

As Introduced

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H. B. No. 128

Representatives Sears, Amstutz

**Cosponsors: Representatives Duffey, Grossman, Smith, R., McColley, Rezabek,
Hackett, Blessing, Sweeney, Schaffer**

A BILL

To amend sections 131.51 and 5747.98 and to enact
section 5747.78 of the Revised Code to authorize
an income tax credit for donations to the
permanent endowment fund of an eligible
community foundation and to require the Director
of Budget and Management to reimburse the Local
Government Fund and the Public Library Fund for
revenue lost because of the credit.

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

Section 1. That sections 131.51 and 5747.98 be amended and
section 5747.78 of the Revised Code be enacted to read as
follows:

Sec. 131.51. (A) On or before July 5, 2013, the tax
commissioner shall compute the following amounts and certify
those amounts to the director of budget and management:

(1) A percentage calculated by multiplying one hundred by
the quotient obtained by dividing the total amount credited to
the local government fund in fiscal year 2013 by the total
amount of tax revenue credited to the general revenue fund in

fiscal year 2013. The percentage shall be rounded to the nearest 19
one-hundredth of one per cent. 20

(2) A percentage calculated by multiplying one hundred by 21
the quotient obtained by dividing the total amount credited to 22
the public library fund in fiscal year 2013 by the total amount 23
of tax revenue credited to the general revenue fund in fiscal 24
year 2013. The percentage shall be rounded to the nearest one- 25
hundredth of one per cent. 26

(B) On or before the seventh day of each month, the 27
director of budget and management shall credit to the local 28
government fund an amount equal to the product obtained by 29
multiplying the percentage calculated under division (A) (1) of 30
this section by the total tax revenue credited to the general 31
revenue fund during the preceding month. In determining the 32
total tax revenue credited to the general revenue fund during 33
the preceding month, the director shall include amounts 34
transferred from the fund during the preceding month under this 35
division and division (C) of this section. Money shall be 36
distributed from the local government fund as required under 37
section 5747.50 of the Revised Code during the same month in 38
which it is credited to the fund. 39

(C) On or before the seventh day of each month, the 40
director of budget and management shall credit to the public 41
library fund an amount equal to the product obtained by 42
multiplying the percentage calculated under division (A) (2) of 43
this section by the total tax revenue credited to the general 44
revenue fund during the preceding month. In determining the 45
total tax revenue credited to the general revenue fund during 46
the preceding month, the director shall include amounts 47
transferred from the fund during the preceding month under this 48

division and division (B) of this section. Money shall be 49
distributed from the public library fund as required under 50
section 5747.47 of the Revised Code during the same month in 51
which it is credited to the fund. 52

(D) (1) On or before the seventh day of each June, the 53
director of budget and management shall credit to the local 54
government fund an amount equal to the product obtained by 55
multiplying the percentage calculated under division (A) (1) of 56
this section by the aggregate amount of credits claimed by 57
taxpayers under section 5747.78 of the Revised Code for taxable 58
years ending during the preceding year. 59

(2) On or before the seventh day of each June, the 60
director of budget and management shall credit to the public 61
library fund an amount equal to the product obtained by 62
multiplying the percentage calculated under division (A) (2) of 63
this section by the aggregate amount of credits claimed by 64
taxpayers under section 5747.78 of the Revised Code for taxable 65
years ending during the preceding year. 66

(3) The tax commissioner shall provide any information to 67
the director that the director requires to perform the duties 68
required by division (D) of this section. 69

(E) The director of budget and management shall develop a 70
schedule identifying the specific tax revenue sources to be used 71
to make the monthly transfers required under divisions (B) and 72
(C) of this section and the annual transfers required under 73
division (D) of this section. The director may, from time to 74
time, revise the schedule as the director considers necessary. 75

Sec. 5747.78. (A) (1) "Eligible community foundation" means 76
a qualified community foundation as defined in section 2109.303 77

of the Revised Code that has been accredited by the community 78
foundations national standards board. 79

(2) "Authorized donation" means a donation authorized by 80
the department of taxation and made to a permanent endowment 81
fund of an eligible community foundation within sixty days after 82
the date of authorization by the department. 83

(3) "Donation" means an irrevocable gift of cash or 84
publicly traded securities. 85

(4) "Permanent endowment fund" means a fund that is held 86
in perpetuity by an eligible community foundation, that is used 87
for the benefit of charitable causes in this state, and that has 88
an annual spending rate of five per cent or less. 89

(B) A nonrefundable credit is allowed against the tax 90
imposed by section 5747.02 of the Revised Code for a taxpayer 91
that makes an authorized donation to a permanent endowment fund 92
of an eligible community foundation in a taxable year beginning 93
on or after January 1, 2015, and before January 1, 2020. For 94
total authorized donations during a taxpayer's taxable year of 95
less than one thousand dollars, the credit shall equal fifty per 96
cent of the authorized donations. For total authorized donations 97
during a taxpayer's taxable year of one thousand dollars or 98
more, the credit shall equal twenty per cent of the amount of 99
the authorized donations made during the taxable year, not to 100
exceed ten thousand dollars in the case of an individual return 101
or twenty thousand dollars in the case of a joint return. 102

The credit shall be claimed in the order required under 103
section 5747.98 of the Revised Code. The amount of the credit 104
may not exceed the tax otherwise due after allowing for all 105
other credits in that order. The taxpayer may carry forward any 106

balance of the credit in excess of the amount claimed for up to 107
five ensuing taxable years, and shall deduct any amount claimed 108
for such a year from the amount claimed in any ensuing year. 109

(C) Before making a donation, a taxpayer shall apply to 110
the department of taxation for authorization of the donation in 111
the manner prescribed by the department. The department shall 112
approve or deny the application and shall issue written notice 113
of the department's decision to the taxpayer within twenty days 114
after receiving the application. The department shall review 115
applications in the order in which the applications are 116
received. 117

The department shall approve an application if the 118
taxpayer agrees to make a donation to a permanent endowment fund 119
of an eligible community foundation and if the total annual 120
credit limit has not been reached. If the application is 121
approved, the department's notice shall indicate the amount of 122
the credit authorized. If the donation is not received by the 123
intended recipient eligible community foundation within sixty 124
days after the date of the approval, the eligible community 125
foundation shall so notify the department, and the department 126
shall deduct the amount of the authorized credit from the total 127
amount of credits the agency has authorized for the purpose of 128
determining whether the total annual credit limit has been 129
reached. If the donation is received within sixty days after the 130
date of approval, the recipient eligible community foundation 131
shall issue a receipt to the taxpayer. For the purposes of this 132
division, the "total annual credit limit" equals twenty million 133
dollars each calendar year. 134

(D) The department of taxation is authorized to charge a 135
reasonable fee for the filing of an application under division 136

(C) of this section to defray the costs of processing the 137
application and administering this section. 138

(E) The tax commissioner shall request from each eligible 139
community foundation for which the commissioner approves an 140
application under division (C) of this section a report from the 141
foundation of the total amount of all donations the foundation 142
received in the preceding calendar or foundation fiscal year and 143
the number of donations received in that period in each of the 144
following ranges: less than five hundred dollars, five hundred 145
to one thousand dollars, more than one thousand dollars to two 146
thousand five hundred dollars, more than two thousand five 147
hundred dollars to five thousand dollars, more than five 148
thousand dollars to ten thousand dollars, and more than ten 149
thousand dollars. The commissioner may disapprove applications 150
under division (C) of this section for donations to any eligible 151
community foundation that fails to comply with the 152
commissioner's request within ninety days after the request is 153
made. 154

(F) Not later than the last day of June 2016, 2017, 2018, 155
2019, and 2020, the tax commissioner shall prepare a report 156
showing, for the twelve-month period ending with the preceding 157
April, the number of authorized donations for which a credit was 158
claimed under this section, the total amount of such donations, 159
and the amount of credits granted for such donations. Each of 160
the reports prepared in 2017, 2018, 2019, and 2020 shall include 161
that information from each report prepared under this division 162
for preceding years. 163

The commissioner shall submit copies of the report to the 164
governor, the office of budget and management, the president and 165
minority leader of the senate, the speaker and minority leader 166

of the house of representatives, and the chairpersons and 167
ranking members of the standing committees primarily responsible 168
for appropriations and for taxation. 169

(G) The department of taxation shall adopt rules as 170
necessary to implement this section. 171

Sec. 5747.98. (A) To provide a uniform procedure for 172
calculating the amount of tax due under section 5747.02 of the 173
Revised Code, a taxpayer shall claim any credits to which the 174
taxpayer is entitled in the following order: 175

(1) The retirement income credit under division (B) of 176
section 5747.055 of the Revised Code; 177

(2) The senior citizen credit under division (C) of 178
section 5747.05 of the Revised Code; 179

(3) The lump sum distribution credit under division (D) of 180
section 5747.05 of the Revised Code; 181

(4) The dependent care credit under section 5747.054 of 182
the Revised Code; 183

(5) The lump sum retirement income credit under division 184
(C) of section 5747.055 of the Revised Code; 185

(6) The lump sum retirement income credit under division 186
(D) of section 5747.055 of the Revised Code; 187

(7) The lump sum retirement income credit under division 188
(E) of section 5747.055 of the Revised Code; 189

(8) The low-income credit under section 5747.056 of the 190
Revised Code; 191

(9) The credit for displaced workers who pay for job 192
training under section 5747.27 of the Revised Code; 193

(10) The campaign contribution credit under section 5747.29 of the Revised Code;	194 195
(11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	196 197
(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	198 199
(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	200 201
(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	202 203
(15) The earned income credit under section 5747.71 of the Revised Code;	204 205
(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	206 207
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	208 209
(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	210 211
(19) The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	212 213
(20) The credit for selling alternative fuel under section 5747.77 of the Revised Code;	214 215
(21) The second credit for purchases of new manufacturing machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code;	216 217 218
(22) The job training credit under section 5747.39 of the Revised Code;	219 220

(23) The enterprise zone credit under section 5709.66 of the Revised Code;	221 222
(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	223 224
(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	225 226
(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;	227 228
(27) <u>The credit for donations to a permanent endowment fund of an eligible community foundation under section 5747.78 of the Revised Code;</u>	229 230 231
<u>(28)</u> The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	232 233
(28) <u>(29)</u> The small business investment credit under section 5747.81 of the Revised Code;	234 235
(29) <u>(30)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	236 237
(30) <u>(31)</u> The research and development credit under section 5747.331 of the Revised Code;	238 239
(31) <u>(32)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	240 241
(32) <u>(33)</u> The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	242 243
(33) <u>(34)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	244 245 246
(34) <u>(35)</u> The refundable credit for taxes paid by a	247

qualifying entity granted under section 5747.059 of the Revised Code;	248 249
(35) <u>(36)</u> The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;	250 251 252
(36) <u>(37)</u> The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	253 254 255 256
(37) <u>(38)</u> The refundable motion picture production credit under section 5747.66 of the Revised Code;	257 258
(38) <u>(39)</u> The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code.	259 260 261
(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.	262 263 264 265 266 267 268 269 270 271
Section 2. That existing sections 131.51 and 5747.98 of the Revised Code are hereby repealed.	272 273