract with an organization whose purpose is as described in 783  
division (B)(12) of this section; building materials and 784  
services sold to a construction contractor for incorporation 785  
into a building under a construction contract with an 786  
organization exempt from taxation under section 501(c)(3) of the 787  
Internal Revenue Code of 1986 when the building is to be used 788  
exclusively for the organization's exempt purposes; building and 789  
construction materials sold for incorporation into the original 790  
construction of a sports facility under section 307.696 of the 791  
Revised Code; building and construction materials and services 792  
sold to a construction contractor for incorporation into real 793  
property outside this state if such materials and services, when 794  
sold to a construction contractor in the state in which the real 795  
property is located for incorporation into real property in that 796  
state, would be exempt from a tax on sales levied by that state; 797  
building and construction materials for incorporation into a 798  
transportation facility pursuant to a public-private agreement 799  
entered into under sections 5501.70 to 5501.83 of the Revised 800  
Code; until one calendar year after the construction of a 801  
convention center that qualifies for property tax exemption 802  
under section 5709.084 of the Revised Code is completed, 803  
building and construction materials and services sold to a 804  
construction contractor for incorporation into the real property 805  
comprising that convention center; and building and construction 806  
materials sold for incorporation into a structure or improvement 807  
to real property that is used primarily as, or primarily in 808  
support of, a manufacturing facility or research and development 809  
facility and that is to be owned by a megaproject operator upon 810

completion and located at the site of a megaproject that 811  
satisfies the criteria described in division (A) (11) (a) (ii) of 812  
section 122.17 of the Revised Code, provided that the sale 813  
occurs during the period that the megaproject operator has an 814  
agreement for such megaproject with the tax credit authority 815  
under division (D) of section 122.17 of the Revised Code that 816  
remains in effect and has not expired or been terminated. 817

(14) Sales of ships or vessels or rail rolling stock used 818  
or to be used principally in interstate or foreign commerce, and 819  
repairs, alterations, fuel, and lubricants for such ships or 820  
vessels or rail rolling stock; 821

(15) Sales to persons primarily engaged in any of the 822  
activities mentioned in division (B) (42) (a), (g), or (h) of this 823  
section, to persons engaged in making retail sales, or to 824  
persons who purchase for sale from a manufacturer tangible 825  
personal property that was produced by the manufacturer in 826  
accordance with specific designs provided by the purchaser, of 827  
packages, including material, labels, and parts for packages, 828  
and of machinery, equipment, and material for use primarily in 829  
packaging tangible personal property produced for sale, 830  
including any machinery, equipment, and supplies used to make 831  
labels or packages, to prepare packages or products for 832  
labeling, or to label packages or products, by or on the order 833  
of the person doing the packaging, or sold at retail. "Packages" 834  
includes bags, baskets, cartons, crates, boxes, cans, bottles, 835  
bindings, wrappings, and other similar devices and containers, 836  
but does not include motor vehicles or bulk tanks, trailers, or 837  
similar devices attached to motor vehicles. "Packaging" means 838  
placing in a package. Division (B) (15) of this section does not 839  
apply to persons engaged in highway transportation for hire. 840

(16) Sales of food to persons using supplemental nutrition 841  
assistance program benefits to purchase the food. As used in 842  
this division, "food" has the same meaning as in 7 U.S.C. 2012 843  
and federal regulations adopted pursuant to the Food and 844  
Nutrition Act of 2008. 845

(17) Sales to persons engaged in farming, agriculture, 846  
horticulture, or floriculture, of tangible personal property for 847  
use or consumption primarily in the production by farming, 848  
agriculture, horticulture, or floriculture of other tangible 849  
personal property for use or consumption primarily in the 850  
production of tangible personal property for sale by farming, 851  
agriculture, horticulture, or floriculture; or material and 852  
parts for incorporation into any such tangible personal property 853  
for use or consumption in production; and of tangible personal 854  
property for such use or consumption in the conditioning or 855  
holding of products produced by and for such use, consumption, 856  
or sale by persons engaged in farming, agriculture, 857  
horticulture, or floriculture, except where such property is 858  
incorporated into real property; 859

(18) Sales of drugs for a human being that may be 860  
dispensed only pursuant to a prescription; insulin as recognized 861  
in the official United States pharmacopoeia; urine and blood 862  
testing materials when used by diabetics or persons with 863  
hypoglycemia to test for glucose or acetone; hypodermic syringes 864  
and needles when used by diabetics for insulin injections; 865  
epoetin alfa when purchased for use in the treatment of persons 866  
with medical disease; hospital beds when purchased by hospitals, 867  
nursing homes, or other medical facilities; and medical oxygen 868  
and medical oxygen-dispensing equipment when purchased by 869  
hospitals, nursing homes, or other medical facilities; 870

(19) Sales of prosthetic devices, durable medical 871  
equipment for home use, or mobility enhancing equipment, when 872  
made pursuant to a prescription and when such devices or 873  
equipment are for use by a human being. 874

(20) Sales of emergency and fire protection vehicles and 875  
equipment to nonprofit organizations for use solely in providing 876  
fire protection and emergency services, including trauma care 877  
and emergency medical services, for political subdivisions of 878  
the state; 879

(21) Sales of tangible personal property manufactured in 880  
this state, if sold by the manufacturer in this state to a 881  
retailer for use in the retail business of the retailer outside 882  
of this state and if possession is taken from the manufacturer 883  
by the purchaser within this state for the sole purpose of 884  
immediately removing the same from this state in a vehicle owned 885  
by the purchaser; 886

(22) Sales of services provided by the state or any of its 887  
political subdivisions, agencies, instrumentalities, 888  
institutions, or authorities, or by governmental entities of the 889  
state or any of its political subdivisions, agencies, 890  
instrumentalities, institutions, or authorities; 891

(23) Sales of motor vehicles to nonresidents of this state 892  
under the circumstances described in division (B) of section 893  
5739.029 of the Revised Code; 894

(24) Sales to persons engaged in the preparation of eggs 895  
for sale of tangible personal property used or consumed directly 896  
in such preparation, including such tangible personal property 897  
used for cleaning, sanitizing, preserving, grading, sorting, and 898  
classifying by size; packages, including material and parts for 899

packages, and machinery, equipment, and material for use in 900  
packaging eggs for sale; and handling and transportation 901  
equipment and parts therefor, except motor vehicles licensed to 902  
operate on public highways, used in intraplant or interplant 903  
transfers or shipment of eggs in the process of preparation for 904  
sale, when the plant or plants within or between which such 905  
transfers or shipments occur are operated by the same person. 906  
"Packages" includes containers, cases, baskets, flats, fillers, 907  
filler flats, cartons, closure materials, labels, and labeling 908  
materials, and "packaging" means placing therein. 909

(25) (a) Sales of water to a consumer for residential use; 910

(b) Sales of water by a nonprofit corporation engaged 911  
exclusively in the treatment, distribution, and sale of water to 912  
consumers, if such water is delivered to consumers through pipes 913  
or tubing. 914

(26) Fees charged for inspection or reinspection of motor 915  
vehicles under section 3704.14 of the Revised Code; 916

(27) Sales to persons licensed to conduct a food service 917  
operation pursuant to section 3717.43 of the Revised Code, of 918  
tangible personal property primarily used directly for the 919  
following: 920

(a) To prepare food for human consumption for sale; 921

(b) To preserve food that has been or will be prepared for 922  
human consumption for sale by the food service operator, not 923  
including tangible personal property used to display food for 924  
selection by the consumer; 925

(c) To clean tangible personal property used to prepare or 926  
serve food for human consumption for sale. 927



(28) Sales of animals by nonprofit animal adoption	928
services or county humane societies;	929
(29) Sales of services to a corporation described in	930
division (A) of section 5709.72 of the Revised Code, and sales	931
of tangible personal property that qualifies for exemption from	932
taxation under section 5709.72 of the Revised Code;	933
(30) Sales and installation of agricultural land tile, as	934
defined in division (B) (5) (a) of section 5739.01 of the Revised	935
Code;	936
(31) Sales and erection or installation of portable grain	937
bins, as defined in division (B) (5) (b) of section 5739.01 of the	938
Revised Code;	939
(32) The sale, lease, repair, and maintenance of, parts	940
for, or items attached to or incorporated in, motor vehicles	941
that are primarily used for transporting tangible personal	942
property belonging to others by a person engaged in highway	943
transportation for hire, except for packages and packaging used	944
for the transportation of tangible personal property;	945
(33) Sales to the state headquarters of any veterans'	946
organization in this state that is either incorporated and	947
issued a charter by the congress of the United States or is	948
recognized by the United States veterans administration, for use	949
by the headquarters;	950
(34) Sales to a telecommunications service vendor, mobile	951
telecommunications service vendor, or satellite broadcasting	952
service vendor of tangible personal property and services used	953
directly and primarily in transmitting, receiving, switching, or	954
recording any interactive, one- or two-way electromagnetic	955
communications, including voice, image, data, and information,	956

through the use of any medium, including, but not limited to, 957  
poles, wires, cables, switching equipment, computers, and record 958  
storage devices and media, and component parts for the tangible 959  
personal property. The exemption provided in this division shall 960  
be in lieu of all other exemptions under division (B) (42) (a) or 961  
(n) of this section to which the vendor may otherwise be 962  
entitled, based upon the use of the thing purchased in providing 963  
the telecommunications, mobile telecommunications, or satellite 964  
broadcasting service. 965

(35) (a) Sales where the purpose of the consumer is to use 966  
or consume the things transferred in making retail sales and 967  
consisting of newspaper inserts, catalogues, coupons, flyers, 968  
gift certificates, or other advertising material that prices and 969  
describes tangible personal property offered for retail sale. 970

(b) Sales to direct marketing vendors of preliminary 971  
materials such as photographs, artwork, and typesetting that 972  
will be used in printing advertising material; and of printed 973  
matter that offers free merchandise or chances to win sweepstake 974  
prizes and that is mailed to potential customers with 975  
advertising material described in division (B) (35) (a) of this 976  
section; 977

(c) Sales of equipment such as telephones, computers, 978  
facsimile machines, and similar tangible personal property 979  
primarily used to accept orders for direct marketing retail 980  
sales. 981

(d) Sales of automatic food vending machines that preserve 982  
food with a shelf life of forty-five days or less by 983  
refrigeration and dispense it to the consumer. 984

For purposes of division (B) (35) of this section, "direct 985

marketing" means the method of selling where consumers order 986  
tangible personal property by United States mail, delivery 987  
service, or telecommunication and the vendor delivers or ships 988  
the tangible personal property sold to the consumer from a 989  
warehouse, catalogue distribution center, or similar fulfillment 990  
facility by means of the United States mail, delivery service, 991  
or common carrier. 992

(36) Sales to a person engaged in the business of 993  
horticulture or producing livestock of materials to be 994  
incorporated into a horticulture structure or livestock 995  
structure; 996

(37) Sales of personal computers, computer monitors, 997  
computer keyboards, modems, and other peripheral computer 998  
equipment to an individual who is licensed or certified to teach 999  
in an elementary or a secondary school in this state for use by 1000  
that individual in preparation for teaching elementary or 1001  
secondary school students; 1002

(38) Sales of tangible personal property that is not 1003  
required to be registered or licensed under the laws of this 1004  
state to a citizen of a foreign nation that is not a citizen of 1005  
the United States, provided the property is delivered to a 1006  
person in this state that is not a related member of the 1007  
purchaser, is physically present in this state for the sole 1008  
purpose of temporary storage and package consolidation, and is 1009  
subsequently delivered to the purchaser at a delivery address in 1010  
a foreign nation. As used in division (B)(38) of this section, 1011  
"related member" has the same meaning as in section 5733.042 of 1012  
the Revised Code, and "temporary storage" means the storage of 1013  
tangible personal property for a period of not more than sixty 1014  
days. 1015

(39) Sales of used manufactured homes and used mobile 1016  
homes, as defined in section 5739.0210 of the Revised Code, made 1017  
on or after January 1, 2000; 1018

(40) Sales of tangible personal property and services to a 1019  
provider of electricity used or consumed directly and primarily 1020  
in generating, transmitting, or distributing electricity for use 1021  
by others, including property that is or is to be incorporated 1022  
into and will become a part of the consumer's production, 1023  
transmission, or distribution system and that retains its 1024  
classification as tangible personal property after 1025  
incorporation; fuel or power used in the production, 1026  
transmission, or distribution of electricity; energy conversion 1027  
equipment as defined in section 5727.01 of the Revised Code; and 1028  
tangible personal property and services used in the repair and 1029  
maintenance of the production, transmission, or distribution 1030  
system, including only those motor vehicles as are specially 1031  
designed and equipped for such use. The exemption provided in 1032  
this division shall be in lieu of all other exemptions in 1033  
division (B) (42) (a) or (n) of this section to which a provider 1034  
of electricity may otherwise be entitled based on the use of the 1035  
tangible personal property or service purchased in generating, 1036  
transmitting, or distributing electricity. 1037

(41) Sales to a person providing services under division 1038  
(B) (3) (p) of section 5739.01 of the Revised Code of tangible 1039  
personal property and services used directly and primarily in 1040  
providing taxable services under that section. 1041

(42) Sales where the purpose of the purchaser is to do any 1042  
of the following: 1043

(a) To incorporate the thing transferred as a material or 1044  
a part into tangible personal property to be produced for sale 1045

by manufacturing, assembling, processing, or refining; or to use 1046  
or consume the thing transferred directly in producing tangible 1047  
personal property for sale by mining, including, without 1048  
limitation, the extraction from the earth of all substances that 1049  
are classed geologically as minerals, or directly in the 1050  
rendition of a public utility service, except that the sales tax 1051  
levied by this section shall be collected upon all meals, 1052  
drinks, and food for human consumption sold when transporting 1053  
persons. This paragraph does not exempt from "retail sale" or 1054  
"sales at retail" the sale of tangible personal property that is 1055  
to be incorporated into a structure or improvement to real 1056  
property. 1057

(b) To hold the thing transferred as security for the 1058  
performance of an obligation of the vendor; 1059

(c) To resell, hold, use, or consume the thing transferred 1060  
as evidence of a contract of insurance; 1061

(d) To use or consume the thing directly in commercial 1062  
fishing; 1063

(e) To incorporate the thing transferred as a material or 1064  
a part into, or to use or consume the thing transferred directly 1065  
in the production of, magazines distributed as controlled 1066  
circulation publications; 1067

(f) To use or consume the thing transferred in the 1068  
production and preparation in suitable condition for market and 1069  
sale of printed, imprinted, overprinted, lithographic, 1070  
multilithic, blueprinted, photostatic, or other productions or 1071  
reproductions of written or graphic matter; 1072

(g) To use the thing transferred, as described in section 1073  
5739.011 of the Revised Code, primarily in a manufacturing 1074

operation to produce tangible personal property for sale; 1075

(h) To use the benefit of a warranty, maintenance or 1076  
service contract, or similar agreement, as described in division 1077  
(B) (7) of section 5739.01 of the Revised Code, to repair or 1078  
maintain tangible personal property, if all of the property that 1079  
is the subject of the warranty, contract, or agreement would not 1080  
be subject to the tax imposed by this section; 1081

(i) To use the thing transferred as qualified research and 1082  
development equipment; 1083

(j) To use or consume the thing transferred primarily in 1084  
storing, transporting, mailing, or otherwise handling purchased 1085  
sales inventory in a warehouse, distribution center, or similar 1086  
facility when the inventory is primarily distributed outside 1087  
this state to retail stores of the person who owns or controls 1088  
the warehouse, distribution center, or similar facility, to 1089  
retail stores of an affiliated group of which that person is a 1090  
member, or by means of direct marketing. This division does not 1091  
apply to motor vehicles registered for operation on the public 1092  
highways. As used in this division, "affiliated group" has the 1093  
same meaning as in division (B) (3) (e) of section 5739.01 of the 1094  
Revised Code and "direct marketing" has the same meaning as in 1095  
division (B) (35) of this section. 1096

(k) To use or consume the thing transferred to fulfill a 1097  
contractual obligation incurred by a warrantor pursuant to a 1098  
warranty provided as a part of the price of the tangible 1099  
personal property sold or by a vendor of a warranty, maintenance 1100  
or service contract, or similar agreement the provision of which 1101  
is defined as a sale under division (B) (7) of section 5739.01 of 1102  
the Revised Code; 1103

(l) To use or consume the thing transferred in the 1104  
production of a newspaper for distribution to the public; 1105

(m) To use tangible personal property to perform a service 1106  
listed in division (B)(3) of section 5739.01 of the Revised 1107  
Code, if the property is or is to be permanently transferred to 1108  
the consumer of the service as an integral part of the 1109  
performance of the service; 1110

(n) To use or consume the thing transferred primarily in 1111  
producing tangible personal property for sale by farming, 1112  
agriculture, horticulture, or floriculture. Persons engaged in 1113  
rendering farming, agriculture, horticulture, or floriculture 1114  
services for others are deemed engaged primarily in farming, 1115  
agriculture, horticulture, or floriculture. This paragraph does 1116  
not exempt from "retail sale" or "sales at retail" the sale of 1117  
tangible personal property that is to be incorporated into a 1118  
structure or improvement to real property. 1119

(o) To use or consume the thing transferred in acquiring, 1120  
formatting, editing, storing, and disseminating data or 1121  
information by electronic publishing; 1122

(p) To provide the thing transferred to the owner or 1123  
lessee of a motor vehicle that is being repaired or serviced, if 1124  
the thing transferred is a rented motor vehicle and the 1125  
purchaser is reimbursed for the cost of the rented motor vehicle 1126  
by a manufacturer, warrantor, or provider of a maintenance, 1127  
service, or other similar contract or agreement, with respect to 1128  
the motor vehicle that is being repaired or serviced; 1129

(q) To use or consume the thing transferred directly in 1130  
production of crude oil and natural gas for sale. Persons 1131  
engaged in rendering production services for others are deemed 1132

engaged in production. 1133

As used in division (B) (42) (q) of this section, 1134  
"production" means operations and tangible personal property 1135  
directly used to expose and evaluate an underground reservoir 1136  
that may contain hydrocarbon resources, prepare the wellbore for 1137  
production, and lift and control all substances yielded by the 1138  
reservoir to the surface of the earth. 1139

(i) For the purposes of division (B) (42) (q) of this 1140  
section, the "thing transferred" includes, but is not limited 1141  
to, any of the following: 1142

(I) Services provided in the construction of permanent 1143  
access roads, services provided in the construction of the well 1144  
site, and services provided in the construction of temporary 1145  
impoundments; 1146

(II) Equipment and rigging used for the specific purpose 1147  
of creating with integrity a wellbore pathway to underground 1148  
reservoirs; 1149

(III) Drilling and workover services used to work within a 1150  
subsurface wellbore, and tangible personal property directly 1151  
used in providing such services; 1152

(IV) Casing, tubulars, and float and centralizing 1153  
equipment; 1154

(V) Trailers to which production equipment is attached; 1155

(VI) Well completion services, including cementing of 1156  
casing, and tangible personal property directly used in 1157  
providing such services; 1158

(VII) Wireline evaluation, mud logging, and perforation 1159  
services, and tangible personal property directly used in 1160



providing such services; 1161

(VIII) Reservoir stimulation, hydraulic fracturing, and 1162  
acidizing services, and tangible personal property directly used 1163  
in providing such services, including all material pumped 1164  
downhole; 1165

(IX) Pressure pumping equipment; 1166

(X) Artificial lift systems equipment; 1167

(XI) Wellhead equipment and well site equipment used to 1168  
separate, stabilize, and control hydrocarbon phases and produced 1169  
water; 1170

(XII) Tangible personal property directly used to control 1171  
production equipment. 1172

(ii) For the purposes of division (B) (42) (q) of this 1173  
section, the "thing transferred" does not include any of the 1174  
following: 1175

(I) Tangible personal property used primarily in the 1176  
exploration and production of any mineral resource regulated 1177  
under Chapter 1509. of the Revised Code other than oil or gas; 1178

(II) Tangible personal property used primarily in storing, 1179  
holding, or delivering solutions or chemicals used in well 1180  
stimulation as defined in section 1509.01 of the Revised Code; 1181

(III) Tangible personal property used primarily in 1182  
preparing, installing, or reclaiming foundations for drilling or 1183  
pumping equipment or well stimulation material tanks; 1184

(IV) Tangible personal property used primarily in 1185  
transporting, delivering, or removing equipment to or from the 1186  
well site or storing such equipment before its use at the well 1187

site;	1188
(V) Tangible personal property used primarily in gathering	1189
operations occurring off the well site, including gathering	1190
pipelines transporting hydrocarbon gas or liquids away from a	1191
crude oil or natural gas production facility;	1192
(VI) Tangible personal property that is to be incorporated	1193
into a structure or improvement to real property;	1194
(VII) Well site fencing, lighting, or security systems;	1195
(VIII) Communication devices or services;	1196
(IX) Office supplies;	1197
(X) Trailers used as offices or lodging;	1198
(XI) Motor vehicles of any kind;	1199
(XII) Tangible personal property used primarily for the	1200
storage of drilling byproducts and fuel not used for production;	1201
(XIII) Tangible personal property used primarily as a	1202
safety device;	1203
(XIV) Data collection or monitoring devices;	1204
(XV) Access ladders, stairs, or platforms attached to	1205
storage tanks.	1206
The enumeration of tangible personal property in division	1207
(B) (42) (q) (ii) of this section is not intended to be exhaustive,	1208
and any tangible personal property not so enumerated shall not	1209
necessarily be construed to be a "thing transferred" for the	1210
purposes of division (B) (42) (q) of this section.	1211
The commissioner shall adopt and promulgate rules under	1212
sections 119.01 to 119.13 of the Revised Code that the	1213

commissioner deems necessary to administer division (B) (42) (q) 1214  
of this section. 1215

As used in division (B) (42) of this section, "thing" 1216  
includes all transactions included in divisions (B) (3) (a), (b), 1217  
and (e) of section 5739.01 of the Revised Code. 1218

(43) Sales conducted through a coin operated device that 1219  
activates vacuum equipment or equipment that dispenses water, 1220  
whether or not in combination with soap or other cleaning agents 1221  
or wax, to the consumer for the consumer's use on the premises 1222  
in washing, cleaning, or waxing a motor vehicle, provided no 1223  
other personal property or personal service is provided as part 1224  
of the transaction. 1225

(44) Sales of replacement and modification parts for 1226  
engines, airframes, instruments, and interiors in, and paint 1227  
for, aircraft used primarily in a fractional aircraft ownership 1228  
program, and sales of services for the repair, modification, and 1229  
maintenance of such aircraft, and machinery, equipment, and 1230  
supplies primarily used to provide those services. 1231

(45) Sales of telecommunications service that is used 1232  
directly and primarily to perform the functions of a call 1233  
center. As used in this division, "call center" means any 1234  
physical location where telephone calls are placed or received 1235  
in high volume for the purpose of making sales, marketing, 1236  
customer service, technical support, or other specialized 1237  
business activity, and that employs at least fifty individuals 1238  
that engage in call center activities on a full-time basis, or 1239  
sufficient individuals to fill fifty full-time equivalent 1240  
positions. 1241

(46) Sales by a telecommunications service vendor of 900 1242

service to a subscriber. This division does not apply to 1243  
information services. 1244

(47) Sales of value-added non-voice data service. This 1245  
division does not apply to any similar service that is not 1246  
otherwise a telecommunications service. 1247

(48) Sales of feminine hygiene products. 1248

(49) Sales of materials, parts, equipment, or engines used 1249  
in the repair or maintenance of aircraft or avionics systems of 1250  
such aircraft, and sales of repair, remodeling, replacement, or 1251  
maintenance services in this state performed on aircraft or on 1252  
an aircraft's avionics, engine, or component materials or parts. 1253  
As used in division (B) (49) of this section, "aircraft" means 1254  
aircraft of more than six thousand pounds maximum certified 1255  
takeoff weight or used exclusively in general aviation. 1256

(50) Sales of full flight simulators that are used for 1257  
pilot or flight-crew training, sales of repair or replacement 1258  
parts or components, and sales of repair or maintenance services 1259  
for such full flight simulators. "Full flight simulator" means a 1260  
replica of a specific type, or make, model, and series of 1261  
aircraft cockpit. It includes the assemblage of equipment and 1262  
computer programs necessary to represent aircraft operations in 1263  
ground and flight conditions, a visual system providing an out- 1264  
of-the-cockpit view, and a system that provides cues at least 1265  
equivalent to those of a three-degree-of-freedom motion system, 1266  
and has the full range of capabilities of the systems installed 1267  
in the device as described in appendices A and B of part 60 of 1268  
chapter 1 of title 14 of the Code of Federal Regulations. 1269

(51) Any transfer or lease of tangible personal property 1270  
between the state and JobsOhio in accordance with section 1271

4313.02 of the Revised Code. 1272

(52) (a) Sales to a qualifying corporation. 1273

(b) As used in division (B) (52) of this section: 1274

(i) "Qualifying corporation" means a nonprofit corporation 1275  
organized in this state that leases from an eligible county 1276  
land, buildings, structures, fixtures, and improvements to the 1277  
land that are part of or used in a public recreational facility 1278  
used by a major league professional athletic team or a class A 1279  
to class AAA minor league affiliate of a major league 1280  
professional athletic team for a significant portion of the 1281  
team's home schedule, provided the following apply: 1282

(I) The facility is leased from the eligible county 1283  
pursuant to a lease that requires substantially all of the 1284  
revenue from the operation of the business or activity conducted 1285  
by the nonprofit corporation at the facility in excess of 1286  
operating costs, capital expenditures, and reserves to be paid 1287  
to the eligible county at least once per calendar year. 1288

(II) Upon dissolution and liquidation of the nonprofit 1289  
corporation, all of its net assets are distributable to the 1290  
board of commissioners of the eligible county from which the 1291  
corporation leases the facility. 1292

(ii) "Eligible county" has the same meaning as in section 1293  
307.695 of the Revised Code. 1294

(53) Sales to or by a cable service provider, video 1295  
service provider, or radio or television broadcast station 1296  
regulated by the federal government of cable service or 1297  
programming, video service or programming, audio service or 1298  
programming, or electronically transferred digital audiovisual 1299  
or audio work. As used in division (B) (53) of this section, 1300

"cable service" and "cable service provider" have the same 1301  
meanings as in section 1332.01 of the Revised Code, and "video 1302  
service," "video service provider," and "video programming" have 1303  
the same meanings as in section 1332.21 of the Revised Code. 1304

(54) Sales of a digital audio work electronically 1305  
transferred for delivery through use of a machine, such as a 1306  
juke box, that does all of the following: 1307

(a) Accepts direct payments to operate; 1308

(b) Automatically plays a selected digital audio work for 1309  
a single play upon receipt of a payment described in division 1310  
(B) (54) (a) of this section; 1311

(c) Operates exclusively for the purpose of playing 1312  
digital audio works in a commercial establishment. 1313

(55) (a) Sales of the following occurring on the first 1314  
Friday of August and the following Saturday and Sunday of each 1315  
year, beginning in 2018: 1316

(i) An item of clothing, the price of which is seventy- 1317  
five dollars or less; 1318

(ii) An item of school supplies, the price of which is 1319  
twenty dollars or less; 1320

(iii) An item of school instructional material, the price 1321  
of which is twenty dollars or less. 1322

(b) As used in division (B) (55) of this section: 1323

(i) "Clothing" means all human wearing apparel suitable 1324  
for general use. "Clothing" includes, but is not limited to, 1325  
aprons, household and shop; athletic supporters; baby receiving 1326  
blankets; bathing suits and caps; beach capes and coats; belts 1327

and suspenders; boots; coats and jackets; costumes; diapers, 1328  
children and adult, including disposable diapers; earmuffs; 1329  
footlets; formal wear; garters and garter belts; girdles; gloves 1330  
and mittens for general use; hats and caps; hosiery; insoles for 1331  
shoes; lab coats; neckties; overshoes; pantyhose; rainwear; 1332  
rubber pants; sandals; scarves; shoes and shoe laces; slippers; 1333  
sneakers; socks and stockings; steel-toed shoes; underwear; 1334  
uniforms, athletic and nonathletic; and wedding apparel. 1335  
"Clothing" does not include items purchased for use in a trade 1336  
or business; clothing accessories or equipment; protective 1337  
equipment; sports or recreational equipment; belt buckles sold 1338  
separately; costume masks sold separately; patches and emblems 1339  
sold separately; sewing equipment and supplies including, but 1340  
not limited to, knitting needles, patterns, pins, scissors, 1341  
sewing machines, sewing needles, tape measures, and thimbles; 1342  
and sewing materials that become part of "clothing" including, 1343  
but not limited to, buttons, fabric, lace, thread, yarn, and 1344  
zippers. 1345

(ii) "School supplies" means items commonly used by a 1346  
student in a course of study. "School supplies" includes only 1347  
the following items: binders; book bags; calculators; cellophane 1348  
tape; blackboard chalk; compasses; composition books; crayons; 1349  
erasers; folders, expandable, pocket, plastic, and manila; glue, 1350  
paste, and paste sticks; highlighters; index cards; index card 1351  
boxes; legal pads; lunch boxes; markers; notebooks; paper, 1352  
loose-leaf ruled notebook paper, copy paper, graph paper, 1353  
tracing paper, manila paper, colored paper, poster board, and 1354  
construction paper; pencil boxes and other school supply boxes; 1355  
pencil sharpeners; pencils; pens; protractors; rulers; scissors; 1356  
and writing tablets. "School supplies" does not include any item 1357  
purchased for use in a trade or business. 1358

(iii) "School instructional material" means written 1359  
material commonly used by a student in a course of study as a 1360  
reference and to learn the subject being taught. "School 1361  
instructional material" includes only the following items: 1362  
reference books, reference maps and globes, textbooks, and 1363  
workbooks. "School instructional material" does not include any 1364  
material purchased for use in a trade or business. 1365

(56) (a) Sales of diapers or incontinence underpads sold 1366  
pursuant to a prescription, for the benefit of a medicaid 1367  
recipient with a diagnosis of incontinence, and by a medicaid 1368  
provider that maintains a valid provider agreement under section 1369  
5164.30 of the Revised Code with the department of medicaid, 1370  
provided that the medicaid program covers diapers or 1371  
incontinence underpads as an incontinence garment. 1372

(b) As used in division (B) (56) (a) of this section: 1373

(i) "Diaper" means an absorbent garment worn by humans who 1374  
are incapable of, or have difficulty, controlling their bladder 1375  
or bowel movements. 1376

(ii) "Incontinence underpad" means an absorbent product, 1377  
not worn on the body, designed to protect furniture or other 1378  
tangible personal property from soiling or damage due to human 1379  
incontinence. 1380

(57) Sales of investment metal bullion and investment 1381  
coins. "Investment metal bullion" means any bullion described in 1382  
section 408(m) (3) (B) of the Internal Revenue Code, regardless of 1383  
whether that bullion is in the physical possession of a trustee. 1384  
"Investment coin" means any coin composed primarily of gold, 1385  
silver, platinum, or palladium. 1386

(58) Sales of tangible personal property used primarily 1387



for any of the following purposes by a megaproject operator at 1388  
the site of a megaproject that satisfies the criteria described 1389  
in division (A) (11) (a) (ii) of section 122.17 of the Revised 1390  
Code, provided that the sale occurs during the period that the 1391  
megaproject operator has an agreement for such megaproject with 1392  
the tax credit authority under division (D) of section 122.17 of 1393  
the Revised Code that remains in effect and has not expired or 1394  
been terminated: 1395

(a) To store, transmit, convey, distribute, recycle, 1396  
circulate, or clean water, steam, or other gases used in or 1397  
produced as a result of manufacturing activity, including items 1398  
that support or aid in the operation of such property; 1399

(b) To clean or prepare inventory, at any stage of storage 1400  
or production, or equipment used in a manufacturing activity, 1401  
including chemicals, solvents, catalysts, soaps, and other items 1402  
that support or aid in the operation of property; 1403

(c) To regulate, treat, filter, condition, improve, clean, 1404  
maintain, or monitor environmental conditions within areas where 1405  
manufacturing activities take place; 1406

(d) To handle, transport, or convey inventory during 1407  
production or manufacturing. 1408

(59) Documentary services charges imposed pursuant to 1409  
section 4517.261 or 4781.24 of the Revised Code. 1410

(60) Sales of qualifying firearms and ammunition. 1411

As used in division (B) (60) of this section: 1412

(a) "Qualifying firearm" means a portable firearm, 1413  
including a rifle, shotgun, pistol, or revolver, that is 1414  
designed to be carried and operated by a single person, and 1415

excludes both of the following: 1416

(i) Any such firearm, except in the case of a shotgun, the 1417  
barrel of which has an internal diameter larger than fifty 1418  
caliber; 1419

(ii) A shotgun, the barrel of which has an internal 1420  
diameter larger than ten gauge. 1421

(b) "Ammunition" means ammunition designed for use in a 1422  
qualifying firearm. 1423

(C) For the purpose of the proper administration of this 1424  
chapter, and to prevent the evasion of the tax, it is presumed 1425  
that all sales made in this state are subject to the tax until 1426  
the contrary is established. 1427

(D) The tax collected by the vendor from the consumer 1428  
under this chapter is not part of the price, but is a tax 1429  
collection for the benefit of the state, and of counties levying 1430  
an additional sales tax pursuant to section 5739.021 or 5739.026 1431  
of the Revised Code and of transit authorities levying an 1432  
additional sales tax pursuant to section 5739.023 of the Revised 1433  
Code. Except for the discount authorized under section 5739.12 1434  
of the Revised Code and the effects of any rounding pursuant to 1435  
section 5703.055 of the Revised Code, no person other than the 1436  
state or such a county or transit authority shall derive any 1437  
benefit from the collection or payment of the tax levied by this 1438  
section or section 5739.021, 5739.023, or 5739.026 of the 1439  
Revised Code. 1440

**Sec. 5747.98.** (A) To provide a uniform procedure for 1441  
calculating a taxpayer's aggregate tax liability under section 1442  
5747.02 of the Revised Code, a taxpayer shall claim any credits 1443  
to which the taxpayer is entitled in the following order: 1444

Either the retirement income credit under division (B) of 1445  
section 5747.055 of the Revised Code or the lump sum retirement 1446  
income credits under divisions (C), (D), and (E) of that 1447  
section; 1448

Either the senior citizen credit under division (F) of 1449  
section 5747.055 of the Revised Code or the lump sum 1450  
distribution credit under division (G) of that section; 1451

The dependent care credit under section 5747.054 of the 1452  
Revised Code; 1453

The credit for displaced workers who pay for job training 1454  
under section 5747.27 of the Revised Code; 1455

The campaign contribution credit under section 5747.29 of 1456  
the Revised Code; 1457

The twenty-dollar personal exemption credit under section 1458  
5747.022 of the Revised Code; 1459

The joint filing credit under division (G) of section 1460  
5747.05 of the Revised Code; 1461

The earned income credit under section 5747.71 of the 1462  
Revised Code; 1463

The nonrefundable credit for education expenses under 1464  
section 5747.72 of the Revised Code; 1465

The nonrefundable credit for donations to scholarship 1466  
granting organizations under section 5747.73 of the Revised 1467  
Code; 1468

The nonrefundable credit for tuition paid to a 1469  
nonchartered nonpublic school under section 5747.75 of the 1470  
Revised Code; 1471

The nonrefundable vocational job credit under section	1472
5747.057 of the Revised Code;	1473
The nonrefundable job retention credit under division (B)	1474
of section 5747.058 of the Revised Code;	1475
The enterprise zone credit under section 5709.66 of the	1476
Revised Code;	1477
The credit for beginning farmers who participate in a	1478
financial management program under division (B) of section	1479
5747.77 of the Revised Code;	1480
The credit for commercial vehicle operator training	1481
expenses under section 5747.82 of the Revised Code;	1482
The credit for selling or renting agricultural assets to	1483
beginning farmers under division (A) of section 5747.77 of the	1484
Revised Code;	1485
The credit for purchases of qualifying grape production	1486
property under section 5747.28 of the Revised Code;	1487
The small business investment credit under section 5747.81	1488
of the Revised Code;	1489
The nonrefundable lead abatement credit under section	1490
5747.26 of the Revised Code;	1491
The opportunity zone investment credit under section	1492
122.84 of the Revised Code;	1493
<u>The nonrefundable small arms and ammunition manufacturing</u>	1494
<u>credit under section 122.973 of the Revised Code;</u>	1495
The enterprise zone credits under section 5709.65 of the	1496
Revised Code;	1497
The research and development credit under section 5747.331	1498

of the Revised Code;	1499
The credit for rehabilitating a historic building under	1500
section 5747.76 of the Revised Code;	1501
The nonresident credit under division (A) of section	1502
5747.05 of the Revised Code;	1503
The credit for a resident's out-of-state income under	1504
division (B) of section 5747.05 of the Revised Code;	1505
The refundable motion picture and Broadway theatrical	1506
production credit under section 5747.66 of the Revised Code;	1507
The refundable jobs creation credit or job retention	1508
credit under division (A) of section 5747.058 of the Revised	1509
Code;	1510
The refundable credit for taxes paid by a qualifying	1511
entity granted under section 5747.059 of the Revised Code;	1512
The refundable credits for taxes paid by a qualifying	1513
pass-through entity granted under division (I) of section	1514
5747.08 of the Revised Code;	1515
The refundable credit under section 5747.80 of the Revised	1516
Code for losses on loans made to the Ohio venture capital	1517
program under sections 150.01 to 150.10 of the Revised Code;	1518
The refundable credit for rehabilitating a historic	1519
building under section 5747.76 of the Revised Code;	1520
The refundable credit under section 5747.39 of the Revised	1521
Code for taxes levied under section 5747.38 of the Revised Code	1522
paid by an electing pass-through entity.	1523
(B) For any credit, except the refundable credits	1524
enumerated in this section and the credit granted under division	1525

(H) of section 5747.08 of the Revised Code, the amount of the 1526  
credit for a taxable year shall not exceed the taxpayer's 1527  
aggregate amount of tax due under section 5747.02 of the Revised 1528  
Code, after allowing for any other credit that precedes it in 1529  
the order required under this section. Any excess amount of a 1530  
particular credit may be carried forward if authorized under the 1531  
section creating that credit. Nothing in this chapter shall be 1532  
construed to allow a taxpayer to claim, directly or indirectly, 1533  
a credit more than once for a taxable year. 1534

**Sec. 5751.98.** (A) To provide a uniform procedure for 1535  
calculating the amount of tax due under this chapter, a taxpayer 1536  
shall claim any credits to which it is entitled in the following 1537  
order: 1538

The nonrefundable jobs retention credit under division (B) 1539  
of section 5751.50 of the Revised Code; 1540

The nonrefundable credit for qualified research expenses 1541  
under division (B) of section 5751.51 of the Revised Code; 1542

The nonrefundable credit for a borrower's qualified 1543  
research and development loan payments under division (B) of 1544  
section 5751.52 of the Revised Code; 1545

The nonrefundable credit for calendar years 2010 to 2029 1546  
for unused net operating losses under division (B) of section 1547  
5751.53 of the Revised Code; 1548

The nonrefundable small arms and ammunition manufacturing 1549  
credit under section 122.973 of the Revised Code; 1550

The refundable motion picture and Broadway theatrical 1551  
production credit under section 5751.54 of the Revised Code; 1552

The refundable jobs creation credit or job retention 1553

credit under division (A) of section 5751.50 of the Revised 1554  
Code; 1555

The refundable credit for calendar year 2030 for unused 1556  
net operating losses under division (C) of section 5751.53 of 1557  
the Revised Code. 1558

(B) For any credit except the refundable credits 1559  
enumerated in this section, the amount of the credit for a tax 1560  
period shall not exceed the tax due after allowing for any other 1561  
credit that precedes it in the order required under this 1562  
section. Any excess amount of a particular credit may be carried 1563  
forward if authorized under the section creating the credit. 1564

**Section 2.** That existing sections 107.036, 5739.02, 1565  
5747.98, and 5751.98 of the Revised Code are hereby repealed. 1566

**Section 3.** The amendment by this act of section 5739.02 of 1567  
the Revised Code applies beginning on the first day of the first 1568  
month beginning on or after the effective date of this section. 1569

**Section 4.** Section 5747.98 of the Revised Code is 1570  
presented in this act as a composite of the section as amended 1571  
by both H.B. 45 and H.B. 66 of the 134th General Assembly. The 1572  
General Assembly, applying the principle stated in division (B) 1573  
of section 1.52 of the Revised Code that amendments are to be 1574  
harmonized if reasonably capable of simultaneous operation, 1575  
finds that the composite is the resulting version of the section 1576  
in effect prior to the effective date of the section as 1577  
presented in this act. 1578