

**As Introduced**

**131st General Assembly  
Regular Session  
2015-2016**

**S. B. No. 12**

**Senator Hottinger**

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**A BILL**

To amend sections 5747.08 and 5747.98 and to enact 1  
sections 3333.51 and 5747.82 of the Revised Code 2  
to grant an income tax credit to individuals who 3  
earn degrees in science, technology, 4  
engineering, or math-based fields of study. 5

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

**Section 1.** That sections 5747.08 and 5747.98 be amended 6  
and sections 3333.51 and 5747.82 of the Revised Code be enacted 7  
to read as follows: 8

**Sec. 3333.51.** (A) As used in this section: 9

(1) "Approved field of study" means a field of study in 10  
the natural sciences, technology, engineering, or mathematics 11  
that the Ohio board of regents determines is associated with job 12  
creation and retention in Ohio. 13

(2) "Institution of higher education" means all of the 14  
following: 15

(a) An institution of higher education, as defined in 16  
section 3345.12 of the Revised Code; 17

(b) An institution authorized by the Ohio board of regents 18

under Chapter 1713. of the Revised Code to grant degrees and 19  
that is accredited by the appropriate regional and professional 20  
accrediting associations within whose jurisdiction it falls; 21

(c) Private career schools holding program authorizations 22  
issued by the state board of career colleges and schools under 23  
division (C) of section 3332.05 of the Revised Code; 24

(d) Private institutions exempt from regulation under 25  
Chapter 3332. of the Revised Code as prescribed in section 26  
3333.046 of the Revised Code; 27

(e) Any institution located outside Ohio designated as an 28  
"institution of higher education" by the Ohio board of regents 29  
for purposes of this section. 30

(3) "Active duty" means active duty pursuant to an 31  
executive order of the president of the United States, an act of 32  
the congress of the United States, or a proclamation of the 33  
governor. 34

(B) (1) For the purpose of developing and maintaining a 35  
highly qualified workforce and thereby to improve the economic 36  
welfare of all Ohioans, an individual who graduates on or after 37  
the effective date of the enactment of this section from an 38  
institution of higher education with a degree in an approved 39  
field of study is allowed a credit against the tax imposed by 40  
section 5747.02 of the Revised Code. Except as provided in 41  
division (D) (1) of this section, the credit shall equal five 42  
thousand dollars in the case of an associate's degree; twenty 43  
thousand dollars in the case of a baccalaureate degree; and 44  
thirty thousand dollars in the case of a master's or doctoral 45  
degree. Except as otherwise provided in this section, the 46  
individual shall claim one-tenth of the credit amount for the 47

individual's taxable year in which the individual's credit 48  
application was approved and one-tenth of the credit amount in 49  
each of the succeeding nine taxable years. 50

(2) An individual is liable to the state for credit taken 51  
with respect to a degree, and forfeits unused credit and any 52  
credit carry-forward, if the individual has been allowed the 53  
credit for five or fewer of the individual's taxable years, the 54  
individual is a nonresident of Ohio, and the individual is not a 55  
full-time student at an institution of higher education in an 56  
approved field of study or is not serving in active duty as a 57  
member of the national guard or a reserve unit of the armed 58  
forces of the United States. A credit shall not be considered to 59  
have been allowed for taxable years for which a deferral under 60  
division (D) of this section has been authorized and used. Any 61  
amount for which an individual is liable under this division may 62  
be collected by assessment under section 5747.13 of the Revised 63  
Code, and shall be considered as taxes imposed under section 64  
5747.02 of the Revised Code. 65

(C) An individual shall apply for a credit to the Ohio 66  
board of regents or to the board's designee on a form approved 67  
by the board or designee and shall submit any documents required 68  
by the board or designee. If the individual qualifies for a 69  
credit, the board or designee shall issue a tax credit 70  
certificate to the individual. The certificate shall state the 71  
individual's name and social security number, the date the 72  
credit application was approved, the credit amount, and the 73  
taxable years for which the credit shall be claimed. 74

(D) (1) An individual who has received a credit certificate 75  
for an associate or baccalaureate degree or both may apply for 76  
an additional certificate for receipt of a more advanced degree 77

from an institution of higher education in an approved field of 78  
study. The credit amount for the additional degree equals the 79  
credit amount for the degree as provided in division (B) of this 80  
section less the credit amount for the degree or degrees for 81  
which a credit certificate has previously been issued. The 82  
credit shall be applied for, approved, and claimed in the manner 83  
required under division (B) of this section. 84

(2) An individual who has received a credit certificate 85  
pursuant to this section may apply to the Ohio board of regents 86  
or the board's designee to defer claiming the credit and any 87  
related credit carry-forward for a taxable year during which the 88  
individual is either of the following: 89

(a) Enrolled full time in an institution of higher 90  
education to pursue a more advanced degree in an approved field 91  
of study; 92

(b) A member of the national guard or a reserve unit of 93  
the armed forces of the United States serving in active duty. 94

An individual described in division (D)(2)(a) of this 95  
section may defer claiming the credit until the individual's 96  
taxable year in which the individual is no longer a full-time 97  
student in an institution of higher education in an approved 98  
field of study or in which the individual receives a credit 99  
certificate for the more advanced degree, whichever is earlier. 100  
An individual described in division (D)(2)(b) of this section 101  
may defer claiming the credit until the individual's next 102  
taxable year that does not include the period of the 103  
individual's active duty deployment. 104

An individual applying for a deferral under division (D) 105  
(2) of this section shall submit the application on a form 106

approved by the board or designee. The application shall be 107  
accompanied by such documents as the board or designee requires. 108

(E) The Ohio board of regents may designate an entity, 109  
including a nonprofit private organization, to perform the 110  
administrative duties conferred upon the board by this section. 111

(F) The Ohio board of regents shall identify institutions 112  
of higher education and approved fields of study, and shall 113  
specify the information required to be disclosed in credit 114  
certificate and deferral applications and the documents required 115  
to be submitted. In identifying approved fields of study, the 116  
board shall give priority to those related to information 117  
technology, power and propulsion, advanced materials, 118  
instruments and controls, electronics, and biotechnology and 119  
biosciences. 120

**Sec. 5747.08.** An annual return with respect to the tax 121  
imposed by section 5747.02 of the Revised Code and each tax 122  
imposed under Chapter 5748. of the Revised Code shall be made by 123  
every taxpayer for any taxable year for which the taxpayer is 124  
liable for the tax imposed by that section or under that 125  
chapter, unless the total credits allowed under divisions (E), 126  
(F), and (G) of section 5747.05 of the Revised Code for the year 127  
are equal to or exceed the tax imposed by section 5747.02 of the 128  
Revised Code, in which case no return shall be required unless 129  
the taxpayer is liable for a tax imposed pursuant to Chapter 130  
5748. of the Revised Code. 131

(A) If an individual is deceased, any return or notice 132  
required of that individual under this chapter shall be made and 133  
filed by that decedent's executor, administrator, or other 134  
person charged with the property of that decedent. 135

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

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

(D) (1) (a) Except as otherwise provided in division (D) (1) (b) of this section, any pass-through entity may file a single return on behalf of one or more of the entity's investors other than an investor that is a person subject to the tax imposed under section 5733.06 of the Revised Code. The single return shall set forth the name, address, and social security number or other identifying number of each of those pass-through entity investors and shall indicate the distributive share of each of those pass-through entity investor's income taxable in this state in accordance with sections 5747.20 to 5747.231 of the Revised Code. Such pass-through entity investors for whom the pass-through entity elects to file a single return are not entitled to the exemption or credit provided for by sections 5747.02 and 5747.022 of the Revised Code; shall calculate the tax before business credits at the highest rate of tax set forth in section 5747.02 of the Revised Code for the taxable year for which the return is filed; and are entitled to only their distributive share of the business credits as defined in division (D) (2) of this section. A single check drawn by the pass-through entity shall accompany the return in full payment of the tax due, as shown on the single return, for such investors, other than investors who are persons subject to the tax imposed under section 5733.06 of the Revised Code.

(b) (i) A pass-through entity shall not include in such a 167  
single return any investor that is a trust to the extent that 168  
any direct or indirect current, future, or contingent 169  
beneficiary of the trust is a person subject to the tax imposed 170  
under section 5733.06 of the Revised Code. 171

(ii) A pass-through entity shall not include in such a 172  
single return any investor that is itself a pass-through entity 173  
to the extent that any direct or indirect investor in the second 174  
pass-through entity is a person subject to the tax imposed under 175  
section 5733.06 of the Revised Code. 176

(c) Nothing in division (D) of this section precludes the 177  
tax commissioner from requiring such investors to file the 178  
return and make the payment of taxes and related interest, 179  
penalty, and interest penalty required by this section or 180  
section 5747.02, 5747.09, or 5747.15 of the Revised Code. 181  
Nothing in division (D) of this section precludes such an 182  
investor from filing the annual return under this section, 183  
utilizing the refundable credit equal to the investor's 184  
proportionate share of the tax paid by the pass-through entity 185  
on behalf of the investor under division (I) of this section, 186  
and making the payment of taxes imposed under section 5747.02 of 187  
the Revised Code. Nothing in division (D) of this section shall 188  
be construed to provide to such an investor or pass-through 189  
entity any additional deduction or credit, other than the credit 190  
provided by division (I) of this section, solely on account of 191  
the entity's filing a return in accordance with this section. 192  
Such a pass-through entity also shall make the filing and 193  
payment of estimated taxes on behalf of the pass-through entity 194  
investors other than an investor that is a person subject to the 195  
tax imposed under section 5733.06 of the Revised Code. 196

(2) For the purposes of this section, "business credits" means the credits listed in section 5747.98 of the Revised Code excluding the following credits:	197 198 199
(a) The retirement credit under division (B) of section 5747.055 of the Revised Code;	200 201
(b) The senior citizen credit under division (C) of section 5747.05 of the Revised Code;	202 203
(c) The lump sum distribution credit under division (D) of section 5747.05 of the Revised Code;	204 205
(d) The dependent care credit under section 5747.054 of the Revised Code;	206 207
(e) The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;	208 209
(f) The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;	210 211
(g) The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;	212 213
(h) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	214 215
(i) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	216 217
(j) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	218 219
(k) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	220 221
(l) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	222 223

(m) The low-income credit under section 5747.056 of the Revised Code;	224 225
(n) The earned income tax credit under section 5747.71 of the Revised Code;	226 227
<u>(o) The credit for graduates from institutions of higher education in approved fields of study under section 5747.82 of the Revised Code.</u>	228 229 230
(3) The election provided for under division (D) of this section applies only to the taxable year for which the election is made by the pass-through entity. Unless the tax commissioner provides otherwise, this election, once made, is binding and irrevocable for the taxable year for which the election is made. Nothing in this division shall be construed to provide for any deduction or credit that would not be allowable if a nonresident pass-through entity investor were to file an annual return.	231 232 233 234 235 236 237 238
(4) If a pass-through entity makes the election provided for under division (D) of this section, the pass-through entity shall be liable for any additional taxes, interest, interest penalty, or penalties imposed by this chapter if the tax commissioner finds that the single return does not reflect the correct tax due by the pass-through entity investors covered by that return. Nothing in this division shall be construed to limit or alter the liability, if any, imposed on pass-through entity investors for unpaid or underpaid taxes, interest, interest penalty, or penalties as a result of the pass-through entity's making the election provided for under division (D) of this section. For the purposes of division (D) of this section, "correct tax due" means the tax that would have been paid by the pass-through entity had the single return been filed in a manner reflecting the commissioner's findings. Nothing in division (D)	239 240 241 242 243 244 245 246 247 248 249 250 251 252 253

of this section shall be construed to make or hold a pass- 254  
through entity liable for tax attributable to a pass-through 255  
entity investor's income from a source other than the pass- 256  
through entity electing to file the single return. 257

(E) If a husband and wife file a joint federal income tax 258  
return for a taxable year, they shall file a joint return under 259  
this section for that taxable year, and their liabilities are 260  
joint and several, but, if the federal income tax liability of 261  
either spouse is determined on a separate federal income tax 262  
return, they shall file separate returns under this section. 263

If either spouse is not required to file a federal income 264  
tax return and either or both are required to file a return 265  
pursuant to this chapter, they may elect to file separate or 266  
joint returns, and, pursuant to that election, their liabilities 267  
are separate or joint and several. If a husband and wife file 268  
separate returns pursuant to this chapter, each must claim the 269  
taxpayer's own exemption, but not both, as authorized under 270  
section 5747.02 of the Revised Code on the taxpayer's own 271  
return. 272

(F) Each return or notice required to be filed under this 273  
section shall contain the signature of the taxpayer or the 274  
taxpayer's duly authorized agent and of the person who prepared 275  
the return for the taxpayer, and shall include the taxpayer's 276  
social security number. Each return shall be verified by a 277  
declaration under the penalties of perjury. The tax commissioner 278  
shall prescribe the form that the signature and declaration 279  
shall take. 280

(G) Each return or notice required to be filed under this 281  
section shall be made and filed as required by section 5747.04 282  
of the Revised Code, on or before the fifteenth day of April of 283

each year, on forms that the tax commissioner shall prescribe, 284  
together with remittance made payable to the treasurer of state 285  
in the combined amount of the state and all school district 286  
income taxes shown to be due on the form. 287

Upon good cause shown, the commissioner may extend the 288  
period for filing any notice or return required to be filed 289  
under this section and may adopt rules relating to extensions. 290  
If the extension results in an extension of time for the payment 291  
of any state or school district income tax liability with 292  
respect to which the return is filed, the taxpayer shall pay at 293  
the time the tax liability is paid an amount of interest 294  
computed at the rate per annum prescribed by section 5703.47 of 295  
the Revised Code on that liability from the time that payment is 296  
due without extension to the time of actual payment. Except as 297  
provided in section 5747.132 of the Revised Code, in addition to 298  
all other interest charges and penalties, all taxes imposed 299  
under this chapter or Chapter 5748. of the Revised Code and 300  
remaining unpaid after they become due, except combined amounts 301  
due of one dollar or less, bear interest at the rate per annum 302  
prescribed by section 5703.47 of the Revised Code until paid or 303  
until the day an assessment is issued under section 5747.13 of 304  
the Revised Code, whichever occurs first. 305

If the commissioner considers it necessary in order to 306  
ensure the payment of the tax imposed by section 5747.02 of the 307  
Revised Code or any tax imposed under Chapter 5748. of the 308  
Revised Code, the commissioner may require returns and payments 309  
to be made otherwise than as provided in this section. 310

To the extent that any provision in this division 311  
conflicts with any provision in section 5747.026 of the Revised 312  
Code, the provision in that section prevails. 313

(H) The amounts withheld by an employer pursuant to 314  
section 5747.06 of the Revised Code, a casino operator pursuant 315  
to section 5747.063 of the Revised Code, or a lottery sales 316  
agent pursuant to section 5747.064 of the Revised Code shall be 317  
allowed to the recipient of the compensation casino winnings, or 318  
lottery prize award as credits against payment of the 319  
appropriate taxes imposed on the recipient by section 5747.02 320  
and under Chapter 5748. of the Revised Code. 321

(I) If a pass-through entity elects to file a single 322  
return under division (D) of this section and if any investor is 323  
required to file the annual return and make the payment of taxes 324  
required by this chapter on account of the investor's other 325  
income that is not included in a single return filed by a pass- 326  
through entity or any other investor elects to file the annual 327  
return, the investor is entitled to a refundable credit equal to 328  
the investor's proportionate share of the tax paid by the pass- 329  
through entity on behalf of the investor. The investor shall 330  
claim the credit for the investor's taxable year in which or 331  
with which ends the taxable year of the pass-through entity. 332  
Nothing in this chapter shall be construed to allow any credit 333  
provided in this chapter to be claimed more than once. For the 334  
purpose of computing any interest, penalty, or interest penalty, 335  
the investor shall be deemed to have paid the refundable credit 336  
provided by this division on the day that the pass-through 337  
entity paid the estimated tax or the tax giving rise to the 338  
credit. 339

(J) The tax commissioner shall ensure that each return 340  
required to be filed under this section includes a box that the 341  
taxpayer may check to authorize a paid tax preparer who prepared 342  
the return to communicate with the department of taxation about 343  
matters pertaining to the return. The return or instructions 344

accompanying the return shall indicate that by checking the box 345  
the taxpayer authorizes the department of taxation to contact 346  
the preparer concerning questions that arise during the 347  
processing of the return and authorizes the preparer only to 348  
provide the department with information that is missing from the 349  
return, to contact the department for information about the 350  
processing of the return or the status of the taxpayer's refund 351  
or payments, and to respond to notices about mathematical 352  
errors, offsets, or return preparation that the taxpayer has 353  
received from the department and has shown to the preparer. 354

(K) The tax commissioner shall permit individual taxpayers 355  
to instruct the department of taxation to cause any refund of 356  
overpaid taxes to be deposited directly into a checking account, 357  
savings account, or an individual retirement account or 358  
individual retirement annuity, or preexisting college savings 359  
plan or program account offered by the Ohio tuition trust 360  
authority under Chapter 3334. of the Revised Code, as designated 361  
by the taxpayer, when the taxpayer files the annual return 362  
required by this section electronically. 363

(L) The tax commissioner may adopt rules to administer 364  
this section. 365

Sec. 5747.82. A taxpayer to whom a tax credit certificate 366  
has been issued under section 3333.51 of the Revised Code is 367  
allowed a nonrefundable credit against the tax imposed by 368  
section 5747.02 of the Revised Code. The credit shall be claimed 369  
as provided in section 3333.51 of the Revised Code and in the 370  
order required under section 5747.98 of the Revised Code. The 371  
amount of credit claimed for a taxable year shall not exceed the 372  
tax otherwise due after allowing for all preceding credits in 373  
that order. If the amount of credit allowed for a taxable year 374

exceeds the tax otherwise due, the excess may be carried forward 375  
to the next taxable year. Excess credit allowed in a taxable 376  
year shall be deducted from the balance carried forward to the 377  
ensuing taxable year. If a credit may not be claimed for a 378  
taxable year, excess credit with respect to the same credit 379  
certificate may not be claimed. 380

**Sec. 5747.98.** (A) To provide a uniform procedure for 381  
calculating the amount of tax due under section 5747.02 of the 382  
Revised Code, a taxpayer shall claim any credits to which the 383  
taxpayer is entitled in the following order: 384

(1) The retirement income credit under division (B) of 385  
section 5747.055 of the Revised Code; 386

(2) The senior citizen credit under division (C) of 387  
section 5747.05 of the Revised Code; 388

(3) The lump sum distribution credit under division (D) of 389  
section 5747.05 of the Revised Code; 390

(4) The dependent care credit under section 5747.054 of 391  
the Revised Code; 392

(5) The lump sum retirement income credit under division 393  
(C) of section 5747.055 of the Revised Code; 394

(6) The lump sum retirement income credit under division 395  
(D) of section 5747.055 of the Revised Code; 396

(7) The lump sum retirement income credit under division 397  
(E) of section 5747.055 of the Revised Code; 398

(8) The low-income credit under section 5747.056 of the 399  
Revised Code; 400

(9) The credit for displaced workers who pay for job 401

training under section 5747.27 of the Revised Code;	402
(10) The campaign contribution credit under section 5747.29 of the Revised Code;	403 404
(11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	405 406
(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	407 408
(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	409 410
(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	411 412
(15) The earned income credit under section 5747.71 of the Revised Code;	413 414
(16) <del>The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code</del> <u>The credit for graduates from institutions of higher education in approved fields of study under section 5747.82 of the Revised Code;</u>	415 416 417 418 419
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	420 421
(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	422 423
(19) The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	424 425
(20) The credit for selling alternative fuel under section 5747.77 of the Revised Code;	426 427
(21) The second credit for purchases of new manufacturing	428

machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code;	429 430
(22) The job training credit under section 5747.39 of the Revised Code;	431 432
(23) The enterprise zone credit under section 5709.66 of the Revised Code;	433 434
(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	435 436
(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	437 438
(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;	439 440
(27) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	441 442
(28) The small business investment credit under section 5747.81 of the Revised Code;	443 444
(29) The enterprise zone credits under section 5709.65 of the Revised Code;	445 446
(30) The research and development credit under section 5747.331 of the Revised Code;	447 448
(31) The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	449 450
(32) The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	451 452
(33) The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	453 454 455

(34) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	456 457
(35) The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;	458 459 460
(36) The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	461 462 463 464
(37) The refundable motion picture production credit under section 5747.66 of the Revised Code;	465 466
(38) The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code.	467 468 469
(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.	470 471 472 473 474 475 476 477 478 479
<b>Section 2.</b> That existing sections 5747.08 and 5747.98 of the Revised Code are hereby repealed.	480 481