

**As Introduced**

**131st General Assembly**

**Regular Session**

**2015-2016**

**H. B. No. 326**

**Representatives Amstutz, McClain**

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**A BILL**

To amend sections 9.66, 122.16, 122.172, 122.173, 1  
5709.65, 5709.66, 5733.33, 5733.42, 5733.98, 2  
5747.01, 5747.02, 5747.05, 5747.054, 5747.055, 3  
5747.056, 5747.059, 5747.21, 5747.212, 5747.22, 4  
5747.27, 5747.28, 5747.29, 5747.331, 5747.37, 5  
5747.65, 5747.66, 5747.71, 5747.75, 5747.76, 6  
5747.80, 5747.81, and 5747.98 and to repeal 7  
sections 5733.48, 5747.051, 5747.057, 5747.26, 8  
5747.261, 5747.31, 5747.32, 5747.34, 5747.35, 9  
5747.36, 5747.38, 5747.39, and 5747.77 of the 10  
Revised Code to make technical changes to the 11  
state income tax law, to modify the requirements 12  
for receiving the joint filing credit, and to 13  
provide that, for the 2015 taxable year, any 14  
taxable business income under \$125,000 for 15  
married taxpayers filing separately or \$250,000 16  
for other taxpayers is subject to the graduated 17  
tax rates applicable to nonbusiness income, 18  
while business income in excess of those amounts 19  
remains subject to the existing 3% flat tax. 20

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

**Section 1.** That sections 9.66, 122.16, 122.172, 122.173, 21  
5709.65, 5709.66, 5733.33, 5733.42, 5733.98, 5747.01, 5747.02, 22  
5747.05, 5747.054, 5747.055, 5747.056, 5747.059, 5747.21, 23  
5747.212, 5747.22, 5747.27, 5747.28, 5747.29, 5747.331, 5747.37, 24  
5747.65, 5747.66, 5747.71, 5747.75, 5747.76, 5747.80, 5747.81, 25  
and 5747.98 of the Revised Code be amended to read as follows: 26

**Sec. 9.66.** (A) As used in this section: 27

(1) "Economic development assistance" means all of the 28  
following: 29

(a) The programs and assistance provided or administered 30  
by the department of development under Chapters 122. and 166. of 31  
the Revised Code and any other section of the Revised Code under 32  
which the department provides or administers economic 33  
development assistance; 34

(b) The programs and assistance provided or administered 35  
by a political subdivision under Chapters 725. and 1728. and 36  
sections 3735.67 to 3735.70, 5709.40 to 5709.43, 5709.61 to 37  
5709.69, 5709.73 to 5709.75, and 5709.77 to 5709.81 of the 38  
Revised Code and any other section of the Revised Code under 39  
which a political subdivision provides economic development 40  
assistance; 41

(c) Assistance provided under any other section of the 42  
Revised Code under which the state or a state agency provides or 43  
administers economic development assistance; 44

(d) The tax credit authorized by section 5725.31, 5729.07, 45  
or 5733.42, ~~or 5747.39~~ of the Revised Code. 46

(2) "Liability" means any of the following: 47

(a) Any delinquent tax owed the state or a political 48

subdivision of the state; 49

(b) Any moneys owed the state or a state agency for the 50  
administration or enforcement of the environmental laws of the 51  
state; 52

(c) Any other moneys owed the state, a state agency, or a 53  
political subdivision of the state that are past due. 54

"Liability" includes any item described in division (A) (2) 55  
of this section that is being contested in a court of law. 56

(3) "Political subdivision" means any county, municipal 57  
corporation, or township of the state. 58

(4) "State agency" means every organized body, office, or 59  
agency established by the laws of the state for the exercise of 60  
any function of state government. 61

(B) A person who applies to the state, a state agency, or 62  
a political subdivision for economic development assistance 63  
shall indicate on the application for assistance whether the 64  
person has any outstanding liabilities owed to the state, a 65  
state agency, or a political subdivision. Such a person also 66  
shall authorize the state, state agency, or political 67  
subdivision to inspect the personal or corporate financial 68  
statements of the applicant, including tax records and other 69  
similar information not open to public inspection. 70

(C) (1) Whoever knowingly makes a false statement under 71  
division (B) of this section concerning an application for 72  
economic development assistance or who fails to provide any 73  
information required by that division is ineligible for the 74  
assistance applied for and is ineligible for any future economic 75  
development assistance from the state, a state agency, or a 76  
political subdivision. 77

(2) Whoever knowingly makes a false statement under 78  
division (B) of this section concerning an application for 79  
economic development assistance or who fails to provide any 80  
information required by that division shall return any moneys 81  
received from the state, a state agency, or a political 82  
subdivision in connection with that application. 83

**Sec. 122.16.** (A) As used in this section: 84

(1) "Distressed area" means either a municipal corporation 85  
that has a population of at least fifty thousand or a county, 86  
that meets two of the following criteria: 87

(a) Its average rate of unemployment, during the most 88  
recent five-year period for which data are available, is equal 89  
to at least one hundred twenty-five per cent of the average rate 90  
of unemployment for the United States for the same period. 91

(b) It has a per capita income equal to or below eighty 92  
per cent of the median county per capita income of the United 93  
States as determined by the most recently available figures from 94  
the United States census bureau. 95

(c) (i) In the case of a municipal corporation, at least 96  
twenty per cent of the residents have a total income for the 97  
most recent census year that is below the official poverty line. 98

(ii) In the case of a county, in intercensal years, the 99  
county has a ratio of transfer payment income to total county 100  
income equal to or greater than twenty-five per cent. 101

(2) "Eligible area" means a distressed area, a labor 102  
surplus area, an inner city area, or a situational distress 103  
area. 104

(3) "Eligible costs associated with a voluntary action" 105

means costs incurred during the qualifying period in performing 106  
a remedy or remedial activities, as defined in section 3746.01 107  
of the Revised Code, and any costs incurred during the 108  
qualifying period in performing both a phase I and phase II 109  
property assessment, as defined in the rules adopted under 110  
section 3746.04 of the Revised Code, provided that the 111  
performance of the phase I and phase II property assessment 112  
resulted in the implementation of the remedy or remedial 113  
activities. 114

(4) "Inner city area" means, in a municipal corporation 115  
that has a population of at least one hundred thousand and does 116  
not meet the criteria of a labor surplus area or a distressed 117  
area, targeted investment areas established by the municipal 118  
corporation within its boundaries that are comprised of the most 119  
recent census block tracts that individually have at least 120  
twenty per cent of their population at or below the state 121  
poverty level or other census block tracts contiguous to such 122  
census block tracts. 123

(5) "Labor surplus area" means an area designated as a 124  
labor surplus area by the United States department of labor. 125

(6) "Official poverty line" has the same meaning as in 126  
division (A) of section 3923.51 of the Revised Code. 127

(7) "Partner" includes a member of a limited liability 128  
company formed under Chapter 1705. of the Revised Code or under 129  
the laws of any other state if the limited liability company is 130  
not treated as a corporation for purposes of Chapter 5733. of 131  
the Revised Code and is not classified as an association taxable 132  
as a corporation for federal income tax purposes. 133

(8) "Partnership" includes a limited liability company 134

formed under Chapter 1705. of the Revised Code or under the laws 135  
of any other state if the limited liability company is not 136  
treated as a corporation for purposes of Chapter 5733. of the 137  
Revised Code and is not classified as an association taxable as 138  
a corporation for federal income tax purposes. 139

(9) "Qualifying period" means the period that begins July 140  
1, 1996, and ends June 30, 1999. 141

(10) "S corporation" means a corporation that has made an 142  
election under subchapter S of chapter one of subtitle A of the 143  
Internal Revenue Code for its taxable year under the Internal 144  
Revenue Code; 145

(11) "Situational distress area" means a county or a 146  
municipal corporation that has experienced or is experiencing a 147  
closing or downsizing of a major employer that will adversely 148  
affect the economy of the county or municipal corporation. In 149  
order for a county or municipal corporation to be designated as 150  
a situational distress area, the governing body of the county or 151  
municipal corporation shall submit a petition to the director of 152  
development in the form prescribed by the director. A county or 153  
municipal corporation may be designated as a situational 154  
distress area for a period not exceeding thirty-six months. 155

The petition shall include written documentation that 156  
demonstrates all of the following: 157

(a) The number of jobs lost by the closing or downsizing; 158

(b) The impact that the job loss has on the unemployment 159  
rate of the county or municipal corporation as measured by the 160  
director of job and family services; 161

(c) The annual payroll associated with the job loss; 162

(d) The amount of state and local taxes associated with 163  
the job loss; 164

(e) The impact that the closing or downsizing has on the 165  
suppliers located in the county or municipal corporation. 166

(12) "Voluntary action" has the same meaning as in section 167  
3746.01 of the Revised Code. 168

(13) "Taxpayer" means a corporation subject to the tax 169  
imposed by section 5733.06 of the Revised Code or any person 170  
subject to the tax imposed by section 5747.02 of the Revised 171  
Code. 172

(14) "Governing body" means the board of county 173  
commissioners of a county, the board of township trustees of a 174  
township, or the legislative authority of a municipal 175  
corporation. 176

(15) "Eligible site" means property for which a covenant 177  
not to sue has been issued under section 3746.12 of the Revised 178  
Code. 179

(B) (1) A taxpayer, partnership, or S corporation that has 180  
been issued, under section 3746.12 of the Revised Code, a 181  
covenant not to sue for a site by the director of environmental 182  
protection during the qualifying period may apply to the 183  
director of development, in the manner prescribed by the 184  
director, to enter into an agreement under which the applicant 185  
agrees to economically redevelop the site in a manner that will 186  
create employment opportunities and a credit will be granted to 187  
the applicant against the tax imposed by section 5733.06 or 188  
5747.02 of the Revised Code. The application shall state the 189  
eligible costs associated with a voluntary action incurred by 190  
the applicant. The application shall be accompanied by proof, in 191

a form prescribed by the director of development, that the 192  
covenant not to sue has been issued. 193

The applicant shall request the certified professional 194  
that submitted the no further action letter for the eligible 195  
site under section 3746.11 of the Revised Code to submit an 196  
affidavit to the director of development verifying the eligible 197  
costs associated with the voluntary action at that site. 198

The director shall review the applications in the order 199  
they are received. If the director determines that the applicant 200  
meets the requirements of this section, the director may enter 201  
into an agreement granting a credit against the tax imposed by 202  
section 5733.06 or 5747.02 of the Revised Code. In making the 203  
determination, the director may consider the extent to which 204  
political subdivisions and other units of government will 205  
cooperate with the applicant to redevelop the eligible site. The 206  
agreement shall state the amount of the tax credit and the 207  
reporting requirements described in division (F) of this 208  
section. 209

(2) The maximum annual amount of credits the director of 210  
development may grant under such agreements shall be as follows: 211

1996	\$5,000,000	212
1997	\$10,000,000	213
1998	\$10,000,000	214
1999	\$5,000,000	215

For any year in which the director of development does not 216  
grant tax credits under this section equal to the maximum annual 217  
amount, the amount not granted for that year shall be added to 218  
the maximum annual amount that may be granted for the following 219



year. However, the director shall not grant any tax credits 220  
under this section after June 30, 1999. 221

(C) (1) If the covenant not to sue was issued in connection 222  
with a site that is not located in an eligible area, the credit 223  
amount is equal to the lesser of five hundred thousand dollars 224  
or ten per cent of the eligible costs associated with a 225  
voluntary action incurred by the taxpayer, partnership, or S 226  
corporation. 227

(2) If a covenant not to sue was issued in connection with 228  
a site that is located in an eligible area, the credit amount is 229  
equal to the lesser of seven hundred fifty thousand dollars or 230  
fifteen per cent of the eligible costs associated with a 231  
voluntary action incurred by the taxpayer, partnership, or S 232  
corporation. 233

(3) A taxpayer, partnership, or S corporation that has 234  
been issued covenants not to sue under section 3746.12 of the 235  
Revised Code for more than one site may apply to the director of 236  
development to enter into more than one agreement granting a 237  
credit against the tax imposed by section 5733.06 or 5747.02 of 238  
the Revised Code. 239

(4) For each year for which a taxpayer, partnership, or S 240  
corporation has been granted a credit under an agreement entered 241  
into under this section, the director of development shall issue 242  
a certificate to the taxpayer, partnership, or S corporation 243  
indicating the amount of the credit the taxpayer, the partners 244  
of the partnership, or the shareholders of the S corporation may 245  
claim for that year, not including any amount that may be 246  
carried forward from previous years under section 5733.34 ~~or~~ 247  
~~5747.32~~ of the Revised Code. 248

(D) (1) Each agreement entered into under this section 249  
shall incorporate a commitment by the taxpayer, partnership, or 250  
S corporation not to permit the use of an eligible site to cause 251  
the relocation of employment positions to that site from 252  
elsewhere in this state, except as otherwise provided in 253  
division (D) (2) of this section. The commitment shall be binding 254  
on the taxpayer, partnership, or S corporation for the lesser of 255  
five years from the date the agreement is entered into or the 256  
number of years the taxpayer, partnership, or S corporation is 257  
entitled to claim the tax credit under the agreement. 258

(2) An eligible site may be the site of employment 259  
positions relocated from elsewhere in this state if the director 260  
of development determines both of the following: 261

(a) That the site from which the employment positions 262  
would be relocated is inadequate to meet market and industry 263  
conditions, expansion plans, consolidation plans, or other 264  
business considerations affecting the relocating employer; 265

(b) That the governing body of the county, township, or 266  
municipal corporation from which the employment positions would 267  
be relocated has been notified of the possible relocation. 268

For purposes of this section, the movement of an 269  
employment position from one political subdivision to another 270  
political subdivision shall be considered a relocation of an 271  
employment position, but the transfer of an individual employee 272  
from one political subdivision to another political subdivision 273  
shall not be considered a relocation of an employment position 274  
as long as the individual's employment position in the first 275  
political subdivision is refilled. 276

(E) A taxpayer, partnership, or S corporation that has 277

entered into an agreement granting a credit against the tax 278  
imposed by section 5733.06 or 5747.02 of the Revised Code that 279  
subsequently recovers in a lawsuit or settlement of a lawsuit at 280  
least seventy-five per cent of the eligible costs associated 281  
with a voluntary action shall not claim any credit amount 282  
remaining, including any amounts carried forward from prior 283  
years, beginning with the taxable year in which the judgment in 284  
the lawsuit is entered or the settlement is finally agreed to. 285

Any amount of credit that a taxpayer, partnership, or S 286  
corporation may not claim by reason of this division shall not 287  
be considered to have been granted for the purpose of 288  
determining the total amount of credits that may be issued under 289  
division (B) (2) of this section. 290

(F) Each year for which a taxpayer, partnership, or S 291  
corporation claims a credit under section 5733.34 ~~or 5747.32~~ of 292  
the Revised Code, the taxpayer, partnership, or S corporation 293  
shall report the following to the director of development: 294

(1) The status of all cost recovery litigation described 295  
in division (E) of this section to which it was a party during 296  
the previous year; 297

(2) Confirmation that the covenant not to sue has not been 298  
revoked or has not been voided; 299

(3) Confirmation that the taxpayer, partnership, or S 300  
corporation has not permitted the eligible site to be used in 301  
such a manner as to cause the relocation of employment positions 302  
from elsewhere in this state in violation of the commitment 303  
required under division (D) of this section; 304

(4) Any other information the director of development 305  
requires to perform the director's duties under this section. 306

(G) The director of development shall annually certify, by 307  
the first day of January of each year during the qualifying 308  
period, the eligible areas for the calendar year that includes 309  
that first day of January. 310

(H) The director of development, in accordance with 311  
Chapter 119. of the Revised Code, shall adopt rules necessary to 312  
implement this section, including rules prescribing forms 313  
required for administering this section. 314

**Sec. 122.172.** (A) As used in this section, "tax liability" 315  
means the tax owed under section 5733.06 or 5747.02 of the 316  
Revised Code after allowance of all nonrefundable credits and 317  
prior to the allowance of all refundable credits. The tax owed 318  
under section 5733.06 of the Revised Code shall take into 319  
account any adjustments to such tax required by division (G) of 320  
section 5733.01 of the Revised Code that apply prior to 321  
allowance of refundable credits. 322

(B) (1) The director of development shall administer the 323  
manufacturing equipment grant program to provide grants for new 324  
manufacturing machinery and equipment qualifying for the grant 325  
under section 122.173 of the Revised Code. Except as provided in 326  
division (C) of this section, the grants apply to the taxes 327  
imposed by sections 5733.06 and 5747.02 of the Revised Code for 328  
taxable years ending on or after July 1, 2005. 329

(2) To claim a grant, a taxpayer satisfying the 330  
requirements of section 122.173 of the Revised Code shall 331  
complete a grant request form, as prescribed by the director in 332  
consultation with the tax commissioner, and shall file the form 333  
with the tax return for the taxable year for which the grant is 334  
claimed. In no event shall the grant reduce a taxpayer's tax 335  
liability below the minimum tax owed for the taxable year. The 336

grant request form shall provide the information required to 337  
allow the grant for the taxable year and is subject to audit by 338  
the director and the commissioner. Any portion of the grant in 339  
excess of the taxpayer's tax liability shall not be refundable 340  
but may be carried forward as provided in section 122.173 of the 341  
Revised Code. Upon the director's request, the commissioner 342  
shall provide completed grant request forms filed under this 343  
section to the director in a mutually agreed upon format. 344

(C) If a taxpayer is required to repay any credit allowed 345  
under section 5733.33 ~~or 5747.31~~ of the Revised Code for a 346  
taxable year ending prior to July 1, 2005, for a reason not 347  
specified in Chapter 5733. or 5747. of the Revised Code, a grant 348  
shall be available for that taxable year under section 122.173 349  
of the Revised Code to the extent provided in that section. 350

(D) Any tax liability under section 5733.06 or 5747.02 of 351  
the Revised Code that is underpaid as the result of an improper 352  
claim for a grant under this section may be assessed by the tax 353  
commissioner in the manner provided by section 5733.11 or 354  
5747.11 of the Revised Code. 355

**Sec. 122.173.** (A) As used in this section: 356

(1) "Manufacturing machinery and equipment" means engines 357  
and machinery, and tools and implements, of every kind used, or 358  
designed to be used, in refining and manufacturing. 359

"Manufacturing machinery and equipment" does not include 360  
property acquired after December 31, 1999, that is used: 361

(a) For the transmission and distribution of electricity; 362

(b) For the generation of electricity, if fifty per cent 363  
or more of the electricity that the property generates is 364  
consumed, during the one-hundred-twenty-month period commencing 365

with the date the property is placed in service, by persons that 366  
are not related members to the person who generates the 367  
electricity. 368

(2) "New manufacturing machinery and equipment" means 369  
manufacturing machinery and equipment, the original use in this 370  
state of which commences with the taxpayer or with a partnership 371  
of which the taxpayer is a partner. "New manufacturing machinery 372  
and equipment" does not include property acquired after December 373  
31, 1999, that is used: 374

(a) For the transmission and distribution of electricity; 375

(b) For the generation of electricity, if fifty per cent 376  
or more of the electricity that the property generates is 377  
consumed, during the one-hundred-twenty-month period commencing 378  
with the date the property is placed in service, by persons that 379  
are not related members to the person who generates the 380  
electricity. 381

(3) (a) "Purchase" has the same meaning as in section 382  
179(d) (2) of the Internal Revenue Code. 383

(b) For purposes of this section, any property that is not 384  
manufactured or assembled primarily by the taxpayer is 385  
considered purchased at the time the agreement to acquire the 386  
property becomes binding. Any property that is manufactured or 387  
assembled primarily by the taxpayer is considered purchased at 388  
the time the taxpayer places the property in service in the 389  
county for which the taxpayer will calculate the county excess 390  
amount. 391

(c) Notwithstanding section 179(d) of the Internal Revenue 392  
Code, a taxpayer's direct or indirect acquisition of new 393  
manufacturing machinery and equipment is not purchased on or 394

after July 1, 1995, if the taxpayer, or a person whose  
relationship to the taxpayer is described in subparagraphs (A),  
(B), or (C) of section 179(d)(2) of the Internal Revenue Code,  
had directly or indirectly entered into a binding agreement to  
acquire the property at any time prior to July 1, 1995.

(4) "Qualifying period" means the period that begins July  
1, 1995, and ends June 30, 2005.

(5) "County average new manufacturing machinery and  
equipment investment" means either of the following:

(a) The average annual cost of new manufacturing machinery  
and equipment purchased for use in the county during baseline  
years, in the case of a taxpayer that was in existence for more  
than one year during baseline years.

(b) Zero, in the case of a taxpayer that was not in  
existence for more than one year during baseline years.

(6) "Partnership" includes a limited liability company  
formed under Chapter 1705. of the Revised Code or under the laws  
of any other state, provided that the company is not classified  
for federal income tax purposes as an association taxable as a  
corporation.

(7) "Partner" includes a member of a limited liability  
company formed under Chapter 1705. of the Revised Code or under  
the laws of any other state, provided that the company is not  
classified for federal income tax purposes as an association  
taxable as a corporation.

(8) "Distressed area" means either a municipal corporation  
that has a population of at least fifty thousand or a county  
that meets two of the following criteria of economic distress,  
or a municipal corporation the majority of the population of

which is situated in such a county: 424

(a) Its average rate of unemployment, during the most 425  
recent five-year period for which data are available, is equal 426  
to at least one hundred twenty-five per cent of the average rate 427  
of unemployment for the United States for the same period; 428

(b) It has a per capita income equal to or below eighty 429  
per cent of the median county per capita income of the United 430  
States as determined by the most recently available figures from 431  
the United States census bureau; 432

(c) (i) In the case of a municipal corporation, at least 433  
twenty per cent of the residents have a total income for the 434  
most recent census year that is below the official poverty line; 435

(ii) In the case of a county, in intercensal years, the 436  
county has a ratio of transfer payment income to total county 437  
income equal to or greater than twenty-five per cent. 438

(9) "Eligible area" means a distressed area, a labor 439  
surplus area, an inner city area, or a situational distress 440  
area. 441

(10) "Inner city area" means, in a municipal corporation 442  
that has a population of at least one hundred thousand and does 443  
not meet the criteria of a labor surplus area or a distressed 444  
area, targeted investment areas established by the municipal 445  
corporation within its boundaries that are comprised of the most 446  
recent census block tracts that individually have at least 447  
twenty per cent of their population at or below the state 448  
poverty level or other census block tracts contiguous to such 449  
census block tracts. 450

(11) "Labor surplus area" means an area designated as a 451  
labor surplus area by the United States department of labor. 452



(12) "Official poverty line" has the same meaning as in 453  
division (A) of section 3923.51 of the Revised Code. 454

(13) "Situational distress area" means a county or a 455  
municipal corporation that has experienced or is experiencing a 456  
closing or downsizing of a major employer that will adversely 457  
affect the county's or municipal corporation's economy. In order 458  
to be designated as a situational distress area, for a period 459  
not to exceed thirty-six months, the county or municipal 460  
corporation may petition the director of development. The 461  
petition shall include written documentation that demonstrates 462  
all of the following adverse effects on the local economy: 463

(a) The number of jobs lost by the closing or downsizing; 464

(b) The impact that the job loss has on the county's or 465  
municipal corporation's unemployment rate as measured by the 466  
state director of job and family services; 467

(c) The annual payroll associated with the job loss; 468

(d) The amount of state and local taxes associated with 469  
the job loss; 470

(e) The impact that the closing or downsizing has on 471  
suppliers located in the county or municipal corporation. 472

(14) "Cost" has the same meaning and limitation as in 473  
section 179(d) (3) of the Internal Revenue Code. 474

(15) "Baseline years" means: 475

(a) Calendar years 1992, 1993, and 1994, with regard to a 476  
grant claimed for the purchase during calendar year 1995, 1996, 477  
1997, or 1998 of new manufacturing machinery and equipment; 478

(b) Calendar years 1993, 1994, and 1995, with regard to a 479

grant claimed for the purchase during calendar year 1999 of new manufacturing machinery and equipment;	480 481
(c) Calendar years 1994, 1995, and 1996, with regard to a grant claimed for the purchase during calendar year 2000 of new manufacturing machinery and equipment;	482 483 484
(d) Calendar years 1995, 1996, and 1997, with regard to a grant claimed for the purchase during calendar year 2001 of new manufacturing machinery and equipment;	485 486 487
(e) Calendar years 1996, 1997, and 1998, with regard to a grant claimed for the purchase during calendar year 2002 of new manufacturing machinery and equipment;	488 489 490
(f) Calendar years 1997, 1998, and 1999, with regard to a grant claimed for the purchase during calendar year 2003 of new manufacturing machinery and equipment;	491 492 493
(g) Calendar years 1998, 1999, and 2000, with regard to a grant claimed for the purchase during calendar year 2004 of new manufacturing machinery and equipment;	494 495 496
(h) Calendar years 1999, 2000, and 2001, with regard to a grant claimed for the purchase on or after January 1, 2005, and on or before June 30, 2005, of new manufacturing machinery and equipment.	497 498 499 500
(16) "Related member" has the same meaning as in section 5733.042 of the Revised Code.	501 502
(17) "Qualifying controlled group" has the same meaning as in section 5733.04 of the Revised Code.	503 504
(18) "Tax liability" has the same meaning as in section 122.172 of the Revised Code.	505 506

(B) (1) Subject to divisions (I) and (J) of this section, a grant is allowed against the tax imposed by section 5733.06 or 5747.02 of the Revised Code for a taxpayer that purchases new manufacturing machinery and equipment during the qualifying period, provided that the new manufacturing machinery and equipment are installed in this state not later than June 30, 2006.

(2) (a) Except as otherwise provided in division (B) (2) (b) of this section, a grant may be claimed under this section in excess of one million dollars only if the cost of all manufacturing machinery and equipment owned in this state by the taxpayer claiming the grant on the last day of the calendar year exceeds the cost of all manufacturing machinery and equipment owned in this state by the taxpayer on the first day of that calendar year.

As used in division (B) (2) (a) of this section, "calendar year" means the calendar year in which the machinery and equipment for which the grant is claimed was purchased.

(b) Division (B) (2) (a) of this section does not apply if the taxpayer claiming the grant applies for and is issued a waiver of the requirement of that division. A taxpayer may apply to the director of development for such a waiver in the manner prescribed by the director, and the director may issue such a waiver if the director determines that granting the grant is necessary to increase or retain employees in this state, and that the grant has not caused relocation of manufacturing machinery and equipment among counties within this state for the primary purpose of qualifying for the grant.

(C) (1) Except as otherwise provided in division (C) (2) and division (I) of this section, the grant amount is equal to seven

and one-half per cent of the excess of the cost of the new 537  
manufacturing machinery and equipment purchased during the 538  
calendar year for use in a county over the county average new 539  
manufacturing machinery and equipment investment for that 540  
county. 541

(2) Subject to division (I) of this section, as used in 542  
division (C)(2) of this section, "county excess" means the 543  
taxpayer's excess cost for a county as computed under division 544  
(C)(1) of this section. 545

Subject to division (I) of this section, a taxpayer with a 546  
county excess, whose purchases included purchases for use in any 547  
eligible area in the county, the grant amount is equal to 548  
thirteen and one-half per cent of the cost of the new 549  
manufacturing machinery and equipment purchased during the 550  
calendar year for use in the eligible areas in the county, 551  
provided that the cost subject to the thirteen and one-half per 552  
cent rate shall not exceed the county excess. If the county 553  
excess is greater than the cost of the new manufacturing 554  
machinery and equipment purchased during the calendar year for 555  
use in eligible areas in the county, the grant amount also shall 556  
include an amount equal to seven and one-half per cent of the 557  
amount of the difference. 558

(3) If a taxpayer is allowed a grant for purchases of new 559  
manufacturing machinery and equipment in more than one county or 560  
eligible area, it shall aggregate the amount of those grants 561  
each year. 562

(4) Except as provided in division (J) of this section, 563  
the taxpayer shall claim one-seventh of the grant amount for the 564  
taxable year ending in the calendar year in which the new 565  
manufacturing machinery and equipment is purchased for use in 566

the county by the taxpayer or partnership. One-seventh of the 567  
taxpayer grant amount is allowed for each of the six ensuing 568  
taxable years. Except for carried-forward amounts, the taxpayer 569  
is not allowed any grant amount remaining if the new 570  
manufacturing machinery and equipment is sold by the taxpayer or 571  
partnership or is transferred by the taxpayer or partnership out 572  
of the county before the end of the seven-year period unless, at 573  
the time of the sale or transfer, the new manufacturing 574  
machinery and equipment has been fully depreciated for federal 575  
income tax purposes. 576

(5) (a) A taxpayer that acquires manufacturing machinery 577  
and equipment as a result of a merger with the taxpayer with 578  
whom commenced the original use in this state of the 579  
manufacturing machinery and equipment, or with a taxpayer that 580  
was a partner in a partnership with whom commenced the original 581  
use in this state of the manufacturing machinery and equipment, 582  
is entitled to any remaining or carried-forward grant amounts to 583  
which the taxpayer was entitled. 584

(b) A taxpayer that enters into an agreement under 585  
division (C) (3) of section 5709.62 of the Revised Code and that 586  
acquires manufacturing machinery or equipment as a result of 587  
purchasing a large manufacturing facility, as defined in section 588  
5709.61 of the Revised Code, from another taxpayer with whom 589  
commenced the original use in this state of the manufacturing 590  
machinery or equipment, and that operates the large 591  
manufacturing facility so purchased, is entitled to any 592  
remaining or carried-forward grant amounts to which the other 593  
taxpayer who sold the facility would have been entitled under 594  
this section had the other taxpayer not sold the manufacturing 595  
facility or equipment. 596

(c) New manufacturing machinery and equipment is not 597  
considered sold if a pass-through entity transfers to another 598  
pass-through entity substantially all of its assets as part of a 599  
plan of reorganization under which substantially all gain and 600  
loss is not recognized by the pass-through entity that is 601  
transferring the new manufacturing machinery and equipment to 602  
the transferee and under which the transferee's basis in the new 603  
manufacturing machinery and equipment is determined, in whole or 604  
in part, by reference to the basis of the pass-through entity 605  
that transferred the new manufacturing machinery and equipment 606  
to the transferee. 607

(d) Division (C) (5) of this section applies only if the 608  
acquiring taxpayer or transferee does not sell the new 609  
manufacturing machinery and equipment or transfer the new 610  
manufacturing machinery and equipment out of the county before 611  
the end of the seven-year period to which division (C) (4) of 612  
this section refers. 613

(e) Division (C) (5) (b) of this section applies only to the 614  
extent that the taxpayer that sold the manufacturing machinery 615  
or equipment, upon request, timely provides to the tax 616  
commissioner any information that the tax commissioner considers 617  
to be necessary to ascertain any remaining or carried-forward 618  
amounts to which the taxpayer that sold the facility would have 619  
been entitled under this section had the taxpayer not sold the 620  
manufacturing machinery or equipment. Nothing in division (C) (5) 621  
(b) or (e) of this section shall be construed to allow a 622  
taxpayer to claim any grant amount with respect to the acquired 623  
manufacturing machinery or equipment that is greater than the 624  
amount that would have been available to the other taxpayer that 625  
sold the manufacturing machinery or equipment had the other 626  
taxpayer not sold the manufacturing machinery or equipment. 627

(D) The taxpayer shall claim the grant allowed by this 628  
section in the manner provided by section 122.172 of the Revised 629  
Code. Any portion of the grant in excess of the taxpayer's tax 630  
liability for the taxable year shall not be refundable but may 631  
be carried forward for the next three consecutive taxable years. 632

(E) A taxpayer purchasing new manufacturing machinery and 633  
equipment and intending to claim the grant shall file, with the 634  
director of development, a notice of intent to claim the grant 635  
on a form prescribed by the director of development. The 636  
director of development shall inform the tax commissioner of the 637  
notice of intent to claim the grant. No grant may be claimed 638  
under this section for any manufacturing machinery and equipment 639  
with respect to which a notice was not filed by the date of a 640  
timely filed return, including extensions, for the taxable year 641  
that includes September 30, 2005, but a notice filed on or 642  
before such date under division (E) of section 5733.33 of the 643  
Revised Code of the intent to claim the credit under that 644  
section ~~or section 5747.31 of the Revised Code~~ also shall be 645  
considered a notice of the intent to claim a grant under this 646  
section. 647

(F) The director of development shall annually certify, by 648  
the first day of January of each year during the qualifying 649  
period, the eligible areas for the tax grant for the calendar 650  
year that includes that first day of January. The director shall 651  
send a copy of the certification to the tax commissioner. 652

(G) New manufacturing machinery and equipment for which a 653  
taxpayer claims the credit under section 5733.31~~7~~ or 5733.311~~7~~ 654  
~~5747.26, or 5747.261~~ of the Revised Code shall not be considered 655  
new manufacturing machinery and equipment for purposes of the 656  
grant under this section. 657

(H) (1) Notwithstanding sections 5733.11 and 5747.13 of the Revised Code, but subject to division (H) (2) of this section, the tax commissioner may issue an assessment against a person with respect to a grant claimed under this section for new manufacturing machinery and equipment described in division (A) (1) (b) or (2) (b) of this section, if the machinery or equipment subsequently does not qualify for the grant.

(2) Division (H) (1) of this section shall not apply after the twenty-fourth month following the last day of the period described in divisions (A) (1) (b) and (2) (b) of this section.

(I) Notwithstanding any other provision of this section to the contrary, in the case of a qualifying controlled group, the grant available under this section to a taxpayer or taxpayers in the qualifying controlled group shall be computed as if all corporations in the group were a single corporation. The grant shall be allocated to such a taxpayer or taxpayers in the group in any amount elected for the taxable year by the group. The election shall be revocable and amendable during the period described in division (B) of section 5733.12 of the Revised Code.

This division applies to all purchases of new manufacturing machinery and equipment made on or after January 1, 2001, and to all baseline years used to compute any grant attributable to such purchases; provided, that this division may be applied solely at the election of the qualifying controlled group with respect to all purchases of new manufacturing machinery and equipment made before that date, and to all baseline years used to compute any grant attributable to such purchases. The qualifying controlled group at any time may elect to apply this division to purchases made prior to January 1,



2001, subject to the following: 688

(1) The election is irrevocable; 689

(2) The election need not accompany a timely filed report, 690  
but the election may accompany a subsequently filed but timely 691  
application for refund, a subsequently filed but timely amended 692  
report, or a subsequently filed but timely petition for 693  
reassessment. 694

(J) Except as provided in division (B) of section 122.172 695  
of the Revised Code, no grant under this section may be claimed 696  
for any taxable year for which a credit is allowed under section 697  
5733.33 ~~or 5747.31~~ of the Revised Code. If the tax imposed by 698  
section 5733.06 of the Revised Code for which a grant is allowed 699  
under this section has been prorated under division (G) (2) of 700  
section 5733.01 of the Revised Code, the grant shall be prorated 701  
by the same percentage as the tax. 702

**Sec. 5709.65.** (A) An enterprise issued a certificate under 703  
section 5709.64 of the Revised Code shall be entitled to the 704  
following tax incentives: 705

(1) With the exception of improvements to land or tangible 706  
personal property constituting or used in the retail portion, if 707  
any, of a facility, any improvement to land or tangible personal 708  
property at a facility for which a certificate is issued, first 709  
used in business at the facility as the result of a project, 710  
shall not be considered an asset of a corporate enterprise in 711  
determining the value of its issued and outstanding stock under 712  
division (A) of section 5733.05 of the Revised Code at the end 713  
of the taxable year that includes the certificate's date of 714  
issuance. 715

(2) With the exception of the original cost of 716

improvements to land or tangible personal property constituting 717  
or used in the retail portion, if any, of a facility, the 718  
original cost of any improvement to land or tangible personal 719  
property at the facility for which the certificate is issued, 720  
first used in business at the facility as a result of a project, 721  
shall be excluded from the numerator upon computation of the 722  
property factor of a corporate enterprise under division (B) (2) 723  
(a) of section 5733.05 of the Revised Code, or of a noncorporate 724  
enterprise under division (A) of section 5747.21 of the Revised 725  
Code, for the taxable year that includes the certificate's date 726  
of issuance. 727

As used in divisions (A) (1) and (2) of this section, the 728  
"retail portion" of a facility is that part of a facility used 729  
primarily for making retail sales as defined in division (O) of 730  
section 5739.01 of the Revised Code. 731

(3) Compensation paid to new employees described under 732  
divisions (A) (2) (a) to (e) of section 5709.64 of the Revised 733  
Code at the facility for which the certificate is issued, who 734  
are hired as a result of a project, shall be excluded from the 735  
numerator upon computation of the payroll factor of a corporate 736  
enterprise under division (B) (2) (b) of section 5733.05 of the 737  
Revised Code, or of a noncorporate enterprise under division (B) 738  
of section 5747.21 of the Revised Code, for the taxable year 739  
that includes the certificate's date of issuance. 740

(4) An enterprise that reimburses its new employees 741  
described under divisions (A) (2) (a) to (e) of section 5709.64 of 742  
the Revised Code for all or part of the cost of day-care 743  
services necessary to enable them to be employed at a facility 744  
for which a certificate is issued shall be entitled to a credit 745  
equal to the amounts so reimbursed, up to a maximum of three 746

hundred dollars for each child or dependent receiving the 747  
services, for the taxable year in which reimbursement is made, 748  
against the tax imposed by section 5733.06 of the Revised Code 749  
on a corporate enterprise, or ~~by~~ against the aggregate amount of 750  
tax imposed on the owners of a noncorporate enterprise under 751  
section 5747.02 of the Revised Code ~~on the owners of a~~ 752  
~~noncorporate enterprise~~, for the taxable year that includes the 753  
certificate's date of issuance. Only reimbursements of amounts 754  
paid by new employees to day-care centers licensed by the 755  
department of job and family services for day-care services 756  
provided during the first twenty-four months of employment as a 757  
new employee may be applied toward the credit provided under 758  
this division. Any enterprise claiming this credit shall 759  
maintain records verifying that the credit is claimed only for 760  
reimbursement of amounts expended by new employees for such 761  
services. 762

(5) For each new employee described in divisions (A) (2) (a) 763  
to (e) of section 5709.64 of the Revised Code who completes a 764  
training program and is subsequently employed by an enterprise 765  
for at least ninety days, if the enterprise pays or reimburses 766  
all or part of the cost of the employee's participation in the 767  
training program, it may claim a credit equal to the amount paid 768  
or reimbursed or one thousand dollars, whichever is less, in the 769  
taxable year in which the employee completes the ninety days of 770  
subsequent employment, against the tax imposed on a corporate 771  
enterprise by section 5733.06 of the Revised Code, or against 772  
the aggregate amount of tax imposed on the owners of a 773  
noncorporate enterprise ~~by~~ under section 5747.02 of the Revised 774  
Code. Only one credit shall be allowed with respect to any 775  
individual. Attendance at a qualified training program under 776  
this section does not bar an otherwise eligible individual from 777

receipt of benefits under Chapter 4141. of the Revised Code. 778

(B) None of the items set forth in divisions (A) (2) and 779  
(3) of this section shall be considered in making any allocation 780  
or apportionment under division (B) (2) (d) of section 5733.05 or 781  
division (D) of section 5747.21 of the Revised Code. 782

(C) All credits provided under this section to a 783  
noncorporate enterprise shall be divided pro rata among the 784  
owners of the enterprise subject to the tax imposed by section 785  
5747.02 of the Revised Code, based upon their proportionate 786  
ownership interests in the enterprise. The enterprise shall file 787  
with the tax commissioner, on a form prescribed by the 788  
commissioner, a statement showing the total available credit and 789  
the portion thereof attributed to each owner. The statement 790  
shall identify each owner by name and social security number and 791  
shall be filed with the tax commissioner by the date prescribed 792  
by the commissioner, which shall be no earlier than the 793  
fifteenth day of the month following the close of the 794  
enterprise's taxable year for which the credit is claimed. 795

(D) All state income tax or corporation franchise tax 796  
credits provided under this section shall be claimed in the 797  
order required under section 5733.98 or 5747.98 of the Revised 798  
Code. The credits, to the extent they exceed the taxpayer's 799  
aggregate tax liability for the taxable year after allowance for 800  
any other credits that precede the credits under this section in 801  
that order, shall be carried forward to the next succeeding 802  
taxable year or years until fully utilized. 803

**Sec. 5709.66.** (A) If an enterprise has been granted an 804  
incentive for the current calendar year under an agreement 805  
entered into pursuant to section 5709.62 or 5709.63 of the 806  
Revised Code and satisfies both of the requirements described in 807

divisions (A) (1) and (2) of this section at the time of 808  
application, it may apply to the director of development, on a 809  
form prescribed by the director, for the employee tax credit 810  
certificate under division (B) of this section. 811

(1) The enterprise has established, expanded, renovated, 812  
or occupied a facility pursuant to an agreement under section 813  
5709.62 or 5709.63 of the Revised Code in a zone that is 814  
certified by the director of development as having one of the 815  
characteristics described in divisions (A) (1) (a) or (b) and at 816  
least one of the characteristics described in divisions (A) (1) 817  
(c) to (h) of section 5709.61 of the Revised Code. 818

(2) The enterprise or any predecessor enterprise has not 819  
closed or reduced employment at any place of business in this 820  
state within the twelve months preceding application unless the 821  
enterprise, since the date the agreement was formally approved 822  
by the legislative authority, has hired new employees equal in 823  
number to not less than fifty per cent of the total number of 824  
employees employed by the enterprise at other locations in this 825  
state on that date. The legislative authority of any municipal 826  
corporation or county that concludes that an enterprise or any 827  
predecessor enterprise has closed or reduced employment at a 828  
place of business in that municipal corporation or county may 829  
appeal to the director to determine whether the enterprise or 830  
any predecessor enterprise has done so. Upon receiving such an 831  
appeal, the director shall investigate the allegations and 832  
determine whether the enterprise satisfies the requirement of 833  
division (A) (2) of this section before proceeding under division 834  
(B) of this section. 835

Within sixty days after receiving an application under 836  
this section, the director shall review, investigate, and verify 837

the application and determine whether the enterprise is eligible 838  
for the employee tax credit certificate under division (B) of 839  
this section. The application shall contain such information and 840  
documents as the director requires, by rule, to ascertain 841  
whether the enterprise is eligible for the certificate. On 842  
finding that the enterprise is eligible, the director shall 843  
proceed under division (B) of this section. 844

On determining that an enterprise is not eligible for the 845  
certificate under division (B) of this section, the director 846  
shall send notice of this determination, specifying the reasons 847  
for it, by certified mail, to the applicant, the board of county 848  
commissioners, and the chief executive of the municipal 849  
corporation in which the facility to which the certificate would 850  
have been given is located. Within thirty days after receiving 851  
such a notice, an enterprise may request, in writing, a hearing 852  
before the director for the purpose of reviewing the application 853  
and the reasons for the determination. Within sixty days after 854  
receiving a request for a hearing, the director shall afford one 855  
and, within thirty days after the hearing, shall issue a 856  
redetermination of the enterprise's eligibility for the 857  
incentives. If the enterprise is found to be eligible, the 858  
director shall proceed under division (B) of this section. If 859  
the enterprise is found to be ineligible, the director shall 860  
send notice of this finding, by certified mail, to the 861  
applicant, the board of commissioners of the county or the chief 862  
executive of the municipal corporation in which the facility to 863  
which the certificate would have been given is located. The 864  
director's redetermination that an enterprise is ineligible may 865  
be appealed to the board of tax appeals under section 5717.02 of 866  
the Revised Code. 867

(B) (1) If the director determines an enterprise to be 868

eligible under division (A) of this section, the director shall 869  
determine if the enterprise is entitled to an employee tax 870  
credit certificate. An enterprise is entitled to an employee tax 871  
credit certificate for each eligible employee the enterprise 872  
hires. A taxpayer who is issued an employee tax credit 873  
certificate under this section may claim a nonrefundable credit 874  
of one thousand dollars against the ~~tax imposed by taxpayer's~~ 875  
aggregate tax liability under either section 5733.06 or 5747.02 876  
of the Revised Code for each taxable year of the agreement 877  
entered into under section 5709.62 or 5709.63 of the Revised 878  
Code in which an eligible employee is employed for the 879  
taxpayer's full taxable year. If the eligible employee is 880  
employed for less than the taxpayer's full taxable year, the 881  
taxpayer may claim a reduced credit against the aggregate amount 882  
of tax imposed by due under either section 5733.06 or 5747.02 of 883  
the Revised Code. The reduced credit shall be computed by 884  
dividing the total number of days in the taxable year into one 885  
thousand dollars and multiplying the quotient by the number of 886  
days the eligible employee was employed in the taxable year. For 887  
purposes of the computation, the eligible employee shall be 888  
deemed to have been employed for each day of the taxable year 889  
commencing on the date of employment or ending on the date of 890  
termination of employment. 891

The credit provided under this division to a noncorporate 892  
enterprise or an enterprise that is an S corporation as defined 893  
in section 1361 of the Internal Revenue Code shall be divided 894  
pro rata among the owners or shareholders of the enterprise 895  
subject to the tax imposed by section 5747.02 of the Revised 896  
Code, based on their proportionate ownership interests in the 897  
enterprise. The enterprise shall file with the tax commissioner, 898  
on a form prescribed by the tax commissioner, a statement 899

showing the total available credit and the portion of that 900  
credit attributed to each owner or shareholder. The statement 901  
shall identify each owner or shareholder by name and social 902  
security number and shall be filed with the tax commissioner by 903  
the date prescribed by the tax commissioner, which shall be no 904  
earlier than the fifteenth day of the month following the close 905  
of the enterprise's taxable year for which the credit is 906  
claimed. 907

The taxpayer shall claim the credit in the order required 908  
under section 5733.98 or 5747.98 of the Revised Code. If the 909  
credit provided under this division exceeds the taxpayer's tax 910  
liability for the taxable year after allowance for any other 911  
credits that precede the credit under this section in that 912  
order, the credit may be carried forward for the next three 913  
succeeding taxable years, but the amount of any excess credit 914  
allowed in any such year shall be deducted from the balance 915  
carried forward to the succeeding taxable year. 916

(2) As used in this division: 917

(a) "Eligible employee" means a new employee at a facility 918  
who, at the time the employee was hired to work at the facility, 919  
was a participant of the Ohio works first program under Chapter 920  
5107. of the Revised Code or the prevention, retention, and 921  
contingency program under Chapter 5108. of the Revised Code or a 922  
recipient of general assistance under former Chapter 5113. of 923  
the Revised Code and resided for at least one year in the county 924  
in which the facility is located. "Eligible employee" does not 925  
include any employee of the enterprise who is a new employee, as 926  
defined under section 122.17 of the Revised Code, on the basis 927  
of whom the enterprise has claimed a credit under that section. 928

(b) "Taxable year" has the same meaning as in section 929



5733.04 or 5747.01 of the Revised Code, as applicable to the 930  
enterprise claiming the credit. 931

**Sec. 5733.33.** (A) As used in this section: 932

(1) "Manufacturing machinery and equipment" means engines 933  
and machinery, and tools and implements, of every kind used, or 934  
designed to be used, in refining and manufacturing. 935

"Manufacturing machinery and equipment" does not include 936  
property acquired after December 31, 1999, that is used: 937

(a) For the transmission and distribution of electricity; 938

(b) For the generation of electricity, if fifty per cent 939  
or more of the electricity that the property generates is 940  
consumed, during the one-hundred-twenty-month period commencing 941  
with the date the property is placed in service, by persons that 942  
are not related members to the person who generates the 943  
electricity. 944

(2) "New manufacturing machinery and equipment" means 945  
manufacturing machinery and equipment, the original use in this 946  
state of which commences with the taxpayer or with a partnership 947  
of which the taxpayer is a partner. "New manufacturing machinery 948  
and equipment" does not include property acquired after December 949  
31, 1999, that is used: 950

(a) For the transmission and distribution of electricity; 951

(b) For the generation of electricity, if fifty per cent 952  
or more of the electricity that the property generates is 953  
consumed, during the one-hundred-twenty-month period commencing 954  
with the date the property is placed in service, by persons that 955  
are not related members to the person who generates the 956  
electricity. 957

(3) (a) "Purchase" has the same meaning as in section 179(d) (2) of the Internal Revenue Code.

(b) For purposes of this section, any property that is not manufactured or assembled primarily by the taxpayer is considered purchased at the time the agreement to acquire the property becomes binding. Any property that is manufactured or assembled primarily by the taxpayer is considered purchased at the time the taxpayer places the property in service in the county for which the taxpayer will calculate the county excess amount.

(c) Notwithstanding section 179(d) of the Internal Revenue Code, a taxpayer's direct or indirect acquisition of new manufacturing machinery and equipment is not purchased on or after July 1, 1995, if the taxpayer, or a person whose relationship to the taxpayer is described in subparagraphs (A), (B), or (C) of section 179(d) (2) of the Internal Revenue Code, had directly or indirectly entered into a binding agreement to acquire the property at any time prior to July 1, 1995.

(4) "Qualifying period" means the period that begins July 1, 1995, and ends June 30, 2005.

(5) "County average new manufacturing machinery and equipment investment" means either of the following:

(a) The average annual cost of new manufacturing machinery and equipment purchased for use in the county during baseline years, in the case of a taxpayer that was in existence for more than one year during baseline years.

(b) Zero, in the case of a taxpayer that was not in existence for more than one year during baseline years.

(6) "Partnership" includes a limited liability company

formed under Chapter 1705. of the Revised Code or under the laws 987  
of any other state, provided that the company is not classified 988  
for federal income tax purposes as an association taxable as a 989  
corporation. 990

(7) "Partner" includes a member of a limited liability 991  
company formed under Chapter 1705. of the Revised Code or under 992  
the laws of any other state, provided that the company is not 993  
classified for federal income tax purposes as an association 994  
taxable as a corporation. 995

(8) "Distressed area" means either a municipal corporation 996  
that has a population of at least fifty thousand or a county 997  
that meets two of the following criteria of economic distress, 998  
or a municipal corporation the majority of the population of 999  
which is situated in such a county: 1000

(a) Its average rate of unemployment, during the most 1001  
recent five-year period for which data are available, is equal 1002  
to at least one hundred twenty-five per cent of the average rate 1003  
of unemployment for the United States for the same period; 1004

(b) It has a per capita income equal to or below eighty 1005  
per cent of the median county per capita income of the United 1006  
States as determined by the most recently available figures from 1007  
the United States census bureau; 1008

(c) (i) In the case of a municipal corporation, at least 1009  
twenty per cent of the residents have a total income for the 1010  
most recent census year that is below the official poverty line; 1011

(ii) In the case of a county, in intercensal years, the 1012  
county has a ratio of transfer payment income to total county 1013  
income equal to or greater than twenty-five per cent. 1014

(9) "Eligible area" means a distressed area, a labor 1015

surplus area, an inner city area, or a situational distress area. 1016  
1017

(10) "Inner city area" means, in a municipal corporation 1018  
that has a population of at least one hundred thousand and does 1019  
not meet the criteria of a labor surplus area or a distressed 1020  
area, targeted investment areas established by the municipal 1021  
corporation within its boundaries that are comprised of the most 1022  
recent census block tracts that individually have at least 1023  
twenty per cent of their population at or below the state 1024  
poverty level or other census block tracts contiguous to such 1025  
census block tracts. 1026

(11) "Labor surplus area" means an area designated as a 1027  
labor surplus area by the United States department of labor. 1028

(12) "Official poverty line" has the same meaning as in 1029  
division (A) of section 3923.51 of the Revised Code. 1030

(13) "Situational distress area" means a county or a 1031  
municipal corporation that has experienced or is experiencing a 1032  
closing or downsizing of a major employer, that will adversely 1033  
affect the county's or municipal corporation's economy. In order 1034  
to be designated as a situational distress area for a period not 1035  
to exceed thirty-six months, the county or municipal corporation 1036  
may petition the director of development. The petition shall 1037  
include written documentation that demonstrates all of the 1038  
following adverse effects on the local economy: 1039

(a) The number of jobs lost by the closing or downsizing; 1040

(b) The impact that the job loss has on the county's or 1041  
municipal corporation's unemployment rate as measured by the 1042  
state director of job and family services; 1043

(c) The annual payroll associated with the job loss; 1044

(d) The amount of state and local taxes associated with	1045
the job loss;	1046
(e) The impact that the closing or downsizing has on the	1047
suppliers located in the county or municipal corporation.	1048
(14) "Cost" has the same meaning and limitation as in	1049
section 179(d) (3) of the Internal Revenue Code.	1050
(15) "Baseline years" means:	1051
(a) Calendar years 1992, 1993, and 1994, with regard to a	1052
credit claimed for the purchase during calendar year 1995, 1996,	1053
1997, or 1998 of new manufacturing machinery and equipment;	1054
(b) Calendar years 1993, 1994, and 1995, with regard to a	1055
credit claimed for the purchase during calendar year 1999 of new	1056
manufacturing machinery and equipment;	1057
(c) Calendar years 1994, 1995, and 1996, with regard to a	1058
credit claimed for the purchase during calendar year 2000 of new	1059
manufacturing machinery and equipment;	1060
(d) Calendar years 1995, 1996, and 1997, with regard to a	1061
credit claimed for the purchase during calendar year 2001 of new	1062
manufacturing machinery and equipment;	1063
(e) Calendar years 1996, 1997, and 1998, with regard to a	1064
credit claimed for the purchase during calendar year 2002 of new	1065
manufacturing machinery and equipment;	1066
(f) Calendar years 1997, 1998, and 1999, with regard to a	1067
credit claimed for the purchase during calendar year 2003 of new	1068
manufacturing machinery and equipment;	1069
(g) Calendar years 1998, 1999, and 2000, with regard to a	1070
credit claimed for the purchase during calendar year 2004 of new	1071

manufacturing machinery and equipment; 1072

(h) Calendar years 1999, 2000, and 2001, with regard to a 1073  
credit claimed for the purchase on or after January 1, 2005, and 1074  
on or before June 30, 2005, of new manufacturing machinery and 1075  
equipment. 1076

(16) "Related member" has the same meaning as in section 1077  
5733.042 of the Revised Code. 1078

(B) (1) Subject to division (I) of this section, a 1079  
nonrefundable credit is allowed against the tax imposed by 1080  
section 5733.06 of the Revised Code for a taxpayer that 1081  
purchases new manufacturing machinery and equipment during the 1082  
qualifying period, provided that the new manufacturing machinery 1083  
and equipment are installed in this state no later than June 30, 1084  
2006. No credit shall be allowed under this section ~~or section~~ 1085  
~~5747.31 of the Revised Code~~ for taxable years ending on or after 1086  
July 1, 2005. The elimination of the credit for those taxable 1087  
years includes the elimination of any remaining one-sevenths of 1088  
credit amounts for which a portion was allowed for prior taxable 1089  
years and the elimination of any credit carry-forward, but the 1090  
purchases on which the credits were based remain subject to 1091  
grants under section 122.173 of the Revised Code for those 1092  
remaining one-seventh amounts or carry-forward amounts. 1093

(2) (a) Except as otherwise provided in division (B) (2) (b) 1094  
of this section, a credit may be claimed under this section in 1095  
excess of one million dollars only if the cost of all 1096  
manufacturing machinery and equipment owned in this state by the 1097  
taxpayer claiming the credit on the last day of the calendar 1098  
year exceeds the cost of all manufacturing machinery and 1099  
equipment owned in this state by the taxpayer on the first day 1100  
of that calendar year. 1101

As used in division (B) (2) (a) of this section, "calendar year" means the calendar year in which the machinery and equipment for which the credit is claimed was purchased.

(b) Division (B) (2) (a) of this section does not apply if the taxpayer claiming the credit applies for and is issued a waiver of the requirement of that division. A taxpayer may apply to the director of development for such a waiver in the manner prescribed by the director, and the director may issue such a waiver if the director determines that granting the credit is necessary to increase or retain employees in this state, and that the credit has not caused relocation of manufacturing machinery and equipment among counties within this state for the primary purpose of qualifying for the credit.

(C) (1) Except as otherwise provided in division (C) (2) and division (I) of this section, the credit amount is equal to seven and one-half per cent of the excess of the cost of the new manufacturing machinery and equipment purchased during the calendar year for use in a county over the county average new manufacturing machinery and equipment investment for that county.

(2) Subject to division (I) of this section, as used in division (C) (2) of this section "county excess" means the taxpayer's excess cost for a county as computed under division (C) (1) of this section.

Subject to division (I) of this section, a taxpayer with a county excess, whose purchases included purchases for use in any eligible area in the county, the credit amount is equal to thirteen and one-half per cent of the cost of the new manufacturing machinery and equipment purchased during the calendar year for use in the eligible areas in the county,

provided that the cost subject to the thirteen and one-half per 1132  
cent rate shall not exceed the county excess. If the county 1133  
excess is greater than the cost of the new manufacturing 1134  
machinery and equipment purchased during the calendar year for 1135  
use in eligible areas in the county, the credit amount also 1136  
shall include an amount equal to seven and one-half per cent of 1137  
the amount of the difference. 1138

(3) If a taxpayer is allowed a credit for purchases of new 1139  
manufacturing machinery and equipment in more than one county or 1140  
eligible area, it shall aggregate the amount of those credits 1141  
each year. 1142

(4) The taxpayer shall claim one-seventh of the credit 1143  
amount for the tax year immediately following the calendar year 1144  
in which the new manufacturing machinery and equipment is 1145  
purchased for use in the county by the taxpayer or partnership. 1146  
One-seventh of the taxpayer credit amount is allowed for each of 1147  
the six ensuing tax years. Except for carried-forward amounts, 1148  
the taxpayer is not allowed any credit amount remaining if the 1149  
new manufacturing machinery and equipment is sold by the 1150  
taxpayer or partnership or is transferred by the taxpayer or 1151  
partnership out of the county before the end of the seven-year 1152  
period unless, at the time of the sale or transfer, the new 1153  
manufacturing machinery and equipment has been fully depreciated 1154  
for federal income tax purposes. 1155

(5) (a) A taxpayer that acquires manufacturing machinery 1156  
and equipment as a result of a merger with the taxpayer with 1157  
whom commenced the original use in this state of the 1158  
manufacturing machinery and equipment, or with a taxpayer that 1159  
was a partner in a partnership with whom commenced the original 1160  
use in this state of the manufacturing machinery and equipment, 1161



is entitled to any remaining or carried-forward credit amounts 1162  
to which the taxpayer was entitled. 1163

(b) A taxpayer that enters into an agreement under 1164  
division (C) (3) of section 5709.62 of the Revised Code and that 1165  
acquires manufacturing machinery or equipment as a result of 1166  
purchasing a large manufacturing facility, as defined in section 1167  
5709.61 of the Revised Code, from another taxpayer with whom 1168  
commenced the original use in this state of the manufacturing 1169  
machinery or equipment, and that operates the large 1170  
manufacturing facility so purchased, is entitled to any 1171  
remaining or carried-forward credit amounts to which the other 1172  
taxpayer who sold the facility would have been entitled under 1173  
this section had the other taxpayer not sold the manufacturing 1174  
facility or equipment. 1175

(c) New manufacturing machinery and equipment is not 1176  
considered sold if a pass-through entity transfers to another 1177  
pass-through entity substantially all of its assets as part of a 1178  
plan of reorganization under which substantially all gain and 1179  
loss is not recognized by the pass-through entity that is 1180  
transferring the new manufacturing machinery and equipment to 1181  
the transferee and under which the transferee's basis in the new 1182  
manufacturing machinery and equipment is determined, in whole or 1183  
in part, by reference to the basis of the pass-through entity 1184  
which transferred the new manufacturing machinery and equipment 1185  
to the transferee. 1186

(d) Division (C) (5) of this section shall apply only if 1187  
the acquiring taxpayer or transferee does not sell the new 1188  
manufacturing machinery and equipment or transfer the new 1189  
manufacturing machinery and equipment out of the county before 1190  
the end of the seven-year period to which division (C) (4) of 1191

this section refers. 1192

(e) Division (C) (5) (b) of this section applies only to the 1193  
extent that the taxpayer that sold the manufacturing machinery 1194  
or equipment, upon request, timely provides to the tax 1195  
commissioner any information that the tax commissioner considers 1196  
to be necessary to ascertain any remaining or carried-forward 1197  
amounts to which the taxpayer that sold the facility would have 1198  
been entitled under this section had the taxpayer not sold the 1199  
manufacturing machinery or equipment. Nothing in division (C) (5) 1200  
(b) or (e) of this section shall be construed to allow a 1201  
taxpayer to claim any credit amount with respect to the acquired 1202  
manufacturing machinery or equipment that is greater than the 1203  
amount that would have been available to the other taxpayer that 1204  
sold the manufacturing machinery or equipment had the other 1205  
taxpayer not sold the manufacturing machinery or equipment. 1206

(D) The taxpayer shall claim the credit in the order 1207  
required under section 5733.98 of the Revised Code. Each year, 1208  
any credit amount in excess of the tax due under section 5733.06 1209  
of the Revised Code after allowing for any other credits that 1210  
precede the credit under this section in that order may be 1211  
carried forward for three tax years. 1212

(E) A taxpayer purchasing new manufacturing machinery and 1213  
equipment and intending to claim the credit shall file, with the 1214  
department of development, a notice of intent to claim the 1215  
credit on a form prescribed by the department of development. 1216  
The department of development shall inform the tax commissioner 1217  
of the notice of intent to claim the credit. No credit may be 1218  
claimed under this section for any manufacturing machinery and 1219  
equipment with respect to which a notice was not filed by the 1220  
date of a timely filed return, including extensions, for the 1221

taxable year that includes September 30, 2005. 1222

(F) The director of development shall annually certify, by 1223  
the first day of January of each year during the qualifying 1224  
period, the eligible areas for the tax credit for the calendar 1225  
year that includes that first day of January. The director shall 1226  
send a copy of the certification to the tax commissioner. 1227

(G) New manufacturing machinery and equipment for which a 1228  
taxpayer claims the credit under section 5733.31~~7~~or 5733.311~~7~~ 1229  
~~5747.26, or 5747.261~~ of the Revised Code shall not be considered 1230  
new manufacturing machinery and equipment for purposes of the 1231  
credit under this section. 1232

(H) (1) Notwithstanding sections 5733.11 and 5747.13 of the 1233  
Revised Code, but subject to division (H) (2) of this section, 1234  
the tax commissioner may issue an assessment against a person 1235  
with respect to a credit claimed under this section for new 1236  
manufacturing machinery and equipment described in division (A) 1237  
(1) (b) or (2) (b) of this section, if the machinery or equipment 1238  
subsequently does not qualify for the credit. 1239

(2) Division (H) (1) of this section shall not apply after 1240  
the twenty-fourth month following the last day of the period 1241  
described in divisions (A) (1) (b) and (2) (b) of this section. 1242

(I) Notwithstanding any other provision of this section to 1243  
the contrary, in the case of a qualifying controlled group, the 1244  
credit available under this section to a taxpayer or taxpayers 1245  
in the qualifying controlled group shall be computed as if all 1246  
corporations in the group were a single corporation. The credit 1247  
shall be allocated to such a taxpayer or taxpayers in the group 1248  
in any amount elected for the taxable year by the group. Such 1249  
election shall be revocable and amendable during the period 1250

described in division (B) of section 5733.12 of the Revised Code. 1251  
1252

This division applies to all purchases of new manufacturing machinery and equipment made on or after January 1, 2001, and to all baseline years used to compute any credit attributable to such purchases; provided, that this division may be applied solely at the election of the qualifying controlled group with respect to all purchases of new manufacturing machinery and equipment made before that date, and to all baseline years used to compute any credit attributable to such purchases. The qualifying controlled group at any time may elect to apply this division to purchases made prior to January 1, 2001, subject to the following: 1253  
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(1) The election is irrevocable; 1264

(2) The election need not accompany a timely filed report, but the election may accompany a subsequently filed but timely application for refund, a subsequently filed but timely amended report, or a subsequently filed but timely petition for reassessment. 1265  
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**Sec. 5733.42.** (A) As used in this section: 1270

(1) "Eligible training program" means a program to provide job skills to eligible employees who are unable effectively to function on the job due to skill deficiencies or who would otherwise be displaced because of their skill deficiencies or inability to use new technology, or to provide job skills to eligible employees that enable them to perform other job duties for the taxpayer. Eligible training programs do not include executive, management, or personal enrichment training programs, or training programs intended exclusively for personal career 1271  
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development.	1280
(2) "Eligible employee" means an individual who is	1281
employed in this state by a taxpayer and has been so employed by	1282
the same taxpayer for at least one hundred eighty consecutive	1283
days before the day an application for the credit is filed under	1284
this section. "Eligible employee" does not include any employee	1285
for which a credit is claimed pursuant to division (A)(5) of	1286
section 5709.65 of the Revised Code for all or any part of the	1287
same year, an employee who is not a full-time employee, or	1288
executive or managerial personnel, except for the immediate	1289
supervisors of nonexecutive, nonmanagerial personnel.	1290
(3) "Eligible training costs" means:	1291
(a) Direct instructional costs, such as instructor	1292
salaries, materials and supplies, textbooks and manuals,	1293
videotapes, and other instructional media and training equipment	1294
used exclusively for the purpose of training eligible employees;	1295
(b) Wages paid to eligible employees for time devoted	1296
exclusively to an eligible training program during normal paid	1297
working hours.	1298
(4) "Full-time employee" means an individual who is	1299
employed for consideration for at least thirty-five hours per	1300
week, or who renders any other standard of service generally	1301
accepted by custom or specified by contract as full-time	1302
employment.	1303
(5) "Partnership" includes a limited liability company	1304
formed under Chapter 1705. of the Revised Code or under the laws	1305
of another state, provided that the company is not classified	1306
for federal income tax purposes as an association taxable as a	1307
corporation.	1308

(B) There is hereby allowed a nonrefundable credit against 1309  
the tax imposed by section 5733.06 of the Revised Code for 1310  
taxpayers for which a tax credit certificate is issued under 1311  
division (C) of this section. The credit may be claimed for tax 1312  
years 2004, 2005, 2006, 2007, and 2008. The amount of the credit 1313  
for tax year 2004 shall equal one-half of the average of the 1314  
eligible training costs paid or incurred by the taxpayer during 1315  
calendar years 1999, 2000, and 2001, not to exceed one thousand 1316  
dollars for each eligible employee on account of whom eligible 1317  
training costs were paid or incurred by the taxpayer during 1318  
those calendar years. The amount of the credit for tax year 2005 1319  
shall equal one-half of the average of the eligible training 1320  
costs paid or incurred by the taxpayer during calendar years 1321  
2002, 2003, and 2004, not to exceed one thousand dollars for 1322  
each eligible employee on account of whom eligible training 1323  
costs were paid or incurred by the taxpayer during those 1324  
calendar years. The amount of the credit for tax year 2006 shall 1325  
equal one-half of the average of the eligible training costs 1326  
paid or incurred by the taxpayer during calendar years 2003, 1327  
2004, and 2005, not to exceed one thousand dollars for each 1328  
eligible employee on account of whom eligible training costs 1329  
were paid or incurred by the taxpayer during those calendar 1330  
years. The amount of the credit for tax year 2007 shall equal 1331  
one-half of the average of the eligible training costs paid or 1332  
incurred by the taxpayer during calendar years 2004, 2005, and 1333  
2006, not to exceed one thousand dollars for each eligible 1334  
employee on account of whom eligible training costs were paid or 1335  
incurred by the taxpayer during those calendar years. The amount 1336  
of the credit for tax year 2008 shall equal one-half of the 1337  
average of the eligible training costs paid or incurred by the 1338  
taxpayer during calendar years 2005, 2006, and 2007, not to 1339  
exceed one thousand dollars for each eligible employee on 1340

account of whom eligible training costs were paid or incurred by 1341  
the taxpayer during those calendar years. 1342

The credit claimed by a taxpayer each tax year shall not 1343  
exceed one hundred thousand dollars. 1344

(C) A taxpayer who proposes to conduct an eligible 1345  
training program may apply to the director of job and family 1346  
services for a tax credit certificate under this section. The 1347  
taxpayer may apply for such a certificate for tax years 2004, 1348  
2005, 2006, 2007, and 2008 subject to division (L) of this 1349  
section. The director shall prescribe the form of the 1350  
application, which shall require a detailed description of the 1351  
proposed training program. The director may require applicants 1352  
to remit an application fee with each application filed with the 1353  
director. The fee shall not exceed the reasonable and necessary 1354  
expenses incurred by the director in receiving, reviewing, and 1355  
approving such applications and issuing tax credit certificates. 1356  
Proceeds from fees shall be used solely for the purpose of 1357  
receiving, reviewing, and approving such applications and 1358  
issuing such certificates. 1359

After receipt of an application, the director shall 1360  
authorize a credit under this section by issuing a tax credit 1361  
certificate, in the form prescribed by the director, if the 1362  
director determines all of the following: 1363

(1) The proposed training program is an eligible training 1364  
program under this section; 1365

(2) The proposed training program is economically sound 1366  
and will benefit the people of this state by improving workforce 1367  
skills and strengthening the economy of this state; 1368

(3) Receiving the tax credit is a major factor in the 1369

taxpayer's decision to go forward with the training program; 1370

(4) Authorization of the credit is consistent with 1371  
division (H) of this section. 1372

The credit also is allowed for a taxpayer that is a 1373  
partner in a partnership that pays or incurs eligible training 1374  
costs. Such a taxpayer shall determine the taxpayer's credit 1375  
amount in the manner prescribed by division (K) of this section. 1376

(D) If the director of job and family services denies an 1377  
application for a tax credit certificate, the director shall 1378  
send notice of the denial and the reason for denial to the 1379  
applicant by certified mail, return receipt requested. If the 1380  
director determines that an authorized training program, as 1381  
actually conducted, fails to meet the requirements of this 1382  
section or to comply with any condition set forth in the 1383  
authorization, the director may reduce the amount of the tax 1384  
credit previously granted. If the director reduces a tax credit, 1385  
the director shall send notice of the reduction and the reason 1386  
for the reduction to the taxpayer by certified mail, return 1387  
receipt requested, and shall certify the reduction to the tax 1388  
commissioner or, in the case of the reduction of a credit 1389  
claimed by an insurance company, the superintendent of 1390  
insurance. The tax commissioner or superintendent of insurance 1391  
shall reduce the credit that may be claimed by the taxpayer 1392  
accordingly. Within sixty days after receiving a notice of 1393  
denial or notice of reduction of the tax credit, an applicant or 1394  
taxpayer may request, in writing, a hearing before the director 1395  
to review the denial or reduction. Within sixty days after 1396  
receiving a request that is filed within the prescribed time, 1397  
the director shall hold such a hearing at a location to be 1398  
determined by the director. Within thirty days after the hearing 1399



is adjourned, the director shall issue a redetermination 1400  
affirming, reversing, or modifying the denial or reduction of 1401  
the tax credit and send notice of the redetermination to the 1402  
applicant or taxpayer by certified mail, return receipt 1403  
requested, and shall issue a notice of the redetermination to 1404  
the tax commissioner or superintendent of insurance. If an 1405  
applicant or taxpayer is aggrieved by the director's 1406  
redetermination, the applicant or taxpayer may appeal the 1407  
redetermination to the board of tax appeals in the manner 1408  
prescribed by section 5717.02 of the Revised Code. 1409

(E) A taxpayer to which a tax credit certificate is issued 1410  
shall retain records indicating the eligible training costs it 1411  
pays or incurs for the eligible training program for which the 1412  
certificate is issued for four years following the end of the 1413  
tax year for which the credit is claimed. Such records shall be 1414  
open to inspection by the director of job and family services 1415  
upon the director's request during business hours. 1416

Financial statements and other information submitted by an 1417  
applicant to the director of job and family services for a tax 1418  
credit under this section, and any information taken for any 1419  
purpose from such statements or information, are not public 1420  
records subject to section 149.43 of the Revised Code. However, 1421  
the director of job and family services, the tax commissioner, 1422  
or superintendent of insurance may make use of the statements 1423  
and other information for purposes of issuing public reports or 1424  
in connection with court proceedings concerning tax credits 1425  
allowed under this section and sections 5725.31~~7~~ and 5729.07~~7~~ 1426  
and ~~5747.39~~ of the Revised Code. 1427

(F) The director of job and family services, in accordance 1428  
with Chapter 119. of the Revised Code, shall adopt rules 1429

necessary to implement this section and sections 5725.31~~7~~ and 1430  
5729.07~~7~~ and 5747.39 of the Revised Code. The rules shall be 1431  
adopted after consultation with the tax commissioner and the 1432  
superintendent of insurance. The rules shall require that if a 1433  
taxpayer to which a tax credit certificate is issued under any 1434  
of those sections permanently relocates or transfers employees 1435  
trained under the tax credit certificate to another state or 1436  
country within two years of receiving the certificate, the 1437  
taxpayer shall repay the total amount of the tax credit received 1438  
by the taxpayer for any employees permanently relocated or 1439  
transferred. At the time the director gives public notice under 1440  
division (A) of section 119.03 of the Revised Code of the 1441  
adoption of the rules, the director shall submit copies of the 1442  
proposed rules to the chairpersons and ranking minority members 1443  
of the standing committees in the senate and the house of 1444  
representatives to which legislation on economic development 1445  
matters are customarily referred. 1446

(G) On or before the thirtieth day of September of 2001, 1447  
2003, 2004, 2005, 2006, 2007, and 2008 the director of job and 1448  
family services shall submit a report to the governor, the 1449  
president of the senate, and the speaker of the house of 1450  
representatives on the tax credit program under this section and 1451  
sections 5725.31~~7~~ and 5729.07~~7~~ and 5747.39 of the Revised Code. 1452  
The report shall include information on the number of training 1453  
programs that were authorized under those sections during the 1454  
preceding calendar year, a description of each authorized 1455  
training program, the dollar amounts of the credits granted, and 1456  
an estimate of the impact of the credits on the economy of this 1457  
state. 1458

(H) The aggregate amount of credits authorized under this 1459  
section and sections 5725.31~~7~~ and 5729.07~~7~~ and 5747.39 of the 1460

Revised Code shall not exceed twenty million dollars per 1461  
calendar year. No more than ten million dollars in credits per 1462  
calendar year shall be authorized for persons engaged primarily 1463  
in manufacturing. No less than five million dollars in credits 1464  
per calendar year shall be set aside for persons engaged 1465  
primarily in activities other than manufacturing and having 1466  
fewer than five hundred employees. Subject to such limits, the 1467  
director of job and family services shall adopt a rule under 1468  
division (F) of this section that establishes criteria and 1469  
procedures for distribution of the credits. 1470

(I) A nonrefundable credit allowed under this section 1471  
shall be claimed in the order required under section 5733.98 of 1472  
the Revised Code. 1473

(J) The taxpayer may carry forward any credit amount in 1474  
excess of its tax due after allowing for any other credits that 1475  
precede the credit under this section in the order required 1476  
under section 5733.98 of the Revised Code. The excess credit may 1477  
be carried forward for three years following the tax year for 1478  
which it is first claimed under this section. 1479

(K) A taxpayer that is a partner in a partnership on the 1480  
last day of the third calendar year of the three-year period 1481  
during which the partnership pays or incurs eligible training 1482  
costs may claim a credit under this section for the tax year 1483  
immediately following that calendar year. The amount of a 1484  
partner's credit equals the partner's interest in the 1485  
partnership on the last day of such calendar year multiplied by 1486  
the credit available to the partnership as computed by the 1487  
partnership. 1488

(L) The director of job and family services shall not 1489  
authorize any credits under this section and sections 5725.31~~7~~ 1490

and 5729.07, ~~and 5747.39~~ of the Revised Code for eligible 1491  
training costs paid or incurred after December 31, 2007. 1492

**Sec. 5733.98.** (A) To provide a uniform procedure for 1493  
calculating the amount of tax imposed by section 5733.06 of the 1494  
Revised Code that is due under this chapter, a taxpayer shall 1495  
claim any credits to which it is entitled in the following 1496  
order, except as otherwise provided in section 5733.058 of the 1497  
Revised Code: 1498

(1) For tax year 2005, the credit for taxes paid by a 1499  
qualifying pass-through entity allowed under section 5733.0611 1500  
of the Revised Code; 1501

(2) The credit allowed for financial institutions under 1502  
section 5733.45 of the Revised Code; 1503

(3) The credit for qualifying affiliated groups under 1504  
section 5733.068 of the Revised Code; 1505

(4) The subsidiary corporation credit under section 1506  
5733.067 of the Revised Code; 1507

(5) The savings and loan assessment credit under section 1508  
5733.063 of the Revised Code; 1509

(6) The credit for recycling and litter prevention 1510  
donations under section 5733.064 of the Revised Code; 1511

(7) The credit for employers that enter into agreements 1512  
with child day-care centers under section 5733.36 of the Revised 1513  
Code; 1514

(8) The credit for employers that reimburse employee child 1515  
care expenses under section 5733.38 of the Revised Code; 1516

(9) The credit for maintaining railroad active grade 1517

crossing warning devices under section 5733.43 of the Revised Code;	1518 1519
(10) The credit for purchases of lights and reflectors under section 5733.44 of the Revised Code;	1520 1521
(11) The nonrefundable job retention credit under division (B) of section 5733.0610 of the Revised Code;	1522 1523
<del>(12) The credit for tax years 2008 and 2009 for selling alternative fuel under section 5733.48 of the Revised Code;</del>	1524 1525
<del>(13) The second credit for purchases of new manufacturing machinery and equipment under section 5733.33 of the Revised Code;</del>	1526 1527 1528
<del>(14)</del> <u>(13)</u> The job training credit under section 5733.42 of the Revised Code;	1529 1530
<del>(15)</del> <u>(14)</u> The credit for qualified research expenses under section 5733.351 of the Revised Code;	1531 1532
<del>(16)</del> <u>(15)</u> The enterprise zone credit under section 5709.66 of the Revised Code;	1533 1534
<del>(17)</del> <u>(16)</u> The credit for the eligible costs associated with a voluntary action under section 5733.34 of the Revised Code;	1535 1536 1537
<del>(18)</del> <u>(17)</u> The credit for employers that establish on-site child day-care centers under section 5733.37 of the Revised Code;	1538 1539 1540
<del>(19)</del> <u>(18)</u> The ethanol plant investment credit under section 5733.46 of the Revised Code;	1541 1542
<del>(20)</del> <u>(19)</u> The credit for purchases of qualifying grape production property under section 5733.32 of the Revised Code;	1543 1544

<del>(21)</del> <u>(20)</u> The export sales credit under section 5733.069 of the Revised Code;	1545 1546
<del>(22)</del> <u>(21)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	1547 1548
<del>(23)</del> <u>(22)</u> The credit for using Ohio coal under section 5733.39 of the Revised Code;	1549 1550
<del>(24)</del> <u>(23)</u> The credit for purchases of qualified low-income community investments under section 5733.58 of the Revised Code;	1551 1552
<del>(25)</del> <u>(24)</u> The credit for small telephone companies under section 5733.57 of the Revised Code;	1553 1554
<del>(26)</del> <u>(25)</u> The credit for eligible nonrecurring 9-1-1 charges under section 5733.55 of the Revised Code;	1555 1556
<del>(27)</del> <u>(26)</u> For tax year 2005, the credit for providing programs to aid the communicatively impaired under division (A) of section 5733.56 of the Revised Code;	1557 1558 1559
<del>(28)</del> <u>(27)</u> The research and development credit under section 5733.352 of the Revised Code;	1560 1561
<del>(29)</del> <u>(28)</u> For tax years 2006 and subsequent tax years, the credit for taxes paid by a qualifying pass-through entity allowed under section 5733.0611 of the Revised Code;	1562 1563 1564
<del>(30)</del> <u>(29)</u> The refundable credit for rehabilitating a historic building under section 5733.47 of the Revised Code;	1565 1566
<del>(31)</del> <u>(30)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5733.0610 of the Revised Code;	1567 1568 1569
<del>(32)</del> <u>(31)</u> The refundable credit for tax withheld under division (B) (2) of section 5747.062 of the Revised Code;	1570 1571

~~(33)~~-(32) The refundable credit under section 5733.49 of 1572  
the Revised Code for losses on loans made to the Ohio venture 1573  
capital program under sections 150.01 to 150.10 of the Revised 1574  
Code; 1575

~~(34)~~-(33) For tax years 2006, 2007, and 2008, the 1576  
refundable credit allowable under division (B) of section 1577  
5733.56 of the Revised Code; 1578

~~(35)~~-(34) The refundable motion picture production credit 1579  
under section 5733.59 of the Revised Code. 1580

(B) For any credit except the refundable credits 1581  
enumerated in this section, the amount of the credit for a tax 1582  
year shall not exceed the tax due after allowing for any other 1583  
credit that precedes it in the order required under this 1584  
section. Any excess amount of a particular credit may be carried 1585  
forward if authorized under the section creating that credit. 1586

**Sec. 5747.01.** Except as otherwise expressly provided or 1587  
clearly appearing from the context, any term used in this 1588  
chapter that is not otherwise defined in this section has the 1589  
same meaning as when used in a comparable context in the laws of 1590  
the United States relating to federal income taxes or if not 1591  
used in a comparable context in those laws, has the same meaning 1592  
as in section 5733.40 of the Revised Code. Any reference in this 1593  
chapter to the Internal Revenue Code includes other laws of the 1594  
United States relating to federal income taxes. 1595

As used in this chapter: 1596

(A) "Adjusted gross income" or "Ohio adjusted gross 1597  
income" means federal adjusted gross income, as defined and used 1598  
in the Internal Revenue Code, adjusted as provided in this 1599  
section: 1600

(1) Add interest or dividends on obligations or securities 1601  
of any state or of any political subdivision or authority of any 1602  
state, other than this state and its subdivisions and 1603  
authorities. 1604

(2) Add interest or dividends on obligations of any 1605  
authority, commission, instrumentality, territory, or possession 1606  
of the United States to the extent that the interest or 1607  
dividends are exempt from federal income taxes but not from 1608  
state income taxes. 1609

(3) Deduct interest or dividends on obligations of the 1610  
United States and its territories and possessions or of any 1611  
authority, commission, or instrumentality of the United States 1612  
to the extent that the interest or dividends are included in 1613  
federal adjusted gross income but exempt from state income taxes 1614  
under the laws of the United States. 1615

(4) Deduct disability and survivor's benefits to the 1616  
extent included in federal adjusted gross income. 1617

(5) Deduct benefits under Title II of the Social Security 1618  
Act and tier 1 railroad retirement benefits to the extent 1619  
included in federal adjusted gross income under section 86 of 1620  
the Internal Revenue Code. 1621

(6) In the case of a taxpayer who is a beneficiary of a 1622  
trust that makes an accumulation distribution as defined in 1623  
section 665 of the Internal Revenue Code, add, for the 1624  
beneficiary's taxable years beginning before 2002, the portion, 1625  
if any, of such distribution that does not exceed the 1626  
undistributed net income of the trust for the three taxable 1627  
years preceding the taxable year in which the distribution is 1628  
made to the extent that the portion was not included in the 1629



trust's taxable income for any of the trust's taxable years 1630  
beginning in 2002 or thereafter. "Undistributed net income of a 1631  
trust" means the taxable income of the trust increased by (a) (i) 1632  
the additions to adjusted gross income required under division 1633  
(A) of this section and (ii) the personal exemptions allowed to 1634  
the trust pursuant to section 642(b) of the Internal Revenue 1635  
Code, and decreased by (b) (i) the deductions to adjusted gross 1636  
income required under division (A) of this section, (ii) the 1637  
amount of federal income taxes attributable to such income, and 1638  
(iii) the amount of taxable income that has been included in the 1639  
adjusted gross income of a beneficiary by reason of a prior 1640  
accumulation distribution. Any undistributed net income included 1641  
in the adjusted gross income of a beneficiary shall reduce the 1642  
undistributed net income of the trust commencing with the 1643  
earliest years of the accumulation period. 1644

(7) Deduct the amount of wages and salaries, if any, not 1645  
otherwise allowable as a deduction but that would have been 1646  
allowable as a deduction in computing federal adjusted gross 1647  
income for the taxable year, had the targeted jobs credit 1648  
allowed and determined under sections 38, 51, and 52 of the 1649  
Internal Revenue Code not been in effect. 1650

(8) Deduct any interest or interest equivalent on public 1651  
obligations and purchase obligations to the extent that the 1652  
interest or interest equivalent is included in federal adjusted 1653  
gross income. 1654

(9) Add any loss or deduct any gain resulting from the 1655  
sale, exchange, or other disposition of public obligations to 1656  
the extent that the loss has been deducted or the gain has been 1657  
included in computing federal adjusted gross income. 1658

(10) Deduct or add amounts, as provided under section 1659

5747.70 of the Revised Code, related to contributions to 1660  
variable college savings program accounts made or tuition units 1661  
purchased pursuant to Chapter 3334. of the Revised Code. 1662

(11) (a) Deduct, to the extent not otherwise allowable as a 1663  
deduction or exclusion in computing federal or Ohio adjusted 1664  
gross income for the taxable year, the amount the taxpayer paid 1665  
during the taxable year for medical care insurance and qualified 1666  
long-term care insurance for the taxpayer, the taxpayer's 1667  
spouse, and dependents. No deduction for medical care insurance 1668  
under division (A) (11) of this section shall be allowed either 1669  
to any taxpayer who is eligible to participate in any subsidized 1670  
health plan maintained by any employer of the taxpayer or of the 1671  
taxpayer's spouse, or to any taxpayer who is entitled to, or on 1672  
application would be entitled to, benefits under part A of Title 1673  
XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 1674  
U.S.C. 301, as amended. For the purposes of division (A) (11) (a) 1675  
of this section, "subsidized health plan" means a health plan 1676  
for which the employer pays any portion of the plan's cost. The 1677  
deduction allowed under division (A) (11) (a) of this section 1678  
shall be the net of any related premium refunds, related premium 1679  
reimbursements, or related insurance premium dividends received 1680  
during the taxable year. 1681

(b) Deduct, to the extent not otherwise deducted or 1682  
excluded in computing federal or Ohio adjusted gross income 1683  
during the taxable year, the amount the taxpayer paid during the 1684  
taxable year, not compensated for by any insurance or otherwise, 1685  
for medical care of the taxpayer, the taxpayer's spouse, and 1686  
dependents, to the extent the expenses exceed seven and one-half 1687  
per cent of the taxpayer's federal adjusted gross income. 1688

(c) Deduct, to the extent not otherwise deducted or 1689

excluded in computing federal or Ohio adjusted gross income, any 1690  
amount included in federal adjusted gross income under section 1691  
105 or not excluded under section 106 of the Internal Revenue 1692  
Code solely because it relates to an accident and health plan 1693  
for a person who otherwise would be a "qualifying relative" and 1694  
thus a "dependent" under section 152 of the Internal Revenue 1695  
Code but for the fact that the person fails to meet the income 1696  
and support limitations under section 152(d)(1)(B) and (C) of 1697  
the Internal Revenue Code. 1698

(d) For purposes of division (A)(11) of this section, 1699  
"medical care" has the meaning given in section 213 of the 1700  
Internal Revenue Code, subject to the special rules, 1701  
limitations, and exclusions set forth therein, and "qualified 1702  
long-term care" has the same meaning given in section 7702B(c) 1703  
of the Internal Revenue Code. Solely for purposes of divisions 1704  
(A)(11)(a) and (c) of this section, "dependent" includes a 1705  
person who otherwise would be a "qualifying relative" and thus a 1706  
"dependent" under section 152 of the Internal Revenue Code but 1707  
for the fact that the person fails to meet the income and 1708  
support limitations under section 152(d)(1)(B) and (C) of the 1709  
Internal Revenue Code. 1710

(12)(a) Deduct any amount included in federal adjusted 1711  
gross income solely because the amount represents a 1712  
reimbursement or refund of expenses that in any year the 1713  
taxpayer had deducted as an itemized deduction pursuant to 1714  
section 63 of the Internal Revenue Code and applicable United 1715  
States department of the treasury regulations. The deduction 1716  
otherwise allowed under division (A)(12)(a) of this section 1717  
shall be reduced to the extent the reimbursement is attributable 1718  
to an amount the taxpayer deducted under this section in any 1719  
taxable year. 1720

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

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

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

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

(14) Deduct an amount equal to the deposits made to, and net investment earnings of, a medical savings account during the taxable year, in accordance with section 3924.66 of the Revised Code. The deduction allowed by division (A)(14) of this section does not apply to medical savings account deposits and earnings otherwise deducted or excluded for the current or any other taxable year from the taxpayer's federal adjusted gross income.

(15) (a) Add an amount equal to the funds withdrawn from a medical savings account during the taxable year, and the net investment earnings on those funds, when the funds withdrawn were used for any purpose other than to reimburse an account holder for, or to pay, eligible medical expenses, in accordance with section 3924.66 of the Revised Code;

(b) Add the amounts distributed from a medical savings

account under division (A) (2) of section 3924.68 of the Revised Code during the taxable year. 1750  
1751

(16) Add any amount claimed as a credit under section 1752  
5747.059 or 5747.65 of the Revised Code to the extent that such 1753  
amount satisfies either of the following: 1754

(a) The amount was deducted or excluded from the 1755  
computation of the taxpayer's federal adjusted gross income as 1756  
required to be reported for the taxpayer's taxable year under 1757  
the Internal Revenue Code; 1758

(b) The amount resulted in a reduction of the taxpayer's 1759  
federal adjusted gross income as required to be reported for any 1760  
of the taxpayer's taxable years under the Internal Revenue Code. 1761

(17) Deduct the amount contributed by the taxpayer to an 1762  
individual development account program established by a county 1763  
department of job and family services pursuant to sections 1764  
329.11 to 329.14 of the Revised Code for the purpose of matching 1765  
funds deposited by program participants. On request of the tax 1766  
commissioner, the taxpayer shall provide any information that, 1767  
in the tax commissioner's opinion, is necessary to establish the 1768  
amount deducted under division (A) (17) of this section. 1769

(18) Beginning in taxable year 2001 but not for any 1770  
taxable year beginning after December 31, 2005, if the taxpayer 1771  
is married and files a joint return and the combined federal 1772  
adjusted gross income of the taxpayer and the taxpayer's spouse 1773  
for the taxable year does not exceed one hundred thousand 1774  
dollars, or if the taxpayer is single and has a federal adjusted 1775  
gross income for the taxable year not exceeding fifty thousand 1776  
dollars, deduct amounts paid during the taxable year for 1777  
qualified tuition and fees paid to an eligible institution for 1778

the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer, who is a resident of this state and is enrolled in or attending a program that culminates in a degree or diploma at an eligible institution. The deduction may be claimed only to the extent that qualified tuition and fees are not otherwise deducted or excluded for any taxable year from federal or Ohio adjusted gross income. The deduction may not be claimed for educational expenses for which the taxpayer claims a credit under section 5747.27 of the Revised Code.

(19) Add any reimbursement received during the taxable year of any amount the taxpayer deducted under division (A) (18) of this section in any previous taxable year to the extent the amount is not otherwise included in Ohio adjusted gross income.

(20) (a) (i) Subject to divisions (A) (20) (a) (iii), (iv), and (v) of this section, add five-sixths of the amount of depreciation expense allowed by subsection (k) of section 168 of the Internal Revenue Code, including the taxpayer's proportionate or distributive share of the amount of depreciation expense allowed by that subsection to a pass-through entity in which the taxpayer has a direct or indirect ownership interest.

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) of this section, add five-sixths of the amount of qualifying section 179 depreciation expense, including the taxpayer's proportionate or distributive share of the amount of qualifying section 179 depreciation expense allowed to any pass-through entity in which the taxpayer has a direct or indirect ownership interest.

(iii) Subject to division (A) (20) (a) (v) of this section, for taxable years beginning in 2012 or thereafter, if the

increase in income taxes withheld by the taxpayer is equal to or 1809  
greater than ten per cent of income taxes withheld by the 1810  
taxpayer during the taxpayer's immediately preceding taxable 1811  
year, "two-thirds" shall be substituted for "five-sixths" for 1812  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 1813

(iv) Subject to division (A) (20) (a) (v) of this section, 1814  
for taxable years beginning in 2012 or thereafter, a taxpayer is 1815  
not required to add an amount under division (A) (20) of this 1816  
section if the increase in income taxes withheld by the taxpayer 1817  
and by any pass-through entity in which the taxpayer has a 1818  
direct or indirect ownership interest is equal to or greater 1819  
than the sum of (I) the amount of qualifying section 179 1820  
depreciation expense and (II) the amount of depreciation expense 1821  
allowed to the taxpayer by subsection (k) of section 168 of the 1822  
Internal Revenue Code, and including the taxpayer's 1823  
proportionate or distributive shares of such amounts allowed to 1824  
any such pass-through entities. 1825

(v) If a taxpayer directly or indirectly incurs a net 1826  
operating loss for the taxable year for federal income tax 1827  
purposes, to the extent such loss resulted from depreciation 1828  
expense allowed by subsection (k) of section 168 of the Internal 1829  
Revenue Code and by qualifying section 179 depreciation expense, 1830  
"the entire" shall be substituted for "five-sixths of the" for 1831  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 1832

The tax commissioner, under procedures established by the 1833  
commissioner, may waive the add-backs related to a pass-through 1834  
entity if the taxpayer owns, directly or indirectly, less than 1835  
five per cent of the pass-through entity. 1836

(b) Nothing in division (A) (20) of this section shall be 1837  
construed to adjust or modify the adjusted basis of any asset. 1838

(c) To the extent the add-back required under division (A) 1839  
(20)(a) of this section is attributable to property generating 1840  
nonbusiness income or loss allocated under section 5747.20 of 1841  
the Revised Code, the add-back shall be situated to the same 1842  
location as the nonbusiness income or loss generated by the 1843  
property for the purpose of determining the credit under 1844  
division (A) of section 5747.05 of the Revised Code. Otherwise, 1845  
the add-back shall be apportioned, subject to one or more of the 1846  
four alternative methods of apportionment enumerated in section 1847  
5747.21 of the Revised Code. 1848

(d) For the purposes of division (A)(20)(a)(v) of this 1849  
section, net operating loss carryback and carryforward shall not 1850  
include the allowance of any net operating loss deduction 1851  
carryback or carryforward to the taxable year to the extent such 1852  
loss resulted from depreciation allowed by section 168(k) of the 1853  
Internal Revenue Code and by the qualifying section 179 1854  
depreciation expense amount. 1855

(e) For the purposes of divisions (A)(20) and (21) of this 1856  
section: 1857

(i) "Income taxes withheld" means the total amount 1858  
withheld and remitted under sections 5747.06 and 5747.07 of the 1859  
Revised Code by an employer during the employer's taxable year. 1860

(ii) "Increase in income taxes withheld" means the amount 1861  
by which the amount of income taxes withheld by an employer 1862  
during the employer's current taxable year exceeds the amount of 1863  
income taxes withheld by that employer during the employer's 1864  
immediately preceding taxable year. 1865

(iii) "Qualifying section 179 depreciation expense" means 1866  
the difference between (I) the amount of depreciation expense 1867



directly or indirectly allowed to a taxpayer under section 179 1868  
of the Internal Revised Code, and (II) the amount of 1869  
depreciation expense directly or indirectly allowed to the 1870  
taxpayer under section 179 of the Internal Revenue Code as that 1871  
section existed on December 31, 2002. 1872

(21) (a) If the taxpayer was required to add an amount 1873  
under division (A) (20) (a) of this section for a taxable year, 1874  
deduct one of the following: 1875

(i) One-fifth of the amount so added for each of the five 1876  
succeeding taxable years if the amount so added was five-sixths 1877  
of qualifying section 179 depreciation expense or depreciation 1878  
expense allowed by subsection (k) of section 168 of the Internal 1879  
Revenue Code; 1880

(ii) One-half of the amount so added for each of the two 1881  
succeeding taxable years if the amount so added was two-thirds 1882  
of such depreciation expense; 1883

(iii) One-sixth of the amount so added for each of the six 1884  
succeeding taxable years if the entire amount of such 1885  
depreciation expense was so added. 1886

(b) If the amount deducted under division (A) (21) (a) of 1887  
this section is attributable to an add-back allocated under 1888  
division (A) (20) (c) of this section, the amount deducted shall 1889  
be situated to the same location. Otherwise, the add-back shall 1890  
be apportioned using the apportionment factors for the taxable 1891  
year in which the deduction is taken, subject to one or more of 1892  
the four alternative methods of apportionment enumerated in 1893  
section 5747.21 of the Revised Code. 1894

(c) No deduction is available under division (A) (21) (a) of 1895  
this section with regard to any depreciation allowed by section 1896

168(k) of the Internal Revenue Code and by the qualifying 1897  
section 179 depreciation expense amount to the extent that such 1898  
depreciation results in or increases a federal net operating 1899  
loss carryback or carryforward. If no such deduction is 1900  
available for a taxable year, the taxpayer may carry forward the 1901  
amount not deducted in such taxable year to the next taxable 1902  
year and add that amount to any deduction otherwise available 1903  
under division (A) (21) (a) of this section for that next taxable 1904  
year. The carryforward of amounts not so deducted shall continue 1905  
until the entire addition required by division (A) (20) (a) of 1906  
this section has been deducted. 1907

(d) No refund shall be allowed as a result of adjustments 1908  
made by division (A) (21) of this section. 1909

(22) Deduct, to the extent not otherwise deducted or 1910  
excluded in computing federal or Ohio adjusted gross income for 1911  
the taxable year, the amount the taxpayer received during the 1912  
taxable year as reimbursement for life insurance premiums under 1913  
section 5919.31 of the Revised Code. 1914

(23) Deduct, to the extent not otherwise deducted or 1915  
excluded in computing federal or Ohio adjusted gross income for 1916  
the taxable year, the amount the taxpayer received during the 1917  
taxable year as a death benefit paid by the adjutant general 1918  
under section 5919.33 of the Revised Code. 1919

(24) Deduct, to the extent included in federal adjusted 1920  
gross income and not otherwise allowable as a deduction or 1921  
exclusion in computing federal or Ohio adjusted gross income for 1922  
the taxable year, military pay and allowances received by the 1923  
taxpayer during the taxable year for active duty service in the 1924  
United States army, air force, navy, marine corps, or coast 1925  
guard or reserve components thereof or the national guard. The 1926

deduction may not be claimed for military pay and allowances 1927  
received by the taxpayer while the taxpayer is stationed in this 1928  
state. 1929

(25) Deduct, to the extent not otherwise allowable as a 1930  
deduction or exclusion in computing federal or Ohio adjusted 1931  
gross income for the taxable year and not otherwise compensated 1932  
for by any other source, the amount of qualified organ donation 1933  
expenses incurred by the taxpayer during the taxable year, not 1934  
to exceed ten thousand dollars. A taxpayer may deduct qualified 1935  
organ donation expenses only once for all taxable years 1936  
beginning with taxable years beginning in 2007. 1937

For the purposes of division (A) (25) of this section: 1938

(a) "Human organ" means all or any portion of a human 1939  
liver, pancreas, kidney, intestine, or lung, and any portion of 1940  
human bone marrow. 1941

(b) "Qualified organ donation expenses" means travel 1942  
expenses, lodging expenses, and wages and salary forgone by a 1943  
taxpayer in connection with the taxpayer's donation, while 1944  
living, of one or more of the taxpayer's human organs to another 1945  
human being. 1946

(26) Deduct, to the extent not otherwise deducted or 1947  
excluded in computing federal or Ohio adjusted gross income for 1948  
the taxable year, amounts received by the taxpayer as retired 1949  
personnel pay for service in the uniformed services or reserve 1950  
components thereof, or the national guard, or received by the 1951  
surviving spouse or former spouse of such a taxpayer under the 1952  
survivor benefit plan on account of such a taxpayer's death. If 1953  
the taxpayer receives income on account of retirement paid under 1954  
the federal civil service retirement system or federal employees 1955

retirement system, or under any successor retirement program 1956  
enacted by the congress of the United States that is established 1957  
and maintained for retired employees of the United States 1958  
government, and such retirement income is based, in whole or in 1959  
part, on credit for the taxpayer's uniformed service, the 1960  
deduction allowed under this division shall include only that 1961  
portion of such retirement income that is attributable to the 1962  
taxpayer's uniformed service, to the extent that portion of such 1963  
retirement income is otherwise included in federal adjusted 1964  
gross income and is not otherwise deducted under this section. 1965  
Any amount deducted under division (A) (26) of this section is 1966  
not included in a taxpayer's adjusted gross income for the 1967  
purposes of section 5747.055 of the Revised Code. No amount may 1968  
be deducted under division (A) (26) of this section on the basis 1969  
of which a credit was claimed under section 5747.055 of the 1970  
Revised Code. 1971

(27) Deduct, to the extent not otherwise deducted or 1972  
excluded in computing federal or Ohio adjusted gross income for 1973  
the taxable year, the amount the taxpayer received during the 1974  
taxable year from the military injury relief fund created in 1975  
section 5902.05 of the Revised Code. 1976

(28) Deduct, to the extent not otherwise deducted or 1977  
excluded in computing federal or Ohio adjusted gross income for 1978  
the taxable year, the amount the taxpayer received as a veterans 1979  
bonus during the taxable year from the Ohio department of 1980  
veterans services as authorized by Section 2r of Article VIII, 1981  
Ohio Constitution. 1982

(29) Deduct, to the extent not otherwise deducted or 1983  
excluded in computing federal or Ohio adjusted gross income for 1984  
the taxable year, any income derived from a transfer agreement 1985

or from the enterprise transferred under that agreement under 1986  
section 4313.02 of the Revised Code. 1987

(30) Deduct, to the extent not otherwise deducted or 1988  
excluded in computing federal or Ohio adjusted gross income for 1989  
the taxable year, Ohio college opportunity or federal Pell grant 1990  
amounts received by the taxpayer or the taxpayer's spouse or 1991  
dependent pursuant to section 3333.122 of the Revised Code or 20 1992  
U.S.C. 1070a, et seq., and used to pay room or board furnished 1993  
by the educational institution for which the grant was awarded 1994  
at the institution's facilities, including meal plans 1995  
administered by the institution. For the purposes of this 1996  
division, receipt of a grant includes the distribution of a 1997  
grant directly to an educational institution and the crediting 1998  
of the grant to the enrollee's account with the institution. 1999

(31) ~~Deduct all business income~~ (a) For taxable years 2000  
beginning in 2015, deduct from the portion of an individual's 2001  
adjusted gross income that is business income, to the extent not 2002  
otherwise deducted or excluded in computing federal or Ohio 2003  
adjusted gross income for the taxable year, the lesser of the 2004  
following amounts: 2005

(i) Seventy-five per cent of the individual's business 2006  
income; 2007

(ii) Ninety-three thousand seven hundred fifty dollars for 2008  
each spouse if spouses file separate returns under section 2009  
5747.08 of the Revised Code or one hundred eighty-seven thousand 2010  
five hundred dollars for all other individuals. 2011

(b) For taxable years beginning in 2016 or thereafter, 2012  
deduct from the portion of an individual's adjusted gross income 2013  
that is business income, to the extent not otherwise deducted or 2014

excluded in computing federal adjusted gross income for the 2015  
taxable year, one hundred twenty-five thousand dollars for each 2016  
spouse if spouses file separate returns under section 5747.08 of 2017  
the Revised Code or two hundred fifty thousand dollars for all 2018  
other individuals. 2019

(B) "Business income" means income, including gain or 2020  
loss, arising from transactions, activities, and sources in the 2021  
regular course of a trade or business and includes income, gain, 2022  
or loss from real property, tangible property, and intangible 2023  
property if the acquisition, rental, management, and disposition 2024  
of the property constitute integral parts of the regular course 2025  
of a trade or business operation. "Business income" includes 2026  
income, including gain or loss, from a partial or complete 2027  
liquidation of a business, including, but not limited to, gain 2028  
or loss from the sale or other disposition of goodwill. 2029

(C) "Nonbusiness income" means all income other than 2030  
business income and may include, but is not limited to, 2031  
compensation, rents and royalties from real or tangible personal 2032  
property, capital gains, interest, dividends and distributions, 2033  
patent or copyright royalties, or lottery winnings, prizes, and 2034  
awards. 2035

(D) "Compensation" means any form of remuneration paid to 2036  
an employee for personal services. 2037

(E) "Fiduciary" means a guardian, trustee, executor, 2038  
administrator, receiver, conservator, or any other person acting 2039  
in any fiduciary capacity for any individual, trust, or estate. 2040

(F) "Fiscal year" means an accounting period of twelve 2041  
months ending on the last day of any month other than December. 2042

(G) "Individual" means any natural person. 2043

(H) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 2044  
2045

(I) "Resident" means any of the following, provided that division (I) (3) of this section applies only to taxable years of a trust beginning in 2002 or thereafter: 2046  
2047  
2048

(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code; 2049  
2050

(2) The estate of a decedent who at the time of death was domiciled in this state. The domicile tests of section 5747.24 of the Revised Code are not controlling for purposes of division (I) (2) of this section. 2051  
2052  
2053  
2054

(3) A trust that, in whole or part, resides in this state. If only part of a trust resides in this state, the trust is a resident only with respect to that part. 2055  
2056  
2057

For the purposes of division (I) (3) of this section: 2058

(a) A trust resides in this state for the trust's current taxable year to the extent, as described in division (I) (3) (d) of this section, that the trust consists directly or indirectly, in whole or in part, of assets, net of any related liabilities, that were transferred, or caused to be transferred, directly or indirectly, to the trust by any of the following: 2059  
2060  
2061  
2062  
2063  
2064

(i) A person, a court, or a governmental entity or instrumentality on account of the death of a decedent, but only if the trust is described in division (I) (3) (e) (i) or (ii) of this section; 2065  
2066  
2067  
2068

(ii) A person who was domiciled in this state for the purposes of this chapter when the person directly or indirectly transferred assets to an irrevocable trust, but only if at least 2069  
2070  
2071

one of the trust's qualifying beneficiaries is domiciled in this 2072  
state for the purposes of this chapter during all or some 2073  
portion of the trust's current taxable year; 2074

(iii) A person who was domiciled in this state for the 2075  
purposes of this chapter when the trust document or instrument 2076  
or part of the trust document or instrument became irrevocable, 2077  
but only if at least one of the trust's qualifying beneficiaries 2078  
is a resident domiciled in this state for the purposes of this 2079  
chapter during all or some portion of the trust's current 2080  
taxable year. If a trust document or instrument became 2081  
irrevocable upon the death of a person who at the time of death 2082  
was domiciled in this state for purposes of this chapter, that 2083  
person is a person described in division (I) (3) (a) (iii) of this 2084  
section. 2085

(b) A trust is irrevocable to the extent that the 2086  
transferor is not considered to be the owner of the net assets 2087  
of the trust under sections 671 to 678 of the Internal Revenue 2088  
Code. 2089

(c) With respect to a trust other than a charitable lead 2090  
trust, "qualifying beneficiary" has the same meaning as 2091  
"potential current beneficiary" as defined in section 1361(e) (2) 2092  
of the Internal Revenue Code, and with respect to a charitable 2093  
lead trust "qualifying beneficiary" is any current, future, or 2094  
contingent beneficiary, but with respect to any trust 2095  
"qualifying beneficiary" excludes a person or a governmental 2096  
entity or instrumentality to any of which a contribution would 2097  
qualify for the charitable deduction under section 170 of the 2098  
Internal Revenue Code. 2099

(d) For the purposes of division (I) (3) (a) of this 2100  
section, the extent to which a trust consists directly or 2101



indirectly, in whole or in part, of assets, net of any related 2102  
liabilities, that were transferred directly or indirectly, in 2103  
whole or part, to the trust by any of the sources enumerated in 2104  
that division shall be ascertained by multiplying the fair 2105  
market value of the trust's assets, net of related liabilities, 2106  
by the qualifying ratio, which shall be computed as follows: 2107

(i) The first time the trust receives assets, the 2108  
numerator of the qualifying ratio is the fair market value of 2109  
those assets at that time, net of any related liabilities, from 2110  
sources enumerated in division (I) (3) (a) of this section. The 2111  
denominator of the qualifying ratio is the fair market value of 2112  
all the trust's assets at that time, net of any related 2113  
liabilities. 2114

(ii) Each subsequent time the trust receives assets, a 2115  
revised qualifying ratio shall be computed. The numerator of the 2116  
revised qualifying ratio is the sum of (1) the fair market value 2117  
of the trust's assets immediately prior to the subsequent 2118  
transfer, net of any related liabilities, multiplied by the 2119  
qualifying ratio last computed without regard to the subsequent 2120  
transfer, and (2) the fair market value of the subsequently 2121  
transferred assets at the time transferred, net of any related 2122  
liabilities, from sources enumerated in division (I) (3) (a) of 2123  
this section. The denominator of the revised qualifying ratio is 2124  
the fair market value of all the trust's assets immediately 2125  
after the subsequent transfer, net of any related liabilities. 2126

(iii) Whether a transfer to the trust is by or from any of 2127  
the sources enumerated in division (I) (3) (a) of this section 2128  
shall be ascertained without regard to the domicile of the 2129  
trust's beneficiaries. 2130

(e) For the purposes of division (I) (3) (a) (i) of this 2131

section: 2132

(i) A trust is described in division (I) (3) (e) (i) of this 2133  
section if the trust is a testamentary trust and the testator of 2134  
that testamentary trust was domiciled in this state at the time 2135  
of the testator's death for purposes of the taxes levied under 2136  
Chapter 5731. of the Revised Code. 2137

(ii) A trust is described in division (I) (3) (e) (ii) of 2138  
this section if the transfer is a qualifying transfer described 2139  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 2140  
trust is an irrevocable inter vivos trust, and at least one of 2141  
the trust's qualifying beneficiaries is domiciled in this state 2142  
for purposes of this chapter during all or some portion of the 2143  
trust's current taxable year. 2144

(f) For the purposes of division (I) (3) (e) (ii) of this 2145  
section, a "qualifying transfer" is a transfer of assets, net of 2146  
any related liabilities, directly or indirectly to a trust, if 2147  
the transfer is described in any of the following: 2148

(i) The transfer is made to a trust, created by the 2149  
decedent before the decedent's death and while the decedent was 2150  
domiciled in this state for the purposes of this chapter, and, 2151  
prior to the death of the decedent, the trust became irrevocable 2152  
while the decedent was domiciled in this state for the purposes 2153  
of this chapter. 2154

(ii) The transfer is made to a trust to which the 2155  
decedent, prior to the decedent's death, had directly or 2156  
indirectly transferred assets, net of any related liabilities, 2157  
while the decedent was domiciled in this state for the purposes 2158  
of this chapter, and prior to the death of the decedent the 2159  
trust became irrevocable while the decedent was domiciled in 2160

this state for the purposes of this chapter. 2161

(iii) The transfer is made on account of a contractual 2162  
relationship existing directly or indirectly between the 2163  
transferor and either the decedent or the estate of the decedent 2164  
at any time prior to the date of the decedent's death, and the 2165  
decedent was domiciled in this state at the time of death for 2166  
purposes of the taxes levied under Chapter 5731. of the Revised 2167  
Code. 2168

(iv) The transfer is made to a trust on account of a 2169  
contractual relationship existing directly or indirectly between 2170  
the transferor and another person who at the time of the 2171  
decedent's death was domiciled in this state for purposes of 2172  
this chapter. 2173

(v) The transfer is made to a trust on account of the will 2174  
of a testator who was domiciled in this state at the time of the 2175  
testator's death for purposes of the taxes levied under Chapter 2176  
5731. of the Revised Code. 2177

(vi) The transfer is made to a trust created by or caused 2178  
to be created by a court, and the trust was directly or 2179  
indirectly created in connection with or as a result of the 2180  
death of an individual who, for purposes of the taxes levied 2181  
under Chapter 5731. of the Revised Code, was domiciled in this 2182  
state at the time of the individual's death. 2183

(g) The tax commissioner may adopt rules to ascertain the 2184  
part of a trust residing in this state. 2185

(J) "Nonresident" means an individual or estate that is 2186  
not a resident. An individual who is a resident for only part of 2187  
a taxable year is a nonresident for the remainder of that 2188  
taxable year. 2189

(K) "Pass-through entity" has the same meaning as in	2190
section 5733.04 of the Revised Code.	2191
(L) "Return" means the notifications and reports required	2192
to be filed pursuant to this chapter for the purpose of	2193
reporting the tax due and includes declarations of estimated tax	2194
when so required.	2195
(M) "Taxable year" means the calendar year or the	2196
taxpayer's fiscal year ending during the calendar year, or	2197
fractional part thereof, upon which the adjusted gross income is	2198
calculated pursuant to this chapter.	2199
(N) "Taxpayer" means any person subject to the tax imposed	2200
by section 5747.02 of the Revised Code or any pass-through	2201
entity that makes the election under division (D) of section	2202
5747.08 of the Revised Code.	2203
(O) "Dependents" means dependents as defined in the	2204
Internal Revenue Code and as claimed in the taxpayer's federal	2205
income tax return for the taxable year or which the taxpayer	2206
would have been permitted to claim had the taxpayer filed a	2207
federal income tax return.	2208
(P) "Principal county of employment" means, in the case of	2209
a nonresident, the county within the state in which a taxpayer	2210
performs services for an employer or, if those services are	2211
performed in more than one county, the county in which the major	2212
portion of the services are performed.	2213
(Q) As used in sections 5747.50 to 5747.55 of the Revised	2214
Code:	2215
(1) "Subdivision" means any county, municipal corporation,	2216
park district, or township.	2217

(2) "Essential local government purposes" includes all 2218  
functions that any subdivision is required by general law to 2219  
exercise, including like functions that are exercised under a 2220  
charter adopted pursuant to the Ohio Constitution. 2221

(R) "Overpayment" means any amount already paid that 2222  
exceeds the figure determined to be the correct amount of the 2223  
tax. 2224

(S) "Taxable income" or "Ohio taxable income" applies only 2225  
to estates and trusts, and means federal taxable income, as 2226  
defined and used in the Internal Revenue Code, adjusted as 2227  
follows: 2228

(1) Add interest or dividends, net of ordinary, necessary, 2229  
and reasonable expenses not deducted in computing federal 2230  
taxable income, on obligations or securities of any state or of 2231  
any political subdivision or authority of any state, other than 2232  
this state and its subdivisions and authorities, but only to the 2233  
extent that such net amount is not otherwise includible in Ohio 2234  
taxable income and is described in either division (S) (1) (a) or 2235  
(b) of this section: 2236

(a) The net amount is not attributable to the S portion of 2237  
an electing small business trust and has not been distributed to 2238  
beneficiaries for the taxable year; 2239

(b) The net amount is attributable to the S portion of an 2240  
electing small business trust for the taxable year. 2241

(2) Add interest or dividends, net of ordinary, necessary, 2242  
and reasonable expenses not deducted in computing federal 2243  
taxable income, on obligations of any authority, commission, 2244  
instrumentality, territory, or possession of the United States 2245  
to the extent that the interest or dividends are exempt from 2246

federal income taxes but not from state income taxes, but only 2247  
to the extent that such net amount is not otherwise includible 2248  
in Ohio taxable income and is described in either division (S) 2249  
(1) (a) or (b) of this section; 2250

(3) Add the amount of personal exemption allowed to the 2251  
estate pursuant to section 642(b) of the Internal Revenue Code; 2252

(4) Deduct interest or dividends, net of related expenses 2253  
deducted in computing federal taxable income, on obligations of 2254  
the United States and its territories and possessions or of any 2255  
authority, commission, or instrumentality of the United States 2256  
to the extent that the interest or dividends are exempt from 2257  
state taxes under the laws of the United States, but only to the 2258  
extent that such amount is included in federal taxable income 2259  
and is described in either division (S) (1) (a) or (b) of this 2260  
section; 2261

(5) Deduct the amount of wages and salaries, if any, not 2262  
otherwise allowable as a deduction but that would have been 2263  
allowable as a deduction in computing federal taxable income for 2264  
the taxable year, had the targeted jobs credit allowed under 2265  
sections 38, 51, and 52 of the Internal Revenue Code not been in 2266  
effect, but only to the extent such amount relates either to 2267  
income included in federal taxable income for the taxable year 2268  
or to income of the S portion of an electing small business 2269  
trust for the taxable year; 2270

(6) Deduct any interest or interest equivalent, net of 2271  
related expenses deducted in computing federal taxable income, 2272  
on public obligations and purchase obligations, but only to the 2273  
extent that such net amount relates either to income included in 2274  
federal taxable income for the taxable year or to income of the 2275  
S portion of an electing small business trust for the taxable 2276

year;	2277
(7) Add any loss or deduct any gain resulting from sale,	2278
exchange, or other disposition of public obligations to the	2279
extent that such loss has been deducted or such gain has been	2280
included in computing either federal taxable income or income of	2281
the S portion of an electing small business trust for the	2282
taxable year;	2283
(8) Except in the case of the final return of an estate,	2284
add any amount deducted by the taxpayer on both its Ohio estate	2285
tax return pursuant to section 5731.14 of the Revised Code, and	2286
on its federal income tax return in determining federal taxable	2287
income;	2288
(9) (a) Deduct any amount included in federal taxable	2289
income solely because the amount represents a reimbursement or	2290
refund of expenses that in a previous year the decedent had	2291
deducted as an itemized deduction pursuant to section 63 of the	2292
Internal Revenue Code and applicable treasury regulations. The	2293
deduction otherwise allowed under division (S) (9) (a) of this	2294
section shall be reduced to the extent the reimbursement is	2295
attributable to an amount the taxpayer or decedent deducted	2296
under this section in any taxable year.	2297
(b) Add any amount not otherwise included in Ohio taxable	2298
income for any taxable year to the extent that the amount is	2299
attributable to the recovery during the taxable year of any	2300
amount deducted or excluded in computing federal or Ohio taxable	2301
income in any taxable year, but only to the extent such amount	2302
has not been distributed to beneficiaries for the taxable year.	2303
(10) Deduct any portion of the deduction described in	2304
section 1341(a) (2) of the Internal Revenue Code, for repaying	2305

previously reported income received under a claim of right, that 2306  
meets both of the following requirements: 2307

(a) It is allowable for repayment of an item that was 2308  
included in the taxpayer's taxable income or the decedent's 2309  
adjusted gross income for a prior taxable year and did not 2310  
qualify for a credit under division (A) or (B) of section 2311  
5747.05 of the Revised Code for that year. 2312

(b) It does not otherwise reduce the taxpayer's taxable 2313  
income or the decedent's adjusted gross income for the current 2314  
or any other taxable year. 2315

(11) Add any amount claimed as a credit under section 2316  
5747.059 or 5747.65 of the Revised Code to the extent that the 2317  
amount satisfies either of the following: 2318

(a) The amount was deducted or excluded from the 2319  
computation of the taxpayer's federal taxable income as required 2320  
to be reported for the taxpayer's taxable year under the 2321  
Internal Revenue Code; 2322

(b) The amount resulted in a reduction in the taxpayer's 2323  
federal taxable income as required to be reported for any of the 2324  
taxpayer's taxable years under the Internal Revenue Code. 2325

(12) Deduct any amount, net of related expenses deducted 2326  
in computing federal taxable income, that a trust is required to 2327  
report as farm income on its federal income tax return, but only 2328  
if the assets of the trust include at least ten acres of land 2329  
satisfying the definition of "land devoted exclusively to 2330  
agricultural use" under section 5713.30 of the Revised Code, 2331  
regardless of whether the land is valued for tax purposes as 2332  
such land under sections 5713.30 to 5713.38 of the Revised Code. 2333  
If the trust is a pass-through entity investor, section 5747.231 2334



of the Revised Code applies in ascertaining if the trust is 2335  
eligible to claim the deduction provided by division (S) (12) of 2336  
this section in connection with the pass-through entity's farm 2337  
income. 2338

Except for farm income attributable to the S portion of an 2339  
electing small business trust, the deduction provided by 2340  
division (S) (12) of this section is allowed only to the extent 2341  
that the trust has not distributed such farm income. Division 2342  
(S) (12) of this section applies only to taxable years of a trust 2343  
beginning in 2002 or thereafter. 2344

(13) Add the net amount of income described in section 2345  
641(c) of the Internal Revenue Code to the extent that amount is 2346  
not included in federal taxable income. 2347

(14) Add or deduct the amount the taxpayer would be 2348  
required to add or deduct under division (A) (20) or (21) of this 2349  
section if the taxpayer's Ohio taxable income were computed in 2350  
the same manner as an individual's Ohio adjusted gross income is 2351  
computed under this section. In the case of a trust, division 2352  
(S) (14) of this section applies only to any of the trust's 2353  
taxable years beginning in 2002 or thereafter. 2354

(T) "School district income" and "school district income 2355  
tax" have the same meanings as in section 5748.01 of the Revised 2356  
Code. 2357

(U) As used in divisions (A) (8), (A) (9), (S) (6), and (S) 2358  
(7) of this section, "public obligations," "purchase 2359  
obligations," and "interest or interest equivalent" have the 2360  
same meanings as in section 5709.76 of the Revised Code. 2361

(V) "Limited liability company" means any limited 2362  
liability company formed under Chapter 1705. of the Revised Code 2363

or under the laws of any other state. 2364

(W) "Pass-through entity investor" means any person who, 2365  
during any portion of a taxable year of a pass-through entity, 2366  
is a partner, member, shareholder, or equity investor in that 2367  
pass-through entity. 2368

(X) "Banking day" has the same meaning as in section 2369  
1304.01 of the Revised Code. 2370

(Y) "Month" means a calendar month. 2371

(Z) "Quarter" means the first three months, the second 2372  
three months, the third three months, or the last three months 2373  
of the taxpayer's taxable year. 2374

(AA) (1) "Eligible institution" means a state university or 2375  
state institution of higher education as defined in section 2376  
3345.011 of the Revised Code, or a private, nonprofit college, 2377  
university, or other post-secondary institution located in this 2378  
state that possesses a certificate of authorization issued by 2379  
the chancellor of higher education pursuant to Chapter 1713. of 2380  
the Revised Code or a certificate of registration issued by the 2381  
state board of career colleges and schools under Chapter 3332. 2382  
of the Revised Code. 2383

(2) "Qualified tuition and fees" means tuition and fees 2384  
imposed by an eligible institution as a condition of enrollment 2385  
or attendance, not exceeding two thousand five hundred dollars 2386  
in each of the individual's first two years of post-secondary 2387  
education. If the individual is a part-time student, "qualified 2388  
tuition and fees" includes tuition and fees paid for the 2389  
academic equivalent of the first two years of post-secondary 2390  
education during a maximum of five taxable years, not exceeding 2391  
a total of five thousand dollars. "Qualified tuition and fees" 2392

does not include:	2393
(a) Expenses for any course or activity involving sports, games, or hobbies unless the course or activity is part of the individual's degree or diploma program;	2394 2395 2396
(b) The cost of books, room and board, student activity fees, athletic fees, insurance expenses, or other expenses unrelated to the individual's academic course of instruction;	2397 2398 2399
(c) Tuition, fees, or other expenses paid or reimbursed through an employer, scholarship, grant in aid, or other educational benefit program.	2400 2401 2402
(BB) (1) "Modified business income" means the business income included in a trust's Ohio taxable income after such taxable income is first reduced by the qualifying trust amount, if any.	2403 2404 2405 2406
(2) "Qualifying trust amount" of a trust means capital gains and losses from the sale, exchange, or other disposition of equity or ownership interests in, or debt obligations of, a qualifying investee to the extent included in the trust's Ohio taxable income, but only if the following requirements are satisfied:	2407 2408 2409 2410 2411 2412
(a) The book value of the qualifying investee's physical assets in this state and everywhere, as of the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss, is available to the trust.	2413 2414 2415 2416 2417
(b) The requirements of section 5747.011 of the Revised Code are satisfied for the trust's taxable year in which the trust recognizes the gain or loss.	2418 2419 2420

Any gain or loss that is not a qualifying trust amount is 2421  
modified business income, qualifying investment income, or 2422  
modified nonbusiness income, as the case may be. 2423

(3) "Modified nonbusiness income" means a trust's Ohio 2424  
taxable income other than modified business income, other than 2425  
the qualifying trust amount, and other than qualifying 2426  
investment income, as defined in section 5747.012 of the Revised 2427  
Code, to the extent such qualifying investment income is not 2428  
otherwise part of modified business income. 2429

(4) "Modified Ohio taxable income" applies only to trusts, 2430  
and means the sum of the amounts described in divisions (BB) (4) 2431  
(a) to (c) of this section: 2432

(a) The fraction, calculated under section 5747.013, and 2433  
applying section 5747.231 of the Revised Code, multiplied by the 2434  
sum of the following amounts: 2435

(i) The trust's modified business income; 2436

(ii) The trust's qualifying investment income, as defined 2437  
in section 5747.012 of the Revised Code, but only to the extent 2438  
the qualifying investment income does not otherwise constitute 2439  
modified business income and does not otherwise constitute a 2440  
qualifying trust amount. 2441

(b) The qualifying trust amount multiplied by a fraction, 2442  
the numerator of which is the sum of the book value of the 2443  
qualifying investee's physical assets in this state on the last 2444  
day of the qualifying investee's fiscal or calendar year ending 2445  
immediately prior to the day on which the trust recognizes the 2446  
qualifying trust amount, and the denominator of which is the sum 2447  
of the book value of the qualifying investee's total physical 2448  
assets everywhere on the last day of the qualifying investee's 2449

fiscal or calendar year ending immediately prior to the day on 2450  
which the trust recognizes the qualifying trust amount. If, for 2451  
a taxable year, the trust recognizes a qualifying trust amount 2452  
with respect to more than one qualifying investee, the amount 2453  
described in division (BB) (4) (b) of this section shall equal the 2454  
sum of the products so computed for each such qualifying 2455  
investee. 2456

(c) (i) With respect to a trust or portion of a trust that 2457  
is a resident as ascertained in accordance with division (I) (3) 2458  
(d) of this section, its modified nonbusiness income. 2459

(ii) With respect to a trust or portion of a trust that is 2460  
not a resident as ascertained in accordance with division (I) (3) 2461  
(d) of this section, the amount of its modified nonbusiness 2462  
income satisfying the descriptions in divisions (B) (2) to (5) of 2463  
section 5747.20 of the Revised Code, except as otherwise 2464  
provided in division (BB) (4) (c) (ii) of this section. With 2465  
respect to a trust or portion of a trust that is not a resident 2466  
as ascertained in accordance with division (I) (3) (d) of this 2467  
section, the trust's portion of modified nonbusiness income 2468  
recognized from the sale, exchange, or other disposition of a 2469  
debt interest in or equity interest in a section 5747.212 2470  
entity, as defined in section 5747.212 of the Revised Code, 2471  
without regard to division (A) of that section, shall not be 2472  
allocated to this state in accordance with section 5747.20 of 2473  
the Revised Code but shall be apportioned to this state in 2474  
accordance with division (B) of section 5747.212 of the Revised 2475  
Code without regard to division (A) of that section. 2476

If the allocation and apportionment of a trust's income 2477  
under divisions (BB) (4) (a) and (c) of this section do not fairly 2478  
represent the modified Ohio taxable income of the trust in this 2479

state, the alternative methods described in division (C) of 2480  
section 5747.21 of the Revised Code may be applied in the manner 2481  
and to the same extent provided in that section. 2482

(5) (a) Except as set forth in division (BB) (5) (b) of this 2483  
section, "qualifying investee" means a person in which a trust 2484  
has an equity or ownership interest, or a person or unit of 2485  
government the debt obligations of either of which are owned by 2486  
a trust. For the purposes of division (BB) (2) (a) of this section 2487  
and for the purpose of computing the fraction described in 2488  
division (BB) (4) (b) of this section, all of the following apply: 2489

(i) If the qualifying investee is a member of a qualifying 2490  
controlled group on the last day of the qualifying investee's 2491  
fiscal or calendar year ending immediately prior to the date on 2492  
which the trust recognizes the gain or loss, then "qualifying 2493  
investee" includes all persons in the qualifying controlled 2494  
group on such last day. 2495

(ii) If the qualifying investee, or if the qualifying 2496  
investee and any members of the qualifying controlled group of 2497  
which the qualifying investee is a member on the last day of the 2498  
qualifying investee's fiscal or calendar year ending immediately 2499  
prior to the date on which the trust recognizes the gain or 2500  
loss, separately or cumulatively own, directly or indirectly, on 2501  
the last day of the qualifying investee's fiscal or calendar 2502  
year ending immediately prior to the date on which the trust 2503  
recognizes the qualifying trust amount, more than fifty per cent 2504  
of the equity of a pass-through entity, then the qualifying 2505  
investee and the other members are deemed to own the 2506  
proportionate share of the pass-through entity's physical assets 2507  
which the pass-through entity directly or indirectly owns on the 2508  
last day of the pass-through entity's calendar or fiscal year 2509

ending within or with the last day of the qualifying investee's 2510  
fiscal or calendar year ending immediately prior to the date on 2511  
which the trust recognizes the qualifying trust amount. 2512

(iii) For the purposes of division (BB) (5) (a) (iii) of this 2513  
section, "upper level pass-through entity" means a pass-through 2514  
entity directly or indirectly owning any equity of another pass- 2515  
through entity, and "lower level pass-through entity" means that 2516  
other pass-through entity. 2517

An upper level pass-through entity, whether or not it is 2518  
also a qualifying investee, is deemed to own, on the last day of 2519  
the upper level pass-through entity's calendar or fiscal year, 2520  
the proportionate share of the lower level pass-through entity's 2521  
physical assets that the lower level pass-through entity 2522  
directly or indirectly owns on the last day of the lower level 2523  
pass-through entity's calendar or fiscal year ending within or 2524  
with the last day of the upper level pass-through entity's 2525  
fiscal or calendar year. If the upper level pass-through entity 2526  
directly and indirectly owns less than fifty per cent of the 2527  
equity of the lower level pass-through entity on each day of the 2528  
upper level pass-through entity's calendar or fiscal year in 2529  
which or with which ends the calendar or fiscal year of the 2530  
lower level pass-through entity and if, based upon clear and 2531  
convincing evidence, complete information about the location and 2532  
cost of the physical assets of the lower pass-through entity is 2533  
not available to the upper level pass-through entity, then 2534  
solely for purposes of ascertaining if a gain or loss 2535  
constitutes a qualifying trust amount, the upper level pass- 2536  
through entity shall be deemed as owning no equity of the lower 2537  
level pass-through entity for each day during the upper level 2538  
pass-through entity's calendar or fiscal year in which or with 2539  
which ends the lower level pass-through entity's calendar or 2540

fiscal year. Nothing in division (BB) (5) (a) (iii) of this section 2541  
shall be construed to provide for any deduction or exclusion in 2542  
computing any trust's Ohio taxable income. 2543

(b) With respect to a trust that is not a resident for the 2544  
taxable year and with respect to a part of a trust that is not a 2545  
resident for the taxable year, "qualifying investee" for that 2546  
taxable year does not include a C corporation if both of the 2547  
following apply: 2548

(i) During the taxable year the trust or part of the trust 2549  
recognizes a gain or loss from the sale, exchange, or other 2550  
disposition of equity or ownership interests in, or debt 2551  
obligations of, the C corporation. 2552

(ii) Such gain or loss constitutes nonbusiness income. 2553

(6) "Available" means information is such that a person is 2554  
able to learn of the information by the due date plus 2555  
extensions, if any, for filing the return for the taxable year 2556  
in which the trust recognizes the gain or loss. 2557

(CC) "Qualifying controlled group" has the same meaning as 2558  
in section 5733.04 of the Revised Code. 2559

(DD) "Related member" has the same meaning as in section 2560  
5733.042 of the Revised Code. 2561

(EE) (1) For the purposes of division (EE) of this section: 2562

(a) "Qualifying person" means any person other than a 2563  
qualifying corporation. 2564

(b) "Qualifying corporation" means any person classified 2565  
for federal income tax purposes as an association taxable as a 2566  
corporation, except either of the following: 2567



(i) A corporation that has made an election under	2568
subchapter S, chapter one, subtitle A, of the Internal Revenue	2569
Code for its taxable year ending within, or on the last day of,	2570
the investor's taxable year;	2571
(ii) A subsidiary that is wholly owned by any corporation	2572
that has made an election under subchapter S, chapter one,	2573
subtitle A of the Internal Revenue Code for its taxable year	2574
ending within, or on the last day of, the investor's taxable	2575
year.	2576
(2) For the purposes of this chapter, unless expressly	2577
stated otherwise, no qualifying person indirectly owns any asset	2578
directly or indirectly owned by any qualifying corporation.	2579
(FF) For purposes of this chapter and Chapter 5751. of the	2580
Revised Code:	2581
(1) "Trust" does not include a qualified pre-income tax	2582
trust.	2583
(2) A "qualified pre-income tax trust" is any pre-income	2584
tax trust that makes a qualifying pre-income tax trust election	2585
as described in division (FF)(3) of this section.	2586
(3) A "qualifying pre-income tax trust election" is an	2587
election by a pre-income tax trust to subject to the tax imposed	2588
by section 5751.02 of the Revised Code the pre-income tax trust	2589
and all pass-through entities of which the trust owns or	2590
controls, directly, indirectly, or constructively through	2591
related interests, five per cent or more of the ownership or	2592
equity interests. The trustee shall notify the tax commissioner	2593
in writing of the election on or before April 15, 2006. The	2594
election, if timely made, shall be effective on and after	2595
January 1, 2006, and shall apply for all tax periods and tax	2596

years until revoked by the trustee of the trust. 2597

(4) A "pre-income tax trust" is a trust that satisfies all 2598  
of the following requirements: 2599

(a) The document or instrument creating the trust was 2600  
executed by the grantor before January 1, 1972; 2601

(b) The trust became irrevocable upon the creation of the 2602  
trust; and 2603

(c) The grantor was domiciled in this state at the time 2604  
the trust was created. 2605

(GG) "Uniformed services" has the same meaning as in 10 2606  
U.S.C. 101. 2607

(HH) "Taxable business income" means the amount by which 2608  
an individual's business income ~~reduced by deductions from~~ 2609  
~~business income and by one of the following amounts, provided~~ 2610  
~~that "taxable business income" shall not be less than zero:~~ 2611

~~(1) For taxable years beginning in 2015, the lesser of~~ 2612  
~~seventy five per cent of Ohio business income or (a) ninety~~ 2613  
~~three thousand seven hundred fifty dollars for each spouse if~~ 2614  
~~spouses file separate returns under section 5747.08 of the~~ 2615  
~~Revised Code or (b) one hundred eighty-seven thousand five~~ 2616  
~~hundred dollars for all other taxpayers;~~ 2617

~~(2) For taxable years beginning in 2016 and thereafter,~~ 2618  
that is included in federal adjusted gross income exceeds one 2619  
hundred twenty-five thousand dollars for each spouse if spouses 2620  
file separate returns under section 5747.08 of the Revised Code 2621  
or two hundred fifty thousand dollars for all other individuals. 2622

**Sec. 5747.02.** (A) For the purpose of providing revenue for 2623  
the support of schools and local government functions, to 2624

provide relief to property taxpayers, to provide revenue for the 2625  
general revenue fund, and to meet the expenses of administering 2626  
the tax levied by this chapter, there is hereby levied on every 2627  
individual, trust, and estate residing in or earning or 2628  
receiving income in this state, on every individual, trust, and 2629  
estate earning or receiving lottery winnings, prizes, or awards 2630  
pursuant to Chapter 3770. of the Revised Code, on every 2631  
individual, trust, and estate earning or receiving winnings on 2632  
casino gaming, and on every individual, trust, and estate 2633  
otherwise having nexus with or in this state under the 2634  
Constitution of the United States, an annual tax measured as 2635  
prescribed in divisions (A) (1) to (4) of this section. 2636

(1) In the case of trusts, the tax imposed by this section 2637  
shall be measured by modified Ohio taxable income under division 2638  
(D) of this section and levied at the same rates prescribed in 2639  
division (A) (3) of this section for individuals. 2640

(2) In the case of estates, the tax imposed by this 2641  
section shall be measured by Ohio taxable income and levied at 2642  
the same rates prescribed in division (A) (3) of this section for 2643  
individuals. 2644

(3) In the case of individuals, for taxable years 2645  
beginning in 2015 or thereafter, the tax imposed by this section 2646  
on income other than taxable business income shall be measured 2647  
by Ohio adjusted gross income, less taxable business income and 2648  
less an exemption for the taxpayer, the taxpayer's spouse, and 2649  
each dependent as provided in section 5747.025 of the Revised 2650  
Code. The tax imposed on the balance thus obtained is hereby 2651  
levied as follows: 2652

OHIO ADJUSTED GROSS 2653

_____INCOME LESS <u>TAXABLE BUSINESS</u>		2654
_____INCOME AND EXEMPTIONS		2655
(INDIVIDUALS)		2656
OR		2657
MODIFIED OHIO		2658
TAXABLE INCOME (TRUSTS)		2659
OR		2660
OHIO TAXABLE INCOME (ESTATES)	TAX	2661
\$5,000 or less	.495%	2662
More than \$5,000 but	\$24.75 plus .990% of the amount	2663
not more than \$10,000	in excess of \$5,000	2664
More than \$10,000 but	\$74.25 plus 1.980% of the amount	2665
not more than \$15,000	in excess of \$10,000	2666
More than \$15,000 but	\$173.25 plus 2.476% of the amount	2667
not more than \$20,000	in excess of \$15,000	2668
More than \$20,000 but	\$297.05 plus 2.969% of the amount	2669
not more than \$40,000	in excess of \$20,000	2670
More than \$40,000 but	\$890.85 plus 3.465% of the amount	2671
not more than \$80,000	in excess of \$40,000	2672
More than \$80,000 but	\$2,276.85 plus 3.960% of the amount	2673
not more than \$100,000	in excess of \$80,000	2674
More than \$100,000 but	\$3,068.85 plus 4.597% of the amount	2675
not more than \$200,000	in excess of \$100,000	2676
More than \$200,000	\$7,665.85 plus 4.997% of the amount	2677
	in excess of \$200,000	2678
(4) (a) In the case of individuals, for taxable years		2679
beginning in 2015 or thereafter, the tax imposed by this section		2680
on <u>taxable business</u> income shall equal three per cent of <u>the</u>		2681
<u>result obtained by subtracting any amount allowed under division</u>		2682
<u>(A) (4) (b) of this section from the taxpayer's individual's</u>		2683

taxable business income. 2684

(b) If the exemptions allowed to an individual under 2685  
division (A) (3) of this section exceed the taxpayer's Ohio 2686  
adjusted gross income less taxable business income, the excess 2687  
shall be deducted from taxable business income before computing 2688  
the tax under division (A) (4) (a) of this section. 2689

Except as otherwise provided in this division, in August 2690  
of each year, the tax commissioner shall make a new adjustment 2691  
to the income amounts prescribed in division (A) (3) of this 2692  
section by multiplying the percentage increase in the gross 2693  
domestic product deflator computed that year under section 2694  
5747.025 of the Revised Code by each of the income amounts 2695  
resulting from the adjustment under this division in the 2696  
preceding year, adding the resulting product to the 2697  
corresponding income amount resulting from the adjustment in the 2698  
preceding year, and rounding the resulting sum to the nearest 2699  
multiple of fifty dollars. The tax commissioner also shall 2700  
recompute each of the tax dollar amounts to the extent necessary 2701  
to reflect the new adjustment of the income amounts. The rates 2702  
of taxation shall not be adjusted. 2703

The adjusted amounts apply to taxable years beginning in 2704  
the calendar year in which the adjustments are made and to 2705  
taxable years beginning in each ensuing calendar year until a 2706  
calendar year in which a new adjustment is made pursuant to this 2707  
division. The tax commissioner shall not make a new adjustment 2708  
in any year in which the amount resulting from the adjustment 2709  
would be less than the amount resulting from the adjustment in 2710  
the preceding year. The commissioner shall not make a new 2711  
adjustment for taxable years beginning in 2013, 2014, or 2015. 2712

(B) If the director of budget and management makes a 2713

certification to the tax commissioner under division (B) of 2714  
section 131.44 of the Revised Code, the amount of tax as 2715  
determined under divisions (A) (1) to (3) of this section shall 2716  
be reduced by the percentage prescribed in that certification 2717  
for taxable years beginning in the calendar year in which that 2718  
certification is made. 2719

(C) The levy of this tax on income does not prevent a 2720  
municipal corporation, a joint economic development zone created 2721  
under section 715.691, or a joint economic development district 2722  
created under section 715.70 or 715.71 or sections 715.72 to 2723  
715.81 of the Revised Code from levying a tax on income. 2724

(D) This division applies only to taxable years of a trust 2725  
beginning in 2002 or thereafter. 2726

(1) The tax imposed by this section on a trust shall be 2727  
computed by multiplying the Ohio modified taxable income of the 2728  
trust by the rates prescribed by division (A) of this section. 2729

(2) A resident trust may claim a credit against the tax 2730  
computed under division (D) of this section equal to the lesser 2731  
of (1) the tax paid to another state or the District of Columbia 2732  
on the resident trust's modified nonbusiness income, other than 2733  
the portion of the resident trust's nonbusiness income that is 2734  
qualifying investment income as defined in section 5747.012 of 2735  
the Revised Code, or (2) the effective tax rate, based on 2736  
modified Ohio taxable income, multiplied by the resident trust's 2737  
modified nonbusiness income other than the portion of the 2738  
resident trust's nonbusiness income that is qualifying 2739  
investment income. The credit applies before any other 2740  
applicable credits. 2741

(3) The credits enumerated in ~~division~~divisions (A) (1) ~~or~~ 2742

~~(2) to (10) and (A) (19) to (21)~~ of section 5747.98 of the Revised Code do not apply to a trust subject to division (D) of this section. Any credits enumerated in ~~division (A) (3) or (4)~~ other divisions of section 5747.98 of the Revised Code apply to a trust subject to division (D) of this section. To the extent that the trust distributes income for the taxable year for which a credit is available to the trust, the credit shall be shared by the trust and its beneficiaries. The tax commissioner and the trust shall be guided by applicable regulations of the United States treasury regarding the sharing of credits.

(E) For the purposes of this section, "trust" means any trust described in Subchapter J of Chapter 1 of the Internal Revenue Code, excluding trusts that are not irrevocable as defined in division (I) (3) (b) of section 5747.01 of the Revised Code and that have no modified Ohio taxable income for the taxable year, charitable remainder trusts, qualified funeral trusts and preneed funeral contract trusts established pursuant to sections 4717.31 to 4717.38 of the Revised Code that are not qualified funeral trusts, endowment and perpetual care trusts, qualified settlement trusts and funds, designated settlement trusts and funds, and trusts exempted from taxation under section 501(a) of the Internal Revenue Code.

**Sec. 5747.05.** As used in this section, "income tax" includes both a tax on net income and a tax measured by net income.

The following credits shall be allowed against the aggregate income tax liability imposed by section 5747.02 of the Revised Code on individuals and estates:

(A) (1) The amount of tax otherwise due under section 5747.02 of the Revised Code on such portion of the combined

adjusted gross income and business income of any nonresident taxpayer that is not allocable or apportionable to this state pursuant to sections 5747.20 to 5747.23 of the Revised Code. The credit provided under this division shall not exceed the total tax due under section 5747.02 of the Revised Code.

(2) The tax commissioner may enter into an agreement with the taxing authorities of any state or of the District of Columbia that imposes an income tax to provide that compensation paid in this state to a nonresident taxpayer shall not be subject to the tax levied in section 5747.02 of the Revised Code so long as compensation paid in such other state or in the District of Columbia to a resident taxpayer shall likewise not be subject to the income tax of such other state or of the District of Columbia.

(B) The lesser of division (B) (1) or (2) of this section:

(1) The aggregate amount of tax otherwise due under section 5747.02 of the Revised Code on such portion of the combined adjusted gross income and business income of a resident taxpayer that in another state or in the District of Columbia is subjected to an income tax. The credit provided under division (B) (1) of this section shall not exceed the total tax due under section 5747.02 of the Revised Code.

(2) The amount of income tax liability to another state or the District of Columbia on the portion of the combined adjusted gross income and business income of a resident taxpayer that in another state or in the District of Columbia is subjected to an income tax. The credit provided under division (B) (2) of this section shall not exceed the total amount of tax otherwise due under section 5747.02 of the Revised Code.



(3) If the credit provided under division (B) of this section is affected by a change in either the portion of the combined adjusted gross income and business income of a resident taxpayer subjected to an income tax in another state or the District of Columbia or the amount of income tax liability that has been paid to another state or the District of Columbia, the taxpayer shall report the change to the tax commissioner within sixty days of the change in such form as the commissioner requires.

(a) In the case of an underpayment, the report shall be accompanied by payment of any additional tax due as a result of the reduction in credit together with interest on the additional tax and is a return subject to assessment under section 5747.13 of the Revised Code solely for the purpose of assessing any additional tax due under this division, together with any applicable penalty and interest. It shall not reopen the computation of the taxpayer's tax liability under this chapter from a previously filed return no longer subject to assessment except to the extent that such liability is affected by an adjustment to the credit allowed by division (B) of this section.

(b) In the case of an overpayment, an application for refund may be filed under this division within the sixty-day period prescribed for filing the report even if it is beyond the period prescribed in section 5747.11 of the Revised Code if it otherwise conforms to the requirements of such section. An application filed under this division shall only claim refund of overpayments resulting from an adjustment to the credit allowed by division (B) of this section unless it is also filed within the time prescribed in section 5747.11 of the Revised Code. It shall not reopen the computation of the taxpayer's tax liability

except to the extent that such liability is affected by an 2833  
adjustment to the credit allowed by division (B) of this 2834  
section. 2835

(4) No credit shall be allowed under division (B) of this 2836  
section: 2837

(a) For income tax paid or accrued to another state or to 2838  
the District of Columbia if the taxpayer, when computing federal 2839  
adjusted gross income, has directly or indirectly deducted, or 2840  
was required to directly or indirectly deduct, the amount of 2841  
that income tax; 2842

(b) For compensation that is not subject to the income tax 2843  
of another state or the District of Columbia as the result of an 2844  
agreement entered into by the tax commissioner under division 2845  
(A) (3) of this section; or 2846

(c) For income tax paid or accrued to another state or the 2847  
District of Columbia if the taxpayer fails to furnish such proof 2848  
as the tax commissioner shall require that such income tax 2849  
liability has been paid. 2850

(C) An individual who is a resident for part of a taxable 2851  
year and a nonresident for the remainder of the taxable year is 2852  
allowed the credits under divisions (A) and (B) of this section 2853  
in accordance with rules prescribed by the tax commissioner. In 2854  
no event shall the same income be subject to both credits. 2855

(D) The credit allowed under division (A) of this section 2856  
shall be calculated based upon the amount of tax due under 2857  
section 5747.02 of the Revised Code after subtracting any other 2858  
credits that precede the credit under that division in the order 2859  
required under section 5747.98 of the Revised Code. The credit 2860  
allowed under division (B) of this section shall be calculated 2861

based upon the amount of tax due under section 5747.02 of the Revised Code after subtracting any other credits that precede the credit under that division in the order required under section 5747.98 of the Revised Code.

(E) (1) On a joint return filed by ~~a husband and wife~~ two married individuals, each of whom had adjusted gross income of at least five hundred dollars, ~~exclusive of interest, dividends and distributions, royalties, rent, and capital gains~~, a credit equal to the ~~percentage shown in the table contained in this division of the amount of tax due after allowing for any other credit that precedes the credit under this division in the order required under section 5747.98 of the Revised Code.~~

~~(2) The credit to which a taxpayer is entitled under this division in any taxable year is lesser of six hundred fifty dollars or the percentage shown in column B that corresponds with the taxpayer's adjusted gross income, less exemptions for the taxable year, of the total amount of tax due after allowing for any other credit that precedes this credit as required under section 5747.98 of the Revised Code:~~

A.	B.	
IF THE ADJUSTED GROSS INCOME,	THE CREDIT FOR THE TAXABLE	
LESS EXEMPTIONS, FOR THE	YEAR IS:	
TAX YEAR IS:		
\$25,000 or less	20%	
More than \$25,000 but not more than \$50,000	15%	
More than \$50,000 but not more than \$75,000	10%	
More than \$75,000	5%	

~~(3) The credit allowed under this division shall not exceed six hundred fifty dollars in any taxable year.~~ 2891  
2892

~~(4)~~ (2) The credit shall be claimed in the order required under section 5747.98 of the Revised Code. 2893  
2894

(F) No claim for credit under this section shall be allowed unless the claimant furnishes such supporting information as the tax commissioner prescribes by rules. 2895  
2896  
2897

**Sec. 5747.054.** ~~As used in this section, "adjusted gross income" means adjusted gross income as defined in section 5747.01 of the Revised Code.~~ 2898  
2899  
2900

~~For taxable years ending on or after January 1, 1988, in addition to all other credits allowed by this chapter, a credit shall be allowed against the a taxpayer's aggregate tax imposed by liability under section 5747.02 of the Revised Code for taxpayers with adjusted gross income of less than ~~thirty thousand dollars; and, for taxable years beginning on or after January 1, 1993, for taxpayers with adjusted gross income of less than~~ forty thousand dollars. The amount of the credit shall equal twenty-five per cent of the federal dependent care credit for which the taxpayer is eligible for the taxable year under section 21 of the Internal Revenue Code, 26 U.S.C.A. 21; except that, ~~for taxable years beginning on or after January 1, 1997,~~ the amount of the credit for a taxpayer with adjusted gross income of less than twenty thousand dollars shall equal the federal credit for which the taxpayer is eligible, in any case without regard to any limitation imposed by section 26 of the Internal Revenue Code, 26 U.S.C.A. 26.~~ 2901  
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The credit allowed by this section shall be claimed in the order required under section 5747.98 of the Revised Code. 2918  
2919

**Sec. 5747.055.** (A) As used in this section "retirement  
income" means retirement benefits, annuities, or distributions  
that are made from or pursuant to a pension, retirement, or  
profit-sharing plan and that:

(1) In the case of an individual, are received by the  
individual on account of retirement and are included in the  
individual's adjusted gross income;

(2) In the case of an estate, are payable to the estate  
for the benefit of the surviving spouse of the decedent and are  
included in the estate's taxable income.

(B) A credit shall be allowed against ~~the a taxpayer's~~  
aggregate tax imposed by liability under section 5747.02 of the  
Revised Code for taxpayers who received retirement income during  
the taxable year and whose adjusted gross income for the taxable  
year, less applicable exemptions under section 5747.025 of the  
Revised Code, as shown on an individual or joint annual return  
is less than one hundred thousand dollars. Only one such credit  
shall be allowed for each return, and the amount of the credit  
shall be computed in accordance with the following schedule:

AMOUNT OF RETIREMENT INCOME RECEIVED DURING THE TAXABLE YEAR	CREDIT FOR THE TAXABLE YEAR
\$500 or less	\$ 0
Over \$500 but not more than \$1,500	\$ 25
Over \$1,500 but not more than \$3,000	\$ 50
Over \$3,000 but not more than \$5,000	\$ 80
Over \$5,000 but not more than \$8,000	\$130
Over \$8,000	\$200

(C) A taxpayer who received a lump-sum distribution from a  
pension, retirement, or profit-sharing plan in the taxable year

and whose adjusted gross income for the taxable year, less 2949  
applicable exemptions under section 5747.025 of the Revised 2950  
Code, as shown on an individual or joint annual return is less 2951  
than one hundred thousand dollars, may elect to receive a credit 2952  
under this division in lieu of the credit allowed under division 2953  
(B) of this section. A taxpayer making such an election is not 2954  
entitled to the credit authorized under this division or 2955  
division (B) of this section in subsequent taxable years. A 2956  
taxpayer electing the credit under this division shall receive a 2957  
credit for the taxable year against the taxpayer's aggregate tax 2958  
~~imposed by liability under~~ section 5747.02 of the Revised Code 2959  
computed as follows: 2960

(1) Divide the amount of retirement income received during 2961  
the taxable year by the taxpayer's expected remaining life on 2962  
the last day of the taxable year, as shown by annuity tables 2963  
issued under the provisions of the Internal Revenue Code and in 2964  
effect for the calendar year that includes the last day of the 2965  
taxable year; 2966

(2) Using the quotient thus obtained as the amount of 2967  
retirement income received during the taxable year, compute the 2968  
credit for the taxable year in accordance with division (B) of 2969  
this section; 2970

(3) Multiply the credit thus obtained by the taxpayer's 2971  
expected remaining life. The product thus obtained shall be the 2972  
credit under this division for the taxable year. 2973

(D) If the credit under division (C) or (E) of this 2974  
section exceeds the taxpayer's aggregate tax ~~due liability under~~ 2975  
section 5747.02 of the Revised Code for the taxable year after 2976  
allowing for any other credit that precedes that credit in the 2977  
order required under section 5747.98 of the Revised Code, the 2978

taxpayer may elect to receive a credit for each subsequent 2979  
taxable year. The amount of the credit for each such year shall 2980  
be computed as follows: 2981

(1) Determine the amount by which the unused credit 2982  
elected under division (C) or (E) of this section exceeded the 2983  
total tax due for the taxable year after allowing for any 2984  
preceding credit in the required order; 2985

(2) Divide the amount of such excess by one year less than 2986  
the taxpayer's expected remaining life on the last day of the 2987  
taxable year of the distribution for which the credit was 2988  
allowed under division (C) or (E) of this section. The quotient 2989  
thus obtained shall be the credit for each subsequent year. 2990

(E) If subsequent to the receipt of a lump-sum 2991  
distribution and an election under division (C) of this section 2992  
an individual receives another lump-sum distribution within one 2993  
taxable year, and the taxpayer's adjusted gross income for the 2994  
taxable year, less applicable exemptions under section 5747.025 2995  
of the Revised Code, as shown on an individual or joint annual 2996  
return is less than one hundred thousand dollars, the taxpayer 2997  
may elect to receive a credit for that taxable year. The credit 2998  
shall equal the lesser of: 2999

(1) A credit computed in the manner prescribed in division 3000  
(C) of this section; 3001

(2) The amount of credit, if any, to which the taxpayer 3002  
would otherwise be entitled for the taxable year under division 3003  
(D) of this section times the taxpayer's expected remaining life 3004  
on the last day of the taxable year. A taxpayer who elects to 3005  
receive a credit under this division is not entitled to a credit 3006  
under this division or division (B) or (C) of this section for 3007

any subsequent year except as provided in division (D) of this section. 3008  
3009

(F) A credit equal to fifty dollars for each return 3010  
required to be filed under section 5747.08 of the Revised Code 3011  
shall be allowed against ~~the a taxpayer's aggregate tax imposed~~ 3012  
by liability under section 5747.02 of the Revised Code for 3013  
taxpayers sixty-five years of age or older during the taxable 3014  
year whose adjusted gross income, less applicable exemptions 3015  
under section 5747.025 of the Revised Code, as shown on an 3016  
individual or joint annual return is less than one hundred 3017  
thousand dollars for that taxable year. 3018

(G) A taxpayer sixty-five years of age or older during the 3019  
taxable year who has received a lump-sum distribution from a 3020  
pension, retirement, or profit-sharing plan in the taxable year, 3021  
and whose adjusted gross income, less applicable exemptions 3022  
under section 5747.025 of the Revised Code, as shown on an 3023  
individual or joint annual return is less than one hundred 3024  
thousand dollars for that taxable year may elect to receive a 3025  
credit under this division in lieu of the credit to which the 3026  
taxpayer is entitled under division (F) of this section. A 3027  
taxpayer making such an election shall receive a credit for the 3028  
taxable year against the taxpayer's aggregate tax imposed by 3029  
liability under section 5747.02 of the Revised Code equal to 3030  
fifty dollars times the taxpayer's expected remaining life as 3031  
shown by annuity tables issued under the Internal Revenue Code 3032  
and in effect for the calendar year that includes the last day 3033  
of the taxable year. A taxpayer making an election under this 3034  
division is not entitled to the credit authorized under this 3035  
division or division (F) of this section in subsequent taxable 3036  
years. 3037



(H) The credits allowed by this section shall be claimed 3038  
in the order required under section 5747.98 of the Revised Code. 3039  
The tax commissioner may require a taxpayer to furnish any 3040  
information necessary to support a claim for credit under this 3041  
section, and no credit shall be allowed unless such information 3042  
is provided. 3043

**Sec. 5747.056.** For taxable years beginning in ~~2005-2015~~ or 3044  
thereafter, a nonrefundable credit equal to eighty-eight dollars 3045  
shall be allowed per return against the aggregate amount of tax 3046  
~~imposed by due under~~ section 5747.02 of the Revised Code ~~for a~~ 3047  
~~on an individual's return not filed by an estate or trust that~~ 3048  
indicates Ohio adjusted gross income less exemptions of ten 3049  
thousand dollars or less. ~~For taxable years beginning in 2005,~~ 3050  
~~the credit shall equal one hundred seven dollars. For taxable~~ 3051  
~~years beginning in 2006, the credit shall equal one hundred two~~ 3052  
~~dollars. For taxable years beginning in 2007, the credit shall~~ 3053  
~~equal ninety-eight dollars. For taxable years beginning in 2008,~~ 3054  
~~2009, or 2010, the credit shall equal ninety-three dollars. For~~ 3055  
~~taxable years beginning in 2011 or thereafter, the credit shall~~ 3056  
~~equal eighty-eight dollars.~~ The credit shall be claimed in the 3057  
order required under section 5747.98 of the Revised Code. 3058

**Sec. 5747.059.** (A) This section applies only to reduce ~~the~~ 3059  
a taxpayer's aggregate tax imposed by liability under section 3060  
5747.02 of the Revised Code. 3061

(B) There is hereby allowed a refundable credit against 3062  
~~the a taxpayer's aggregate tax imposed liability~~ under section 3063  
5747.02 of the Revised Code. This credit shall be equal to the 3064  
taxpayer's proportionate share of the lesser of either the tax 3065  
due or the tax paid under section 5733.41 or 5747.41 of the 3066  
Revised Code by any qualifying entity as defined in section 3067

5733.40 of the Revised Code for the qualifying taxable year of 3068  
the qualifying entity which ends in the taxable year of the 3069  
taxpayer. 3070

(C) The taxpayer shall claim the credit for the taxpayer's 3071  
taxable year in which ends the qualifying entity's qualifying 3072  
taxable year. For purposes of making tax payments under this 3073  
chapter, taxes equal to the amount of the credit shall be 3074  
considered to be paid by the taxpayer to this state on the day 3075  
that the qualifying entity pays to the treasurer of state the 3076  
amount due pursuant to section 5733.41 and sections 5747.41 to 3077  
5747.453 of the Revised Code with respect to and for the 3078  
taxpayer. 3079

(D) In claiming the credit and determining the taxpayer's 3080  
proportionate share of the tax due and the tax paid by any 3081  
qualifying entity, the taxpayer shall follow the concepts set 3082  
forth in subchapters J and K of the Internal Revenue Code. 3083

(E) The credit shall be claimed in the order required 3084  
under section 5747.98 of the Revised Code. If the amount of the 3085  
credit under this section exceeds the aggregate amount of tax 3086  
otherwise due under section 5747.02 of the Revised Code after 3087  
deduction of all other credits in that order, the taxpayer is 3088  
entitled to a refund of the excess. 3089

**Sec. 5747.21.** (A) This section applies solely for the 3090  
purposes of computing the credit allowed under division (A) of 3091  
section 5747.05 of the Revised Code, and computing income 3092  
taxable in this state under division (D) of section 5747.08 of 3093  
the Revised Code, ~~computing the deduction under division (A) (31)~~ 3094  
~~of section 5747.01 of the Revised Code, and computing the credit~~ 3095  
~~allowed under section 5747.057 of the Revised Code.~~ 3096

(B) Except as otherwise provided under section 5747.212 of 3097  
the Revised Code, all items of business income and business 3098  
deduction shall be apportioned to this state by multiplying 3099  
business income by the fraction calculated under division (B) (2) 3100  
of section 5733.05 and section 5733.057 of the Revised Code as 3101  
if the taxpayer's business were a corporation subject to the tax 3102  
imposed by section 5733.06 of the Revised Code. 3103

(C) If the allocation and apportionment provisions of 3104  
sections 5747.20 to 5747.23 of the Revised Code or of any rule 3105  
adopted by the tax commissioner, do not fairly represent the 3106  
extent of business activity in this state of a taxpayer or pass- 3107  
through entity, the taxpayer or pass-through entity may request, 3108  
which request must be in writing accompanying a timely filed 3109  
return or timely filed amended return, or the tax commissioner 3110  
may require, in respect of all or any part of the business 3111  
activity, if reasonable, any one or more of the following: 3112

(1) Separate accounting; 3113

(2) The exclusion of one or more factors; 3114

(3) The inclusion of one or more additional factors which 3115  
will fairly represent the business activity in this state; 3116

(4) The employment of any other method to effectuate an 3117  
equitable allocation and apportionment of such business in this 3118  
state. An alternative method will be effective only with 3119  
approval of the tax commissioner. 3120

The tax commissioner may adopt rules in the manner 3121  
provided by sections 5703.14 and 5747.18 of the Revised Code 3122  
providing for alternative methods of calculating business income 3123  
and nonbusiness income applicable to all taxpayers and pass- 3124  
through entities, to classes of taxpayers and pass-through 3125

entities, or only to taxpayers and pass-through entities within 3126  
a certain industry. 3127

**Sec. 5747.212.** (A) This section applies solely for the 3128  
purpose of computing the credit allowed under division (A) of 3129  
section 5747.05 of the Revised Code, and computing income 3130  
taxable in this state under division (D) of section 5747.08 of 3131  
the Revised Code, ~~and computing the credit allowed under section~~ 3132  
~~5747.057 of the Revised Code.~~ 3133

(B) A taxpayer, directly or indirectly, owning at any time 3134  
during the three-year period ending on the last day of the 3135  
taxpayer's taxable year at least twenty per cent of the equity 3136  
voting rights of a section 5747.212 entity shall apportion any 3137  
income, including gain or loss, realized from each sale, 3138  
exchange, or other disposition of a debt or equity interest in 3139  
that entity as prescribed in this section. For such purposes, in 3140  
lieu of using the method prescribed by sections 5747.20 and 3141  
5747.21 of the Revised Code, the investor shall apportion the 3142  
income using the average of the section 5747.212 entity's 3143  
apportionment fractions otherwise applicable under section 3144  
5733.05, 5733.056, or 5747.21 of the Revised Code for the 3145  
current and two preceding taxable years. If the section 5747.212 3146  
entity was not in business for one or more of those years, each 3147  
year that the entity was not in business shall be excluded in 3148  
determining the average. 3149

(C) For the purposes of this section: 3150

(1) A "section 5747.212 entity" is any qualifying person 3151  
if, on at least one day of the three-year period ending on the 3152  
last day of the taxpayer's taxable year, any of the following 3153  
apply: 3154

(a) The qualifying person is a pass-through entity;	3155
(b) Five or fewer persons directly or indirectly own all the equity interests, with voting rights, of the qualifying person;	3156 3157 3158
(c) One person directly or indirectly owns at least fifty per cent of the qualifying person's equity interests with voting rights.	3159 3160 3161
(2) A "qualifying person" is any person other than an individual, estate, or trust.	3162 3163
(3) "Estate" and "trust" do not include any person classified for federal income tax purposes as an association taxable as a corporation.	3164 3165 3166
<b>Sec. 5747.22.</b> (A) This section applies solely for the purposes of computing the credit allowed under division (A) of section 5747.05 <u>of the Revised Code and</u> computing income taxable in this state under division (D) of section 5747.08, <del>and computing the deduction under division (A) (31) of section 5747.01</del> of the Revised Code.	3167 3168 3169 3170 3171 3172
(B) With respect to a pass-through entity, one or more of the pass-through entity investors of which are liable for the tax imposed by section 5747.02 of the Revised Code, the business income and deductions <del>included in the adjusted gross income</del> of the pass-through entity shall be apportioned to this state in the hands of the pass-through entity investors pursuant to section 5747.21 of the Revised Code. The business income and deductions as thus apportioned to this state then shall be allocated to the pass-through entity investors in proportion to their right to share in that business income.	3173 3174 3175 3176 3177 3178 3179 3180 3181 3182
(C) With respect to a pass-through entity described in	3183

division (B) of this section, the nonbusiness income and 3184  
deductions ~~included in the adjusted gross income~~ of the pass- 3185  
through entity shall be allocated to the pass-through entity 3186  
investors in proportion to their right to share in the 3187  
nonbusiness income, and then the pass-through entity shares 3188  
shall be allocated to this state in the hands of each pass- 3189  
through entity investor pursuant to section 5747.20 of the 3190  
Revised Code. 3191

**Sec. 5747.27.** As used in this section, "displaced worker" 3192  
means an individual who has lost or left ~~his~~ the individual's 3193  
job due to the closing or moving of the facility at which ~~he~~ the 3194  
individual was employed or the abolishment of ~~his~~ the 3195  
individual's position or shift at that facility and who has not 3196  
obtained another job at which ~~he~~ the individual works more than 3197  
twenty hours a week. 3198

A nonrefundable credit is allowed against the aggregate 3199  
tax ~~imposed liability~~ under section 5747.02 of the Revised Code 3200  
~~for of~~ a displaced worker who pays for job training to enhance 3201  
~~his the displaced worker's~~ ability to get a new job. The amount 3202  
of the credit equals the lesser of five hundred dollars or fifty 3203  
per cent of the amount the individual actually paid less any 3204  
reimbursements for job training during the twelve-month period 3205  
beginning when ~~he loses or leaves his job and becomes displaced~~ 3206  
the individual became a displaced worker. However, if the worker 3207  
~~receives reimbursement for his job training expenses from any~~ 3208  
~~source, the amount of the credit equals the lesser of five~~ 3209  
~~hundred dollars or fifty per cent of the amount obtained by~~ 3210  
~~subtracting the reimbursement from the amount paid for job~~ 3211  
~~training during that twelve-month period.~~ The credit shall be 3212  
claimed for the taxable year in which the worker pays for the 3213  
job training. If the twelve-month period after ~~he loses or~~ 3214

~~leaves his job~~ the individual becomes a displaced worker extends 3215  
over two taxable years ~~and the worker pays for job training in~~ 3216  
~~both those taxable years,~~ the worker may claim all or a portion 3217  
of the credit, not to exceed five hundred dollars, for both 3218  
~~those taxable years, but the aggregate amount claimed shall not~~ 3219  
~~exceed five hundred dollars.~~ The displaced worker shall claim 3220  
the credit in the order required under section 5747.98 of the 3221  
Revised Code. The credit for a taxable year shall not exceed the 3222  
displaced worker's tax liability for that year after allowing 3223  
for any other credit that precedes the credit under this section 3224  
in that order. 3225

**Sec. 5747.28.** (A) As used in this section: 3226

(1) "Qualifying property" means any property, plant, or 3227  
equipment used to produce grapes in this state, and includes but 3228  
is not limited to land and improvements to land, grape seeds and 3229  
vines, stakes, wiring, tractors, and other machinery used in the 3230  
growth, harvesting, or producing of grapes. 3231

(2) "Related member" has the same meaning as in division 3232  
(A) (6) of section 5733.042 of the Revised Code, without regard 3233  
to division (B) of that section. 3234

(B) A nonrefundable credit is allowed against ~~the a~~ 3235  
taxpayer's aggregate tax imposed by liability under section 3236  
5747.02 of the Revised Code for a taxpayer engaged in the 3237  
business of producing grapes who purchases qualifying property 3238  
on or after January 1, 1994. The amount of the credit equals ten 3239  
per cent of the cost of purchasing and installing or 3240  
constructing the qualifying property. The taxpayer shall claim 3241  
the credit in the taxable year in which the qualifying property 3242  
is placed in operation. The taxpayer shall claim the credit in 3243  
the order required under section 5747.98 of the Revised Code. 3244

The taxpayer may carry forward for the ensuing seven taxable 3245  
years any credit amount in excess of its aggregate tax due under 3246  
section 5747.02 of the Revised Code in the taxable year in which 3247  
the qualifying property is placed in operation after allowing 3248  
for any other credits that precede the credit under this section 3249  
in that order, and shall deduct the amount of the excess credit 3250  
allowed in any such year from the balance carried forward to the 3251  
next year. However, if the taxpayer is subject to a recapture 3252  
tax under division (C) (1) of this section because ~~it~~ the 3253  
taxpayer disposes of the qualifying property or ceases to use it 3254  
as qualifying property during the seven-year recapture period 3255  
prescribed under that division, ~~it~~ the taxpayer may claim no 3256  
credit in connection with that property in the taxable year of 3257  
disposal or cessation or any ensuing taxable year. 3258

(C) (1) If, within the seven-year period after qualifying 3259  
property is placed in operation, the taxpayer disposes of the 3260  
property or ceases to use it as qualifying property, the amount 3261  
of tax otherwise imposed on the taxpayer by section 5747.02 of 3262  
the Revised Code shall be increased in the taxable year in which 3263  
the property is disposed of or ceases to be used as qualifying 3264  
property. The amount of the increase shall equal the recapture 3265  
percentage multiplied by the aggregate credit the taxpayer has 3266  
been allowed under this section in all prior taxable years in 3267  
connection with that property. The recapture percentage shall be 3268  
determined in accordance with the following table: 3269

If the property is disposed of		3270
or ceases to be used as qualifying		3271
property within this amount of time	The recapture	3272
after being placed in operation:	percentage is:	3273
One year	100%	3274
Two years	86%	3275



Three years	72%	3276
Four years	58%	3277
Five years	44%	3278
Six years	30%	3279
Seven years	15%	3280
(2) Division (C) (1) of this section does not apply in any of the following circumstances:		3281 3282
(a) The qualifying property is transferred to a related member and the related member continues to use the property to produce grapes in this state;		3283 3284 3285
(b) The qualifying property is transferred to a family member and the family member continues to use the property to produce grapes in this state;		3286 3287 3288
(c) There is an involuntary disposition of the qualifying property. The involuntary disposition may be due to, without limitation, a bankruptcy, a receivership, or destruction by natural forces.		3289 3290 3291 3292
(D) The tax commissioner, by rule, may prescribe guidelines for taxpayers to use in determining if their property is qualifying property for the purposes of this section.		3293 3294 3295
<b>Sec. 5747.29.</b> A nonrefundable credit is allowed against <del>the a taxpayer's aggregate tax imposed by liability under</del> section 5747.02 of the Revised Code for contributions of money made to the campaign committee of candidates for any of the following public offices: governor, lieutenant governor, secretary of state, auditor of state, treasurer of state, attorney general, member of the state board of education, chief justice of the supreme court, justice of the supreme court, or member of the general assembly. The amount of the credit for a		3296 3297 3298 3299 3300 3301 3302 3303 3304

taxable year equals the lesser of the combined total 3305  
contributions made during the taxable year by each taxpayer 3306  
filing a return required to be filed under section 5747.08 of 3307  
the Revised Code or the amount of fifty dollars, in the case of 3308  
an individual return, or one hundred dollars, in the case of a 3309  
joint return. 3310

As used in this section: 3311

(A) "Candidate" has the same meaning as in division (C) (3) 3312  
of section 3517.01 of the Revised Code, but is limited to 3313  
candidates for the public offices specified in this section. 3314

(B) "Contribution" has the same meaning as in division (C) 3315  
(5) of section 3517.01 of the Revised Code, but is limited to 3316  
contributions of money only. 3317

The taxpayer shall claim the credit in the order required 3318  
under section 5747.98 of the Revised Code. The credit for a 3319  
taxable year shall not exceed the aggregate amount of tax 3320  
otherwise due for that year after allowing for any other credits 3321  
that precede the credit under this section in that order. 3322

**Sec. 5747.331.** (A) As used in this section: 3323

(1) "Borrower" means any person that receives a loan from 3324  
the director of development under section 166.21 of the Revised 3325  
Code, regardless of whether the borrower is subject to the tax 3326  
imposed by section 5747.02 of the Revised Code. 3327

(2) "Related member" has the same meaning as in section 3328  
5733.042 of the Revised Code. 3329

(3) "Qualified research and development loan payments" has 3330  
the same meaning as in section 166.21 of the Revised Code. 3331

(B) Beginning with taxable years beginning in 2003, a 3332

nonrefundable credit is allowed against ~~the~~ a taxpayer's 3333  
aggregate tax imposed by liability under section 5747.02 of the 3334  
Revised Code equal to a borrower's qualified research and 3335  
development loan payments made during the calendar year that 3336  
includes the last day of the taxable year for which the credit 3337  
is claimed. The amount of the credit for a taxable year shall 3338  
not exceed one hundred fifty thousand dollars. No taxpayer is 3339  
entitled to claim a credit under this section unless it has 3340  
obtained a certificate issued by the director of development 3341  
under division (D) of section 166.21 of the Revised Code and 3342  
submits a copy of the certificate with its report for the 3343  
taxable year. Failure to submit a copy of the certificate with 3344  
the report does not invalidate a claim for a credit if the 3345  
taxpayer submits a copy of the certificate within sixty days 3346  
after the tax commissioner requests it. The credit shall be 3347  
claimed in the order required under section 5747.98 of the 3348  
Revised Code. No credit shall be allowed under this section if 3349  
the credit was available against the tax imposed by Chapter 3350  
5751. of the Revised Code except to the extent the credit was 3351  
not applied against that tax. The credit, to the extent it 3352  
exceeds the taxpayer's aggregate tax liability for the taxable 3353  
year after allowance for any other credits that precede the 3354  
credit under this section in that order, shall be carried 3355  
forward to the next succeeding taxable year or years until fully 3356  
used. 3357

(C) A borrower entitled to a credit under this section may 3358  
assign the credit, or a portion thereof, to any of the 3359  
following: 3360

(1) A related member of that borrower; 3361

(2) The owner or lessee of the eligible research and 3362

development project; 3363

(3) A related member of the owner or lessee of the 3364  
eligible research and development project. 3365

A borrower making an assignment under this division shall 3366  
provide written notice of the assignment to the tax commissioner 3367  
and the director of development, in such form as the tax 3368  
commissioner prescribes, before the credit that was assigned is 3369  
used. The assignor may not claim the credit to the extent it was 3370  
assigned to an assignee. The assignee may claim the credit only 3371  
to the extent the assignor has not claimed it. 3372

(D) If any taxpayer is a shareholder in an S corporation, 3373  
a partner in a partnership, or a member in a limited liability 3374  
company treated as a partnership for federal income tax 3375  
purposes, the taxpayer shall be allowed the taxpayer's 3376  
distributive or proportionate share of the credit available 3377  
through the S corporation, partnership, or limited liability 3378  
company. 3379

(E) The aggregate credit against the taxes imposed by 3380  
section 5747.02 and Chapter 5751. of the Revised Code that may 3381  
be claimed under this section and section 5751.52 of the Revised 3382  
Code by a borrower as a result of qualified research and 3383  
development loan payments attributable during a calendar year to 3384  
any one loan shall not exceed one hundred fifty thousand 3385  
dollars. 3386

**Sec. 5747.37.** (A) As used in this section: 3387

(1) "Minor child" means a person under eighteen years of 3388  
age. 3389

(2) "Legally adopt" means to adopt a minor child pursuant 3390  
to Chapter 3107. of the Revised Code, or pursuant to the laws of 3391

any other state or nation if such an adoption is recognizable 3392  
under section 3107.18 of the Revised Code. For the purposes of 3393  
this section, a minor child is legally adopted when the final 3394  
decree or order of adoption is issued by the proper court under 3395  
the laws of the state or nation under which the child is 3396  
adopted, or, in the case of an interlocutory order of adoption, 3397  
when the order becomes final under the laws of the state or 3398  
nation. "Legally adopt" does not include the adoption of a minor 3399  
child by the child's stepparent. 3400

(B) There is hereby granted a credit against ~~the tax~~ 3401  
~~imposed by a taxpayer's aggregate tax liability under~~ section 3402  
5747.02 of the Revised Code for the legal adoption by a taxpayer 3403  
of a minor child. The ~~total~~ amount of the credit ~~applied against~~ 3404  
~~the taxes imposed under divisions (A) (3) and (4) of section~~ 3405  
~~5747.02 of the Revised Code~~ for each minor child legally adopted 3406  
by the taxpayer shall equal the greater of the following: 3407

(1) One thousand five hundred dollars; 3408

(2) The amount of expenses incurred by the taxpayer and 3409  
the taxpayer's spouse to legally adopt the child, not to exceed 3410  
ten thousand dollars. For the purposes of this division, 3411  
expenses incurred to legally adopt a child include expenses 3412  
described in division (C) of section 3107.055 of the Revised 3413  
Code. 3414

The taxpayer shall claim the credit for each child 3415  
beginning with the taxable year in which the child was legally 3416  
adopted. If the sum of the credit to which the taxpayer would 3417  
otherwise be entitled under this section is greater than the 3418  
total tax due under section 5747.02 of the Revised Code for that 3419  
taxable year after allowing for any other credits that precede 3420  
the credit under this section in the order required under 3421

section 5747.98 of the Revised Code, such excess shall be 3422  
allowed as a credit in each of the ensuing five taxable years, 3423  
but the amount of any excess credit allowed in any such taxable 3424  
year shall be deducted from the balance carried forward to the 3425  
ensuing taxable year. The credit shall be claimed in the order 3426  
required under section 5747.98 of the Revised Code. For the 3427  
purposes of making tax payments under this chapter, taxes equal 3428  
to the amount of the credit shall be considered to be paid to 3429  
this state on the first day of the taxable year. 3430

The taxpayer shall provide to the tax commissioner any 3431  
receipts or other documentation of the expenses incurred to 3432  
legally adopt the child upon the request of the tax commissioner 3433  
for the purpose of division (B) (2) of this section. 3434

**Sec. 5747.65.** There is hereby allowed a refundable credit 3435  
against ~~the tax imposed a taxpayer's aggregate tax liability~~ 3436  
under section 5747.02 of the Revised Code. The amount of the 3437  
credit shall equal the taxpayer's proportionate share of the 3438  
lesser of either the tax due or the tax paid for the tax imposed 3439  
by section 5726.02 of the Revised Code by a pass-through entity 3440  
for the pass-through entity's taxable year ending in the 3441  
taxpayer's taxable year. 3442

The taxpayer shall claim the credit for the taxpayer's 3443  
taxable year that includes the last day of the pass-through 3444  
entity's taxable year. For purposes of making tax payments under 3445  
this chapter, taxes equal to the amount of the credit shall be 3446  
considered to be paid by the taxpayer on the day the pass- 3447  
through entity pays to the treasurer of state the amount due for 3448  
the tax imposed by section 5726.02 of the Revised Code. 3449

In claiming the credit and determining the taxpayer's 3450  
proportionate share of the tax due and the tax paid by a pass- 3451

through entity, the taxpayer shall follow the concepts set forth 3452  
in subchapters J and K of the Internal Revenue Code. 3453

The credit shall be claimed in the order required under 3454  
section 5747.98 of the Revised Code. If the amount of the credit 3455  
exceeds the aggregate amount of tax otherwise due under section 3456  
5747.02 of the Revised Code after deduction of all other credits 3457  
in that order, the taxpayer is entitled to a refund of the 3458  
excess. 3459

**Sec. 5747.66.** (A) Any term used in this section has the 3460  
same meaning as in section 122.85 of the Revised Code. 3461

(B) There is allowed a credit against ~~the tax imposed by a~~ 3462  
taxpayer's aggregate tax liability under section 5747.02 of the 3463  
Revised Code for any individual who, on the last day of the 3464  
individual's taxable year, is the certificate owner of a tax 3465  
credit certificate issued under section 122.85 of the Revised 3466  
Code. The credit shall be claimed for the taxable year that 3467  
includes the date the certificate was issued by the director of 3468  
development. The credit amount equals the amount stated in the 3469  
certificate. The credit shall be claimed in the order required 3470  
under section 5747.98 of the Revised Code. If the credit amount 3471  
exceeds the aggregate amount of tax otherwise due under section 3472  
5747.02 of the Revised Code after deducting all other credits in 3473  
that order, the excess shall be refunded. 3474

Nothing in this section limits or disallows pass-through 3475  
treatment of the credit. 3476

**Sec. 5747.71.** There is hereby allowed a nonrefundable 3477  
credit against ~~the tax imposed by a taxpayer's aggregate tax~~ 3478  
liability under section 5747.02 of the Revised Code for a 3479  
taxpayer who is an "eligible individual" as defined in section 3480

32 of the Internal Revenue Code. The credit shall equal five per cent of the credit allowed on the taxpayer's federal income tax return pursuant to section 32 of the Internal Revenue Code for taxable years beginning in 2013, and ten per cent of the federal credit allowed for taxable years beginning in or after 2014. If the Ohio adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse if the taxpayer and the taxpayer's spouse file a joint return under section 5747.08 of the Revised Code, less applicable exemptions under section 5747.025 of the Revised Code, exceeds twenty thousand dollars, the credit authorized by this section shall not exceed fifty per cent of the aggregate amount of tax otherwise due under section 5747.02 of the Revised Code after deducting any other nonrefundable credits that precede the credit allowed under this section in the order prescribed by section 5747.98 of the Revised Code except for the joint filing credit authorized under division (E) of section 5747.05 of the Revised Code. In all other cases, the credit authorized by this section shall not exceed the aggregate amount of tax otherwise due under section 5747.02 of the Revised Code after deducting any other nonrefundable credits that precede the credit allowed under this section in the order prescribed by section 5747.98 of the Revised Code.

The credit shall be claimed in the order prescribed by section 5747.98 of the Revised Code.

**Sec. 5747.75.** (A) As used in this section:

(1) "Ethanol" means fermentation ethyl alcohol derived from agricultural products, including potatoes, cereal, grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural



products, forest products, and other renewable resources that 3511  
meet all of the specifications in the American society for 3512  
testing and materials (ASTM) specification D 4806-88 and is 3513  
denatured as specified in Parts 20 and 21 of Title 27 of the 3514  
Code of Federal Regulations. 3515

(2) "Certified ethanol plant" means a facility at which 3516  
ethanol is produced and for which a certificate has been issued 3517  
under section 901.13 of the Revised Code. 3518

(3) "Money" means United States currency, or a check, 3519  
draft, or cashier's check for United States currency, payable on 3520  
demand and drawn on a bank. 3521

(B) Beginning in taxable year 2002 and ending in taxable 3522  
year 2012, there is hereby allowed a nonrefundable credit 3523  
against ~~the tax imposed by a taxpayer's aggregate tax liability~~ 3524  
under section 5747.02 of the Revised Code for a taxpayer that 3525  
invests money in a certified ethanol plant. The amount of the 3526  
credit equals fifty per cent of the money the taxpayer invests 3527  
in the plant, but the credit amount shall not exceed five 3528  
thousand dollars per taxpayer per certified ethanol plant 3529  
regardless of the number of years in which the taxpayer makes 3530  
investments. The credit shall be claimed for the taxable year 3531  
during which the investment was made. 3532

(C) The taxpayer shall claim the credit in the order 3533  
required by section 5747.98 of the Revised Code. Any credit 3534  
amount in excess of the aggregate amount of tax due under 3535  
section 5747.02 of the Revised Code, after allowing for any 3536  
other credits preceding the credit in that order, may be carried 3537  
forward for three taxable years, but the amount of the excess 3538  
credit allowed in any such year shall be deducted from the 3539  
balance carried forward to the next year. 3540

(D) If the taxpayer is a direct or indirect investor in a pass-through entity that has made an investment under this section, the taxpayer may claim its proportionate or distributive share of the credit allowed under this section.

(E) The tax commissioner may require that the taxpayer furnish information as is necessary to support the claim for the credit under this section, and no credit shall be allowed unless the information is provided.

**Sec. 5747.76.** (A) As used in this section, "certificate owner" has the same meaning as in section 149.311 of the Revised Code.

(B) There is allowed a credit against ~~the tax imposed a~~ taxpayer's aggregate tax liability under section 5747.02 of the Revised Code for a taxpayer that is the certificate owner of a rehabilitation tax credit certificate issued under section 149.311 of the Revised Code. The credit shall equal twenty-five per cent of the dollar amount indicated on the certificate, but the amount of credit allowed for any taxpayer shall not exceed five million dollars. The credit shall be claimed for the taxable year specified in the certificate and in the order required under section 5747.98 of the Revised Code.

(C) Nothing in this section limits or disallows pass-through treatment of the credit if the certificate owner is a pass-through entity. If the certificate owner is a pass-through entity, the amount of the credit allowed for the pass-through entity shall not exceed five million dollars. If the certificate owner is a pass-through entity, the credit may be allocated among the entity's equity owners in proportion to their ownership interests or in such proportions or amounts as the equity owners mutually agree.

(D) If the credit allowed for any taxable year exceeds the aggregate amount of tax otherwise due under section 5747.02 of the Revised Code, after allowing for any other credits preceding the credit in the order prescribed by section 5747.98 of the Revised Code, the excess shall be refunded to the taxpayer but, if any amount of the credit is refunded, the sum of the amount refunded and the amount applied to reduce the aggregate amount of tax otherwise due for that year shall not exceed three million dollars or, if the certificate owner is a pass-through entity, shall not exceed the taxpayer's distributive or proportionate share, as allocated under division (C) of this section, of three million dollars. The taxpayer may carry forward any balance of the credit in excess of the amount claimed for that year for not more than five ensuing taxable years, and shall deduct any amount claimed for any such year from the amount claimed in an ensuing year.

(E) A taxpayer claiming a credit under this section shall retain the rehabilitation tax credit certificate for four years following the end of the taxable year to which the credit was applied, and shall make the certificate available for inspection by the tax commissioner upon the request of the tax commissioner during that period.

**Sec. 5747.80.** Upon the issuance of a tax credit certificate by the Ohio venture capital authority under section 150.07 of the Revised Code, a refundable credit may be claimed against ~~the tax imposed by a taxpayer's aggregate tax liability~~ under section 5747.02 of the Revised Code. The credit shall be claimed for the taxable year specified in the certificate issued by the authority and in the order required under section 5747.98 of the Revised Code.

**Sec. 5747.81.** (A) Any term used in this section that is 3601  
defined in section 122.86 of the Revised Code has the same 3602  
meaning as defined in that section. 3603

(B) For the purpose of encouraging new capital investment 3604  
in small businesses in this state and thereby promoting the 3605  
economic welfare of all Ohioans, a nonrefundable credit is 3606  
allowed against ~~the tax imposed by a taxpayer's aggregate tax~~ 3607  
liability under section 5747.02 of the Revised Code for a 3608  
taxpayer to whom a small business investment certificate was 3609  
issued under section 122.86 of the Revised Code if the taxpayer 3610  
did not sell or otherwise dispose of the qualifying investment 3611  
before the conclusion of the applicable holding period and if 3612  
the small business enterprise on the basis of which the 3613  
certificate was issued is included in the register maintained 3614  
under division (D) of section 122.86 of the Revised Code. 3615

The credit shall be claimed for the taxpayer's taxable 3616  
year that includes the last day of the holding period of the 3617  
qualifying investment. If the certificate was issued to a pass- 3618  
through entity that made the qualifying investment, a taxpayer 3619  
that holds a direct or indirect equity interest in the pass- 3620  
through entity on the last day of the entity's taxable year that 3621  
includes the last day of the holding period may claim the 3622  
taxpayer's distributive or proportionate share of the credit for 3623  
the taxpayer's taxable year that includes the last day of the 3624  
entity's taxable year. 3625

The credit equals the amount of the taxpayer's qualifying 3626  
investment as indicated on the certificate multiplied by ten per 3627  
cent. If a taxpayer claims a credit on the basis of more than 3628  
one small business investment certificate issued for the same 3629  
fiscal biennium, including a certificate issued to a pass- 3630

through entity in which the taxpayer owns an equity interest, 3631  
the total amount of credit claimed by the taxpayer on the basis 3632  
of all such certificates shall not exceed one million dollars. 3633  
If a taxpayer and the taxpayer's spouse file a joint return 3634  
under section 5747.08 of the Revised Code, the credit shall be 3635  
computed on the basis of the total qualifying investments made 3636  
by both spouses or by any pass-through entities in which either 3637  
spouse owns an equity interest, but the total amount of credit 3638  
claimed on the basis of all certificates issued to the spouses 3639  
or to such pass-through entities for a fiscal biennium shall not 3640  
exceed two million dollars. 3641

The credit shall be claimed in the order prescribed by 3642  
section 5747.98 of the Revised Code. If the credit exceeds the 3643  
aggregate amount of tax otherwise due for the taxable year, the 3644  
excess may be carried forward and applied against the tax due 3645  
for not more than seven succeeding taxable years, provided that 3646  
the amount applied to the tax due for any taxable year shall be 3647  
subtracted from the amount available to carry forward to 3648  
succeeding years. 3649

**Sec. 5747.98.** (A) To provide a uniform procedure for 3650  
calculating ~~the amount of tax due a taxpayer's aggregate tax~~ 3651  
liability under section 5747.02 of the Revised Code, a taxpayer 3652  
shall claim any credits to which the taxpayer is entitled in the 3653  
following order: 3654

~~(1) Against the tax imposed by division (A) (3) of section~~ 3655  
~~5747.02 of the Revised Code:~~ 3656

~~(a) The~~ Either the retirement income credit under division 3657  
(B) of section 5747.055 of the Revised Code or the lump sum 3658  
retirement income credits under divisions (C), (D), and (E) of 3659  
that section; 3660

<del>(b) The (2) Either the senior citizen credit under</del>	3661
division (F) of section 5747.055 of the Revised Code <u>or the lump</u>	3662
<u>sum distribution credit under division (G) of that section;</u>	3663
<del>(c) The lump sum distribution credit under division (G) of</del>	3664
<del>section 5747.055 of the Revised Code;</del>	3665
<del>(d) (3) The dependent care credit under section 5747.054</del>	3666
of the Revised Code;	3667
<del>(e) The lump sum retirement income credit under division</del>	3668
<del>(C) of section 5747.055 of the Revised Code;</del>	3669
<del>(f) The lump sum retirement income credit under division</del>	3670
<del>(D) of section 5747.055 of the Revised Code;</del>	3671
<del>(g) The lump sum retirement income credit under division</del>	3672
<del>(E) of section 5747.055 of the Revised Code;</del>	3673
<del>(h) (4) The low-income credit under section 5747.056 of</del>	3674
the Revised Code;	3675
<del>(i) (5) The credit for displaced workers who pay for job</del>	3676
training under section 5747.27 of the Revised Code;	3677
<del>(j) (6) The campaign contribution credit under section</del>	3678
5747.29 of the Revised Code;	3679
<del>(k) (7) The twenty-dollar personal exemption credit under</del>	3680
section 5747.022 of the Revised Code;	3681
<del>(l) (8) The joint filing credit under division (G) of</del>	3682
section 5747.05 of the Revised Code;	3683
<del>(m) (9) The earned income credit under section 5747.71 of</del>	3684
the Revised Code.	3685
<del>(2) Against the tax imposed by division (A) (4) of section</del>	3686
<del>5747.02 of the Revised Code;</del>	3687

<del>(a) The credit for employers that reimburse employee child-</del>	3688
<del>care expenses under section 5747.36 of the Revised Code;</del>	3689
<del>(b) The credit for purchases of lights and reflectors</del>	3690
<del>under section 5747.38 of the Revised Code;</del>	3691
<del>(c) (10) The credit for adoption of a minor child under</del>	3692
<del>section 5747.37 of the Revised Code;</del>	3693
<del>(11) The nonrefundable job retention credit under division</del>	3694
<del>(B) of section 5747.058 of the Revised Code;</del>	3695
<del>(d) The credit for selling alternative fuel under section</del>	3696
<del>5747.77 of the Revised Code;</del>	3697
<del>(e) The second credit for purchases of new manufacturing</del>	3698
<del>machinery and equipment and the credit for using Ohio coal under</del>	3699
<del>section 5747.31 of the Revised Code;</del>	3700
<del>(f) The job training credit under section 5747.39 of the</del>	3701
<del>Revised Code;</del>	3702
<del>(g) (12) The enterprise zone credit under section 5709.66</del>	3703
<del>of the Revised Code;</del>	3704
<del>(h) The credit for the eligible costs associated with a</del>	3705
<del>voluntary action under section 5747.32 of the Revised Code;</del>	3706
<del>(i) The credit for employers that establish on-site child-</del>	3707
<del>day care centers under section 5747.35 of the Revised Code;</del>	3708
<del>(j) (13) The ethanol plant investment credit under section</del>	3709
<del>5747.75 of the Revised Code;</del>	3710
<del>(k) (14) The credit for purchases of qualifying grape</del>	3711
<del>production property under section 5747.28 of the Revised Code;</del>	3712
<del>(l) (15) The small business investment credit under</del>	3713
<del>section 5747.81 of the Revised Code;</del>	3714

<del>(m)</del> <u>(16)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	3715 3716
<del>(n)</del> <u>(17)</u> The research and development credit under section 5747.331 of the Revised Code;	3717 3718
<del>(o)</del> <u>(18)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	3719 3720
<del>(3)</del> Against the tax imposed by either division (A) (3) or (4) of section 5747.02 of the Revised Code:—	3721 3722
<del>(a)</del> The credit for adoption of a minor child under section 5747.37 of the Revised Code;—	3723 3724
<del>(b)</del> <u>(19)</u> The nonresident credit under division (A) of section 5747.05 of the Revised Code;	3725 3726
<del>(c)</del> <u>(20)</u> The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	3727 3728
<del>(d)</del> The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;—	3729 3730
<del>(e)</del> <u>(21)</u> The refundable motion picture production credit under section 5747.66 of the Revised Code;	3731 3732
<u>(22)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	3733 3734 3735
<del>(f)</del> <u>(23)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	3736 3737 3738
<del>(g)</del> <u>(24)</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;	3739 3740 3741



~~(h)~~ (25) The refundable credit under section 5747.80 of 3742  
the Revised Code for losses on loans made to the Ohio venture 3743  
capital program under sections 150.01 to 150.10 of the Revised 3744  
Code; 3745

~~(i)~~ ~~The refundable motion picture production credit under~~ 3746  
~~section 5747.66 of the Revised Code;~~ 3747

~~(j)~~ (26) The refundable credit for rehabilitating a 3748  
historic building under section 5747.76 of the Revised Code; 3749

(27) The refundable credit for financial institution taxes 3750  
paid by a pass-through entity granted under section 5747.65 of 3751  
the Revised Code. 3752

(B) For any credit, except the refundable credits 3753  
enumerated in this section and the credit granted under division 3754  
(H) of section 5747.08 of the Revised Code, the amount of the 3755  
credit for a taxable year shall not exceed the taxpayer's 3756  
aggregate amount of tax due under division (A) (3) or (4) of 3757  
section 5747.02 of the Revised Code, ~~as applicable~~, after 3758  
allowing for any other credit that precedes it in the order 3759  
required under this section. Any excess amount of a particular 3760  
credit may be carried forward if authorized under the section 3761  
creating that credit. Nothing in this chapter shall be construed 3762  
to allow a taxpayer to claim, directly or indirectly, a credit 3763  
more than once for a taxable year. 3764

**Section 2.** That existing sections 9.66, 122.16, 122.172, 3765  
122.173, 5709.65, 5709.66, 5733.33, 5733.42, 5733.98, 5747.01, 3766  
5747.02, 5747.05, 5747.054, 5747.055, 5747.056, 5747.059, 3767  
5747.21, 5747.212, 5747.22, 5747.27, 5747.28, 5747.29, 5747.331, 3768  
5747.37, 5747.65, 5747.66, 5747.71, 5747.75, 5747.76, 5747.80, 3769  
5747.81, and 5747.98 and sections 5733.48, 5747.051, 5747.057, 3770

5747.26, 5747.261, 5747.31, 5747.32, 5747.34, 5747.35, 5747.36, 3771  
5747.38, 5747.39, and 5747.77 of the Revised Code are hereby 3772  
repealed. 3773

**Section 3.** Section 5709.66 of the Revised Code is 3774  
presented in this act as a composite of the section as amended 3775  
by both Am. Sub. H.B. 215 and Sub. H.B. 408 of the 122nd General 3776  
Assembly. The General Assembly, applying the principle stated in 3777  
division (B) of section 1.52 of the Revised Code that amendments 3778  
are to be harmonized if reasonably capable of simultaneous 3779  
operation, finds that the composite is the resulting version of 3780  
the section in effect prior to the effective date of the section 3781  
as presented in this act. 3782

**Section 4.** The amendment or repeal by this act of sections 3783  
9.66, 122.16, 122.172, 122.173, 5709.65, 5709.66, 5733.33, 3784  
5733.42, 5733.48, 5733.98, 5747.01, 5747.02, 5747.05, 5747.051, 3785  
5747.057, 5747.21, 5747.212, 5747.22, 5747.26, 5747.261, 3786  
5747.31, 5747.32, 5747.34, 5747.35, 5747.36, 5747.38, 5747.39, 3787  
5747.77, and 5747.98 of the Revised Code provides for the levy 3788  
of a tax and is exempt from the referendum under Ohio 3789  
Constitution, Article II, section 1d and therefore takes effect 3790  
immediately when this act becomes law. 3791