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Senator Beagle

Cosponsors: Senators Peterson, Eklund, Bacon, Coley, Faber, Gardner, Hite, Hottinger, Jones, LaRose, Lehner, Manning, Obhof, Oelslager, Patton, Seitz, Uecker, Widener Representatives Amstutz, Anielski, Antani, Antonio, Brown, Conditt, Cupp, Derickson, Dever, Dovilla, Duffey, Grossman, Hackett, Hambley, Hayes, Henne, Hill, Huffman, Johnson, T., Kunze, LaTourette, Manning, Ryan, Scherer, Schuring, Sears, Smith, R., Sprague, Terhar, Speaker Rosenberger

A BILL

To amend sections 9.66, 122.16, 122.172, 122.173, 1
5709.65, 5709.66, 5709.92, 5733.33, 5733.42, 2
5733.98, 5747.01, 5747.02, 5747.05, 5747.054, 3
5747.055, 5747.056, 5747.059, 5747.21, 5747.212, 4
5747.22, 5747.27, 5747.28, 5747.29, 5747.331, 5
5747.37, 5747.65, 5747.66, 5747.71, 5747.75, 6
5747.76, 5747.80, 5747.81, 5747.98, and 5751.01, 7
to repeal sections 5733.48, 5747.051, 5747.057, 8
5747.26, 5747.261, 5747.31, 5747.32, 5747.34, 9
5747.35, 5747.36, 5747.38, 5747.39, and 5747.77 10
of the Revised Code, and to amend Section 11
263.325 of Am. Sub. H.B. 64 of the 131st General 12
Assembly to modify the commercial activity tax 13
exclusion for receipts from the sale of certain 14
consumer products within an integrated supply 15
chain, to make technical changes to the state 16
income tax law, to provide that, for the 2015 17
taxable year, any taxable business income under 18
\$125,000 for married taxpayers filing separately 19
or \$250,000 for other taxpayers is subject to 20

graduated tax rates similar to those applicable 21
to nonbusiness income, while business income in 22
excess of those amounts remains subject to the 23
existing 3% flat tax, to modify the formula for 24
calculating reimbursement payments to school 25
districts for their loss of tangible personal 26
property tax revenue, and to establish a formula 27
for making supplemental foundation aid payments 28
to school districts in fiscal year 2017. 29

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

Section 1. That sections 9.66, 122.16, 122.172, 122.173, 30
5709.65, 5709.66, 5709.92, 5733.33, 5733.42, 5733.98, 5747.01, 31
5747.02, 5747.05, 5747.054, 5747.055, 5747.056, 5747.059, 32
5747.21, 5747.212, 5747.22, 5747.27, 5747.28, 5747.29, 5747.331, 33
5747.37, 5747.65, 5747.66, 5747.71, 5747.75, 5747.76, 5747.80, 34
5747.81, 5747.98, and 5751.01 of the Revised Code be amended to 35
read as follows: 36

Sec. 9.66. (A) As used in this section: 37

(1) "Economic development assistance" means all of the 38
following: 39

(a) The programs and assistance provided or administered 40
by the department of development under Chapters 122. and 166. of 41
the Revised Code and any other section of the Revised Code under 42
which the department provides or administers economic 43
development assistance; 44

(b) The programs and assistance provided or administered 45

by a political subdivision under Chapters 725. and 1728. and 46
sections 3735.67 to 3735.70, 5709.40 to 5709.43, 5709.61 to 47
5709.69, 5709.73 to 5709.75, and 5709.77 to 5709.81 of the 48
Revised Code and any other section of the Revised Code under 49
which a political subdivision provides economic development 50
assistance; 51

(c) Assistance provided under any other section of the 52
Revised Code under which the state or a state agency provides or 53
administers economic development assistance; 54

(d) The tax credit authorized by section 5725.31, 5729.07, 55
or 5733.42, ~~or 5747.39~~ of the Revised Code. 56

(2) "Liability" means any of the following: 57

(a) Any delinquent tax owed the state or a political 58
subdivision of the state; 59

(b) Any moneys owed the state or a state agency for the 60
administration or enforcement of the environmental laws of the 61
state; 62

(c) Any other moneys owed the state, a state agency, or a 63
political subdivision of the state that are past due. 64

"Liability" includes any item described in division (A) (2) 65
of this section that is being contested in a court of law. 66

(3) "Political subdivision" means any county, municipal 67
corporation, or township of the state. 68

(4) "State agency" means every organized body, office, or 69
agency established by the laws of the state for the exercise of 70
any function of state government. 71

(B) A person who applies to the state, a state agency, or 72

a political subdivision for economic development assistance 73
shall indicate on the application for assistance whether the 74
person has any outstanding liabilities owed to the state, a 75
state agency, or a political subdivision. Such a person also 76
shall authorize the state, state agency, or political 77
subdivision to inspect the personal or corporate financial 78
statements of the applicant, including tax records and other 79
similar information not open to public inspection. 80

(C) (1) Whoever knowingly makes a false statement under 81
division (B) of this section concerning an application for 82
economic development assistance or who fails to provide any 83
information required by that division is ineligible for the 84
assistance applied for and is ineligible for any future economic 85
development assistance from the state, a state agency, or a 86
political subdivision. 87

(2) Whoever knowingly makes a false statement under 88
division (B) of this section concerning an application for 89
economic development assistance or who fails to provide any 90
information required by that division shall return any moneys 91
received from the state, a state agency, or a political 92
subdivision in connection with that application. 93

Sec. 122.16. (A) As used in this section: 94

(1) "Distressed area" means either a municipal corporation 95
that has a population of at least fifty thousand or a county, 96
that meets two of the following criteria: 97

(a) Its average rate of unemployment, during the most 98
recent five-year period for which data are available, is equal 99
to at least one hundred twenty-five per cent of the average rate 100
of unemployment for the United States for the same period. 101

(b) It has a per capita income equal to or below eighty 102
per cent of the median county per capita income of the United 103
States as determined by the most recently available figures from 104
the United States census bureau. 105

(c) (i) In the case of a municipal corporation, at least 106
twenty per cent of the residents have a total income for the 107
most recent census year that is below the official poverty line. 108

(ii) In the case of a county, in intercensal years, the 109
county has a ratio of transfer payment income to total county 110
income equal to or greater than twenty-five per cent. 111

(2) "Eligible area" means a distressed area, a labor 112
surplus area, an inner city area, or a situational distress 113
area. 114

(3) "Eligible costs associated with a voluntary action" 115
means costs incurred during the qualifying period in performing 116
a remedy or remedial activities, as defined in section 3746.01 117
of the Revised Code, and any costs incurred during the 118
qualifying period in performing both a phase I and phase II 119
property assessment, as defined in the rules adopted under 120
section 3746.04 of the Revised Code, provided that the 121
performance of the phase I and phase II property assessment 122
resulted in the implementation of the remedy or remedial 123
activities. 124

(4) "Inner city area" means, in a municipal corporation 125
that has a population of at least one hundred thousand and does 126
not meet the criteria of a labor surplus area or a distressed 127
area, targeted investment areas established by the municipal 128
corporation within its boundaries that are comprised of the most 129
recent census block tracts that individually have at least 130

twenty per cent of their population at or below the state	131
poverty level or other census block tracts contiguous to such	132
census block tracts.	133
(5) "Labor surplus area" means an area designated as a	134
labor surplus area by the United States department of labor.	135
(6) "Official poverty line" has the same meaning as in	136
division (A) of section 3923.51 of the Revised Code.	137
(7) "Partner" includes a member of a limited liability	138
company formed under Chapter 1705. of the Revised Code or under	139
the laws of any other state if the limited liability company is	140
not treated as a corporation for purposes of Chapter 5733. of	141
the Revised Code and is not classified as an association taxable	142
as a corporation for federal income tax purposes.	143
(8) "Partnership" includes a limited liability company	144
formed under Chapter 1705. of the Revised Code or under the laws	145
of any other state if the limited liability company is not	146
treated as a corporation for purposes of Chapter 5733. of the	147
Revised Code and is not classified as an association taxable as	148
a corporation for federal income tax purposes.	149
(9) "Qualifying period" means the period that begins July	150
1, 1996, and ends June 30, 1999.	151
(10) "S corporation" means a corporation that has made an	152
election under subchapter S of chapter one of subtitle A of the	153
Internal Revenue Code for its taxable year under the Internal	154
Revenue Code;	155
(11) "Situational distress area" means a county or a	156
municipal corporation that has experienced or is experiencing a	157
closing or downsizing of a major employer that will adversely	158
affect the economy of the county or municipal corporation. In	159

order for a county or municipal corporation to be designated as 160
a situational distress area, the governing body of the county or 161
municipal corporation shall submit a petition to the director of 162
development in the form prescribed by the director. A county or 163
municipal corporation may be designated as a situational 164
distress area for a period not exceeding thirty-six months. 165

The petition shall include written documentation that 166
demonstrates all of the following: 167

(a) The number of jobs lost by the closing or downsizing; 168

(b) The impact that the job loss has on the unemployment 169
rate of the county or municipal corporation as measured by the 170
director of job and family services; 171

(c) The annual payroll associated with the job loss; 172

(d) The amount of state and local taxes associated with 173
the job loss; 174

(e) The impact that the closing or downsizing has on the 175
suppliers located in the county or municipal corporation. 176

(12) "Voluntary action" has the same meaning as in section 177
3746.01 of the Revised Code. 178

(13) "Taxpayer" means a corporation subject to the tax 179
imposed by section 5733.06 of the Revised Code or any person 180
subject to the tax imposed by section 5747.02 of the Revised 181
Code. 182

(14) "Governing body" means the board of county 183
commissioners of a county, the board of township trustees of a 184
township, or the legislative authority of a municipal 185
corporation. 186

(15) "Eligible site" means property for which a covenant 187
not to sue has been issued under section 3746.12 of the Revised 188
Code. 189

(B) (1) A taxpayer, partnership, or S corporation that has 190
been issued, under section 3746.12 of the Revised Code, a 191
covenant not to sue for a site by the director of environmental 192
protection during the qualifying period may apply to the 193
director of development, in the manner prescribed by the 194
director, to enter into an agreement under which the applicant 195
agrees to economically redevelop the site in a manner that will 196
create employment opportunities and a credit will be granted to 197
the applicant against the tax imposed by section 5733.06 or 198
5747.02 of the Revised Code. The application shall state the 199
eligible costs associated with a voluntary action incurred by 200
the applicant. The application shall be accompanied by proof, in 201
a form prescribed by the director of development, that the 202
covenant not to sue has been issued. 203

The applicant shall request the certified professional 204
that submitted the no further action letter for the eligible 205
site under section 3746.11 of the Revised Code to submit an 206
affidavit to the director of development verifying the eligible 207
costs associated with the voluntary action at that site. 208

The director shall review the applications in the order 209
they are received. If the director determines that the applicant 210
meets the requirements of this section, the director may enter 211
into an agreement granting a credit against the tax imposed by 212
section 5733.06 or 5747.02 of the Revised Code. In making the 213
determination, the director may consider the extent to which 214
political subdivisions and other units of government will 215
cooperate with the applicant to redevelop the eligible site. The 216

agreement shall state the amount of the tax credit and the 217
reporting requirements described in division (F) of this 218
section. 219

(2) The maximum annual amount of credits the director of 220
development may grant under such agreements shall be as follows: 221

1996	\$5,000,000	222
1997	\$10,000,000	223
1998	\$10,000,000	224
1999	\$5,000,000	225

For any year in which the director of development does not 226
grant tax credits under this section equal to the maximum annual 227
amount, the amount not granted for that year shall be added to 228
the maximum annual amount that may be granted for the following 229
year. However, the director shall not grant any tax credits 230
under this section after June 30, 1999. 231

(C) (1) If the covenant not to sue was issued in connection 232
with a site that is not located in an eligible area, the credit 233
amount is equal to the lesser of five hundred thousand dollars 234
or ten per cent of the eligible costs associated with a 235
voluntary action incurred by the taxpayer, partnership, or S 236
corporation. 237

(2) If a covenant not to sue was issued in connection with 238
a site that is located in an eligible area, the credit amount is 239
equal to the lesser of seven hundred fifty thousand dollars or 240
fifteen per cent of the eligible costs associated with a 241
voluntary action incurred by the taxpayer, partnership, or S 242
corporation. 243

(3) A taxpayer, partnership, or S corporation that has 244

been issued covenants not to sue under section 3746.12 of the Revised Code for more than one site may apply to the director of development to enter into more than one agreement granting a credit against the tax imposed by section 5733.06 or 5747.02 of the Revised Code.

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

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

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

(a) That the site from which the employment positions would be relocated is inadequate to meet market and industry conditions, expansion plans, consolidation plans, or other

business considerations affecting the relocating employer; 275

(b) That the governing body of the county, township, or 276
municipal corporation from which the employment positions would 277
be relocated has been notified of the possible relocation. 278

For purposes of this section, the movement of an 279
employment position from one political subdivision to another 280
political subdivision shall be considered a relocation of an 281
employment position, but the transfer of an individual employee 282
from one political subdivision to another political subdivision 283
shall not be considered a relocation of an employment position 284
as long as the individual's employment position in the first 285
political subdivision is refilled. 286

(E) A taxpayer, partnership, or S corporation that has 287
entered into an agreement granting a credit against the tax 288
imposed by section 5733.06 or 5747.02 of the Revised Code that 289
subsequently recovers in a lawsuit or settlement of a lawsuit at 290
least seventy-five per cent of the eligible costs associated 291
with a voluntary action shall not claim any credit amount 292
remaining, including any amounts carried forward from prior 293
years, beginning with the taxable year in which the judgment in 294
the lawsuit is entered or the settlement is finally agreed to. 295

Any amount of credit that a taxpayer, partnership, or S 296
corporation may not claim by reason of this division shall not 297
be considered to have been granted for the purpose of 298
determining the total amount of credits that may be issued under 299
division (B) (2) of this section. 300

(F) Each year for which a taxpayer, partnership, or S 301
corporation claims a credit under section 5733.34 ~~or 5747.32~~ of 302
the Revised Code, the taxpayer, partnership, or S corporation 303

shall report the following to the director of development: 304

(1) The status of all cost recovery litigation described 305
in division (E) of this section to which it was a party during 306
the previous year; 307

(2) Confirmation that the covenant not to sue has not been 308
revoked or has not been voided; 309

(3) Confirmation that the taxpayer, partnership, or S 310
corporation has not permitted the eligible site to be used in 311
such a manner as to cause the relocation of employment positions 312
from elsewhere in this state in violation of the commitment 313
required under division (D) of this section; 314

(4) Any other information the director of development 315
requires to perform the director's duties under this section. 316

(G) The director of development shall annually certify, by 317
the first day of January of each year during the qualifying 318
period, the eligible areas for the calendar year that includes 319
that first day of January. 320

(H) The director of development, in accordance with 321
Chapter 119. of the Revised Code, shall adopt rules necessary to 322
implement this section, including rules prescribing forms 323
required for administering this section. 324

Sec. 122.172. (A) As used in this section, "tax liability" 325
means the tax owed under section 5733.06 or 5747.02 of the 326
Revised Code after allowance of all nonrefundable credits and 327
prior to the allowance of all refundable credits. The tax owed 328
under section 5733.06 of the Revised Code shall take into 329
account any adjustments to such tax required by division (G) of 330
section 5733.01 of the Revised Code that apply prior to 331
allowance of refundable credits. 332

(B) (1) The director of development shall administer the 333
manufacturing equipment grant program to provide grants for new 334
manufacturing machinery and equipment qualifying for the grant 335
under section 122.173 of the Revised Code. Except as provided in 336
division (C) of this section, the grants apply to the taxes 337
imposed by sections 5733.06 and 5747.02 of the Revised Code for 338
taxable years ending on or after July 1, 2005. 339

(2) To claim a grant, a taxpayer satisfying the 340
requirements of section 122.173 of the Revised Code shall 341
complete a grant request form, as prescribed by the director in 342
consultation with the tax commissioner, and shall file the form 343
with the tax return for the taxable year for which the grant is 344
claimed. In no event shall the grant reduce a taxpayer's tax 345
liability below the minimum tax owed for the taxable year. The 346
grant request form shall provide the information required to 347
allow the grant for the taxable year and is subject to audit by 348
the director and the commissioner. Any portion of the grant in 349
excess of the taxpayer's tax liability shall not be refundable 350
but may be carried forward as provided in section 122.173 of the 351
Revised Code. Upon the director's request, the commissioner 352
shall provide completed grant request forms filed under this 353
section to the director in a mutually agreed upon format. 354

(C) If a taxpayer is required to repay any credit allowed 355
under section 5733.33 ~~or 5747.31~~ of the Revised Code for a 356
taxable year ending prior to July 1, 2005, for a reason not 357
specified in Chapter 5733. or 5747. of the Revised Code, a grant 358
shall be available for that taxable year under section 122.173 359
of the Revised Code to the extent provided in that section. 360

(D) Any tax liability under section 5733.06 or 5747.02 of 361
the Revised Code that is underpaid as the result of an improper 362

claim for a grant under this section may be assessed by the tax 363
commissioner in the manner provided by section 5733.11 or 364
5747.11 of the Revised Code. 365

Sec. 122.173. (A) As used in this section: 366

(1) "Manufacturing machinery and equipment" means engines 367
and machinery, and tools and implements, of every kind used, or 368
designed to be used, in refining and manufacturing. 369

"Manufacturing machinery and equipment" does not include 370
property acquired after December 31, 1999, that is used: 371

(a) For the transmission and distribution of electricity; 372

(b) For the generation of electricity, if fifty per cent 373
or more of the electricity that the property generates is 374
consumed, during the one-hundred-twenty-month period commencing 375
with the date the property is placed in service, by persons that 376
are not related members to the person who generates the 377
electricity. 378

(2) "New manufacturing machinery and equipment" means 379
manufacturing machinery and equipment, the original use in this 380
state of which commences with the taxpayer or with a partnership 381
of which the taxpayer is a partner. "New manufacturing machinery 382
and equipment" does not include property acquired after December 383
31, 1999, that is used: 384

(a) For the transmission and distribution of electricity; 385

(b) For the generation of electricity, if fifty per cent 386
or more of the electricity that the property generates is 387
consumed, during the one-hundred-twenty-month period commencing 388
with the date the property is placed in service, by persons that 389
are not related members to the person who generates the 390
electricity. 391

(3) (a) "Purchase" has the same meaning as in section	392
179(d) (2) of the Internal Revenue Code.	393
(b) For purposes of this section, any property that is not	394
manufactured or assembled primarily by the taxpayer is	395
considered purchased at the time the agreement to acquire the	396
property becomes binding. Any property that is manufactured or	397
assembled primarily by the taxpayer is considered purchased at	398
the time the taxpayer places the property in service in the	399
county for which the taxpayer will calculate the county excess	400
amount.	401
(c) Notwithstanding section 179(d) of the Internal Revenue	402
Code, a taxpayer's direct or indirect acquisition of new	403
manufacturing machinery and equipment is not purchased on or	404
after July 1, 1995, if the taxpayer, or a person whose	405
relationship to the taxpayer is described in subparagraphs (A),	406
(B), or (C) of section 179(d) (2) of the Internal Revenue Code,	407
had directly or indirectly entered into a binding agreement to	408
acquire the property at any time prior to July 1, 1995.	409
(4) "Qualifying period" means the period that begins July	410
1, 1995, and ends June 30, 2005.	411
(5) "County average new manufacturing machinery and	412
equipment investment" means either of the following:	413
(a) The average annual cost of new manufacturing machinery	414
and equipment purchased for use in the county during baseline	415
years, in the case of a taxpayer that was in existence for more	416
than one year during baseline years.	417
(b) Zero, in the case of a taxpayer that was not in	418
existence for more than one year during baseline years.	419
(6) "Partnership" includes a limited liability company	420

formed under Chapter 1705. of the Revised Code or under the laws 421
of any other state, provided that the company is not classified 422
for federal income tax purposes as an association taxable as a 423
corporation. 424

(7) "Partner" includes a member of a limited liability 425
company formed under Chapter 1705. of the Revised Code or under 426
the laws of any other state, provided that the company is not 427
classified for federal income tax purposes as an association 428
taxable as a corporation. 429

(8) "Distressed area" means either a municipal corporation 430
that has a population of at least fifty thousand or a county 431
that meets two of the following criteria of economic distress, 432
or a municipal corporation the majority of the population of 433
which is situated in such a county: 434

(a) Its average rate of unemployment, during the most 435
recent five-year period for which data are available, is equal 436
to at least one hundred twenty-five per cent of the average rate 437
of unemployment for the United States for the same period; 438

(b) It has a per capita income equal to or below eighty 439
per cent of the median county per capita income of the United 440
States as determined by the most recently available figures from 441
the United States census bureau; 442

(c) (i) In the case of a municipal corporation, at least 443
twenty per cent of the residents have a total income for the 444
most recent census year that is below the official poverty line; 445

(ii) In the case of a county, in intercensal years, the 446
county has a ratio of transfer payment income to total county 447
income equal to or greater than twenty-five per cent. 448

(9) "Eligible area" means a distressed area, a labor 449

surplus area, an inner city area, or a situational distress area. 450
451

(10) "Inner city area" means, in a municipal corporation 452
that has a population of at least one hundred thousand and does 453
not meet the criteria of a labor surplus area or a distressed 454
area, targeted investment areas established by the municipal 455
corporation within its boundaries that are comprised of the most 456
recent census block tracts that individually have at least 457
twenty per cent of their population at or below the state 458
poverty level or other census block tracts contiguous to such 459
census block tracts. 460

(11) "Labor surplus area" means an area designated as a 461
labor surplus area by the United States department of labor. 462

(12) "Official poverty line" has the same meaning as in 463
division (A) of section 3923.51 of the Revised Code. 464

(13) "Situational distress area" means a county or a 465
municipal corporation that has experienced or is experiencing a 466
closing or downsizing of a major employer that will adversely 467
affect the county's or municipal corporation's economy. In order 468
to be designated as a situational distress area, for a period 469
not to exceed thirty-six months, the county or municipal 470
corporation may petition the director of development. The 471
petition shall include written documentation that demonstrates 472
all of the following adverse effects on the local economy: 473

(a) The number of jobs lost by the closing or downsizing; 474

(b) The impact that the job loss has on the county's or 475
municipal corporation's unemployment rate as measured by the 476
state director of job and family services; 477

(c) The annual payroll associated with the job loss; 478

(d) The amount of state and local taxes associated with the job loss;	479 480
(e) The impact that the closing or downsizing has on suppliers located in the county or municipal corporation.	481 482
(14) "Cost" has the same meaning and limitation as in section 179(d) (3) of the Internal Revenue Code.	483 484
(15) "Baseline years" means:	485
(a) Calendar years 1992, 1993, and 1994, with regard to a grant claimed for the purchase during calendar year 1995, 1996, 1997, or 1998 of new manufacturing machinery and equipment;	486 487 488
(b) Calendar years 1993, 1994, and 1995, with regard to a grant claimed for the purchase during calendar year 1999 of new manufacturing machinery and equipment;	489 490 491
(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;	492 493 494
(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;	495 496 497
(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;	498 499 500
(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;	501 502 503
(g) Calendar years 1998, 1999, and 2000, with regard to a grant claimed for the purchase during calendar year 2004 of new	504 505

manufacturing machinery and equipment;	506
(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.	507 508 509 510
(16) "Related member" has the same meaning as in section 5733.042 of the Revised Code.	511 512
(17) "Qualifying controlled group" has the same meaning as in section 5733.04 of the Revised Code.	513 514
(18) "Tax liability" has the same meaning as in section 122.172 of the Revised Code.	515 516
(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.	517 518 519 520 521 522 523
(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.	524 525 526 527 528 529 530 531
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.	532 533 534

(b) Division (B) (2) (a) of this section does not apply if 535
the taxpayer claiming the grant applies for and is issued a 536
waiver of the requirement of that division. A taxpayer may apply 537
to the director of development for such a waiver in the manner 538
prescribed by the director, and the director may issue such a 539
waiver if the director determines that granting the grant is 540
necessary to increase or retain employees in this state, and 541
that the grant has not caused relocation of manufacturing 542
machinery and equipment among counties within this state for the 543
primary purpose of qualifying for the grant. 544

(C) (1) Except as otherwise provided in division (C) (2) and 545
division (I) of this section, the grant amount is equal to seven 546
and one-half per cent of the excess of the cost of the new 547
manufacturing machinery and equipment purchased during the 548
calendar year for use in a county over the county average new 549
manufacturing machinery and equipment investment for that 550
county. 551

(2) Subject to division (I) of this section, as used in 552
division (C) (2) of this section, "county excess" means the 553
taxpayer's excess cost for a county as computed under division 554
(C) (1) of this section. 555

Subject to division (I) of this section, a taxpayer with a 556
county excess, whose purchases included purchases for use in any 557
eligible area in the county, the grant amount is equal to 558
thirteen and one-half per cent of the cost of the new 559
manufacturing machinery and equipment purchased during the 560
calendar year for use in the eligible areas in the county, 561
provided that the cost subject to the thirteen and one-half per 562
cent rate shall not exceed the county excess. If the county 563
excess is greater than the cost of the new manufacturing 564

machinery and equipment purchased during the calendar year for 565
use in eligible areas in the county, the grant amount also shall 566
include an amount equal to seven and one-half per cent of the 567
amount of the difference. 568

(3) If a taxpayer is allowed a grant for purchases of new 569
manufacturing machinery and equipment in more than one county or 570
eligible area, it shall aggregate the amount of those grants 571
each year. 572

(4) Except as provided in division (J) of this section, 573
the taxpayer shall claim one-seventh of the grant amount for the 574
taxable year ending in the calendar year in which the new 575
manufacturing machinery and equipment is purchased for use in 576
the county by the taxpayer or partnership. One-seventh of the 577
taxpayer grant amount is allowed for each of the six ensuing 578
taxable years. Except for carried-forward amounts, the taxpayer 579
is not allowed any grant amount remaining if the new 580
manufacturing machinery and equipment is sold by the taxpayer or 581
partnership or is transferred by the taxpayer or partnership out 582
of the county before the end of the seven-year period unless, at 583
the time of the sale or transfer, the new manufacturing 584
machinery and equipment has been fully depreciated for federal 585
income tax purposes. 586

(5) (a) A taxpayer that acquires manufacturing machinery 587
and equipment as a result of a merger with the taxpayer with 588
whom commenced the original use in this state of the 589
manufacturing machinery and equipment, or with a taxpayer that 590
was a partner in a partnership with whom commenced the original 591
use in this state of the manufacturing machinery and equipment, 592
is entitled to any remaining or carried-forward grant amounts to 593
which the taxpayer was entitled. 594

(b) A taxpayer that enters into an agreement under 595
division (C) (3) of section 5709.62 of the Revised Code and that 596
acquires manufacturing machinery or equipment as a result of 597
purchasing a large manufacturing facility, as defined in section 598
5709.61 of the Revised Code, from another taxpayer with whom 599
commenced the original use in this state of the manufacturing 600
machinery or equipment, and that operates the large 601
manufacturing facility so purchased, is entitled to any 602
remaining or carried-forward grant amounts to which the other 603
taxpayer who sold the facility would have been entitled under 604
this section had the other taxpayer not sold the manufacturing 605
facility or equipment. 606

(c) New manufacturing machinery and equipment is not 607
considered sold if a pass-through entity transfers to another 608
pass-through entity substantially all of its assets as part of a 609
plan of reorganization under which substantially all gain and 610
loss is not recognized by the pass-through entity that is 611
transferring the new manufacturing machinery and equipment to 612
the transferee and under which the transferee's basis in the new 613
manufacturing machinery and equipment is determined, in whole or 614
in part, by reference to the basis of the pass-through entity 615
that transferred the new manufacturing machinery and equipment 616
to the transferee. 617

(d) Division (C) (5) of this section applies only if the 618
acquiring taxpayer or transferee does not sell the new 619
manufacturing machinery and equipment or transfer the new 620
manufacturing machinery and equipment out of the county before 621
the end of the seven-year period to which division (C) (4) of 622
this section refers. 623

(e) Division (C) (5) (b) of this section applies only to the 624

extent that the taxpayer that sold the manufacturing machinery 625
or equipment, upon request, timely provides to the tax 626
commissioner any information that the tax commissioner considers 627
to be necessary to ascertain any remaining or carried-forward 628
amounts to which the taxpayer that sold the facility would have 629
been entitled under this section had the taxpayer not sold the 630
manufacturing machinery or equipment. Nothing in division (C) (5) 631
(b) or (e) of this section shall be construed to allow a 632
taxpayer to claim any grant amount with respect to the acquired 633
manufacturing machinery or equipment that is greater than the 634
amount that would have been available to the other taxpayer that 635
sold the manufacturing machinery or equipment had the other 636
taxpayer not sold the manufacturing machinery or equipment. 637

(D) The taxpayer shall claim the grant allowed by this 638
section in the manner provided by section 122.172 of the Revised 639
Code. Any portion of the grant in excess of the taxpayer's tax 640
liability for the taxable year shall not be refundable but may 641
be carried forward for the next three consecutive taxable years. 642

(E) A taxpayer purchasing new manufacturing machinery and 643
equipment and intending to claim the grant shall file, with the 644
director of development, a notice of intent to claim the grant 645
on a form prescribed by the director of development. The 646
director of development shall inform the tax commissioner of the 647
notice of intent to claim the grant. No grant may be claimed 648
under this section for any manufacturing machinery and equipment 649
with respect to which a notice was not filed by the date of a 650
timely filed return, including extensions, for the taxable year 651
that includes September 30, 2005, but a notice filed on or 652
before such date under division (E) of section 5733.33 of the 653
Revised Code of the intent to claim the credit under that 654
section ~~or section 5747.31 of the Revised Code~~ also shall be 655

considered a notice of the intent to claim a grant under this 656
section. 657

(F) The director of development shall annually certify, by 658
the first day of January of each year during the qualifying 659
period, the eligible areas for the tax grant for the calendar 660
year that includes that first day of January. The director shall 661
send a copy of the certification to the tax commissioner. 662

(G) New manufacturing machinery and equipment for which a 663
taxpayer claims the credit under section 5733.31~~7~~ or 5733.311~~7~~ 664
~~5747.26, or 5747.261~~ of the Revised Code shall not be considered 665
new manufacturing machinery and equipment for purposes of the 666
grant under this section. 667

(H) (1) Notwithstanding sections 5733.11 and 5747.13 of the 668
Revised Code, but subject to division (H) (2) of this section, 669
the tax commissioner may issue an assessment against a person 670
with respect to a grant claimed under this section for new 671
manufacturing machinery and equipment described in division (A) 672
(1) (b) or (2) (b) of this section, if the machinery or equipment 673
subsequently does not qualify for the grant. 674

(2) Division (H) (1) of this section shall not apply after 675
the twenty-fourth month following the last day of the period 676
described in divisions (A) (1) (b) and (2) (b) of this section. 677

(I) Notwithstanding any other provision of this section to 678
the contrary, in the case of a qualifying controlled group, the 679
grant available under this section to a taxpayer or taxpayers in 680
the qualifying controlled group shall be computed as if all 681
corporations in the group were a single corporation. The grant 682
shall be allocated to such a taxpayer or taxpayers in the group 683
in any amount elected for the taxable year by the group. The 684

election shall be revocable and amendable during the period 685
described in division (B) of section 5733.12 of the Revised 686
Code. 687

This division applies to all purchases of new 688
manufacturing machinery and equipment made on or after January 689
1, 2001, and to all baseline years used to compute any grant 690
attributable to such purchases; provided, that this division may 691
be applied solely at the election of the qualifying controlled 692
group with respect to all purchases of new manufacturing 693
machinery and equipment made before that date, and to all 694
baseline years used to compute any grant attributable to such 695
purchases. The qualifying controlled group at any time may elect 696
to apply this division to purchases made prior to January 1, 697
2001, subject to the following: 698

(1) The election is irrevocable; 699

(2) The election need not accompany a timely filed report, 700
but the election may accompany a subsequently filed but timely 701
application for refund, a subsequently filed but timely amended 702
report, or a subsequently filed but timely petition for 703
reassessment. 704

(J) Except as provided in division (B) of section 122.172 705
of the Revised Code, no grant under this section may be claimed 706
for any taxable year for which a credit is allowed under section 707
5733.33 ~~or 5747.31~~ of the Revised Code. If the tax imposed by 708
section 5733.06 of the Revised Code for which a grant is allowed 709
under this section has been prorated under division (G) (2) of 710
section 5733.01 of the Revised Code, the grant shall be prorated 711
by the same percentage as the tax. 712

Sec. 5709.65. (A) An enterprise issued a certificate under 713

section 5709.64 of the Revised Code shall be entitled to the 714
following tax incentives: 715

(1) With the exception of improvements to land or tangible 716
personal property constituting or used in the retail portion, if 717
any, of a facility, any improvement to land or tangible personal 718
property at a facility for which a certificate is issued, first 719
used in business at the facility as the result of a project, 720
shall not be considered an asset of a corporate enterprise in 721
determining the value of its issued and outstanding stock under 722
division (A) of section 5733.05 of the Revised Code at the end 723
of the taxable year that includes the certificate's date of 724
issuance. 725

(2) With the exception of the original cost of 726
improvements to land or tangible personal property constituting 727
or used in the retail portion, if any, of a facility, the 728
original cost of any improvement to land or tangible personal 729
property at the facility for which the certificate is issued, 730
first used in business at the facility as a result of a project, 731
shall be excluded from the numerator upon computation of the 732
property factor of a corporate enterprise under division (B) (2) 733
(a) of section 5733.05 of the Revised Code, or of a noncorporate 734
enterprise under division (A) of section 5747.21 of the Revised 735
Code, for the taxable year that includes the certificate's date 736
of issuance. 737

As used in divisions (A) (1) and (2) of this section, the 738
"retail portion" of a facility is that part of a facility used 739
primarily for making retail sales as defined in division (O) of 740
section 5739.01 of the Revised Code. 741

(3) Compensation paid to new employees described under 742
divisions (A) (2) (a) to (e) of section 5709.64 of the Revised 743

Code at the facility for which the certificate is issued, who 744
are hired as a result of a project, shall be excluded from the 745
numerator upon computation of the payroll factor of a corporate 746
enterprise under division (B) (2) (b) of section 5733.05 of the 747
Revised Code, or of a noncorporate enterprise under division (B) 748
of section 5747.21 of the Revised Code, for the taxable year 749
that includes the certificate's date of issuance. 750

(4) An enterprise that reimburses its new employees 751
described under divisions (A) (2) (a) to (e) of section 5709.64 of 752
the Revised Code for all or part of the cost of day-care 753
services necessary to enable them to be employed at a facility 754
for which a certificate is issued shall be entitled to a credit 755
equal to the amounts so reimbursed, up to a maximum of three 756
hundred dollars for each child or dependent receiving the 757
services, for the taxable year in which reimbursement is made, 758
against the tax imposed by section 5733.06 of the Revised Code 759
on a corporate enterprise, or by against the aggregate amount of 760
tax imposed on the owners of a noncorporate enterprise under 761
section 5747.02 of the Revised Code on the owners of a 762
~~noncorporate enterprise~~, for the taxable year that includes the 763
certificate's date of issuance. Only reimbursements of amounts 764
paid by new employees to day-care centers licensed by the 765
department of job and family services for day-care services 766
provided during the first twenty-four months of employment as a 767
new employee may be applied toward the credit provided under 768
this division. Any enterprise claiming this credit shall 769
maintain records verifying that the credit is claimed only for 770
reimbursement of amounts expended by new employees for such 771
services. 772

(5) For each new employee described in divisions (A) (2) (a) 773
to (e) of section 5709.64 of the Revised Code who completes a 774

training program and is subsequently employed by an enterprise 775
for at least ninety days, if the enterprise pays or reimburses 776
all or part of the cost of the employee's participation in the 777
training program, it may claim a credit equal to the amount paid 778
or reimbursed or one thousand dollars, whichever is less, in the 779
taxable year in which the employee completes the ninety days of 780
subsequent employment, against the tax imposed on a corporate 781
enterprise by section 5733.06 of the Revised Code, or against 782
the aggregate amount of tax imposed on the owners of a 783
noncorporate enterprise ~~by~~ under section 5747.02 of the Revised 784
Code. Only one credit shall be allowed with respect to any 785
individual. Attendance at a qualified training program under 786
this section does not bar an otherwise eligible individual from 787
receipt of benefits under Chapter 4141. of the Revised Code. 788

(B) None of the items set forth in divisions (A) (2) and 789
(3) of this section shall be considered in making any allocation 790
or apportionment under division (B) (2) (d) of section 5733.05 or 791
division (D) of section 5747.21 of the Revised Code. 792

(C) All credits provided under this section to a 793
noncorporate enterprise shall be divided pro rata among the 794
owners of the enterprise subject to the tax imposed by section 795
5747.02 of the Revised Code, based upon their proportionate 796
ownership interests in the enterprise. The enterprise shall file 797
with the tax commissioner, on a form prescribed by the 798
commissioner, a statement showing the total available credit and 799
the portion thereof attributed to each owner. The statement 800
shall identify each owner by name and social security number and 801
shall be filed with the tax commissioner by the date prescribed 802
by the commissioner, which shall be no earlier than the 803
fifteenth day of the month following the close of the 804
enterprise's taxable year for which the credit is claimed. 805

(D) All state income tax or corporation franchise tax 806
credits provided under this section shall be claimed in the 807
order required under section 5733.98 or 5747.98 of the Revised 808
Code. The credits, to the extent they exceed the taxpayer's 809
aggregate tax liability for the taxable year after allowance for 810
any other credits that precede the credits under this section in 811
that order, shall be carried forward to the next succeeding 812
taxable year or years until fully utilized. 813

Sec. 5709.66. (A) If an enterprise has been granted an 814
incentive for the current calendar year under an agreement 815
entered into pursuant to section 5709.62 or 5709.63 of the 816
Revised Code and satisfies both of the requirements described in 817
divisions (A) (1) and (2) of this section at the time of 818
application, it may apply to the director of development, on a 819
form prescribed by the director, for the employee tax credit 820
certificate under division (B) of this section. 821

(1) The enterprise has established, expanded, renovated, 822
or occupied a facility pursuant to an agreement under section 823
5709.62 or 5709.63 of the Revised Code in a zone that is 824
certified by the director of development as having one of the 825
characteristics described in divisions (A) (1) (a) or (b) and at 826
least one of the characteristics described in divisions (A) (1) 827
(c) to (h) of section 5709.61 of the Revised Code. 828

(2) The enterprise or any predecessor enterprise has not 829
closed or reduced employment at any place of business in this 830
state within the twelve months preceding application unless the 831
enterprise, since the date the agreement was formally approved 832
by the legislative authority, has hired new employees equal in 833
number to not less than fifty per cent of the total number of 834
employees employed by the enterprise at other locations in this 835

state on that date. The legislative authority of any municipal 836
corporation or county that concludes that an enterprise or any 837
predecessor enterprise has closed or reduced employment at a 838
place of business in that municipal corporation or county may 839
appeal to the director to determine whether the enterprise or 840
any predecessor enterprise has done so. Upon receiving such an 841
appeal, the director shall investigate the allegations and 842
determine whether the enterprise satisfies the requirement of 843
division (A) (2) of this section before proceeding under division 844
(B) of this section. 845

Within sixty days after receiving an application under 846
this section, the director shall review, investigate, and verify 847
the application and determine whether the enterprise is eligible 848
for the employee tax credit certificate under division (B) of 849
this section. The application shall contain such information and 850
documents as the director requires, by rule, to ascertain 851
whether the enterprise is eligible for the certificate. On 852
finding that the enterprise is eligible, the director shall 853
proceed under division (B) of this section. 854

On determining that an enterprise is not eligible for the 855
certificate under division (B) of this section, the director 856
shall send notice of this determination, specifying the reasons 857
for it, by certified mail, to the applicant, the board of county 858
commissioners, and the chief executive of the municipal 859
corporation in which the facility to which the certificate would 860
have been given is located. Within thirty days after receiving 861
such a notice, an enterprise may request, in writing, a hearing 862
before the director for the purpose of reviewing the application 863
and the reasons for the determination. Within sixty days after 864
receiving a request for a hearing, the director shall afford one 865
and, within thirty days after the hearing, shall issue a 866

redetermination of the enterprise's eligibility for the 867
incentives. If the enterprise is found to be eligible, the 868
director shall proceed under division (B) of this section. If 869
the enterprise is found to be ineligible, the director shall 870
send notice of this finding, by certified mail, to the 871
applicant, the board of commissioners of the county or the chief 872
executive of the municipal corporation in which the facility to 873
which the certificate would have been given is located. The 874
director's redetermination that an enterprise is ineligible may 875
be appealed to the board of tax appeals under section 5717.02 of 876
the Revised Code. 877

(B) (1) If the director determines an enterprise to be 878
eligible under division (A) of this section, the director shall 879
determine if the enterprise is entitled to an employee tax 880
credit certificate. An enterprise is entitled to an employee tax 881
credit certificate for each eligible employee the enterprise 882
hires. A taxpayer who is issued an employee tax credit 883
certificate under this section may claim a nonrefundable credit 884
of one thousand dollars against the ~~tax imposed by taxpayer's~~ 885
aggregate tax liability under either section 5733.06 or 5747.02 886
of the Revised Code for each taxable year of the agreement 887
entered into under section 5709.62 or 5709.63 of the Revised 888
Code in which an eligible employee is employed for the 889
taxpayer's full taxable year. If the eligible employee is 890
employed for less than the taxpayer's full taxable year, the 891
taxpayer may claim a reduced credit against the aggregate amount 892
of tax imposed by due under either section 5733.06 or 5747.02 of 893
the Revised Code. The reduced credit shall be computed by 894
dividing the total number of days in the taxable year into one 895
thousand dollars and multiplying the quotient by the number of 896
days the eligible employee was employed in the taxable year. For 897

purposes of the computation, the eligible employee shall be 898
deemed to have been employed for each day of the taxable year 899
commencing on the date of employment or ending on the date of 900
termination of employment. 901

The credit provided under this division to a noncorporate 902
enterprise or an enterprise that is an S corporation as defined 903
in section 1361 of the Internal Revenue Code shall be divided 904
pro rata among the owners or shareholders of the enterprise 905
subject to the tax imposed by section 5747.02 of the Revised 906
Code, based on their proportionate ownership interests in the 907
enterprise. The enterprise shall file with the tax commissioner, 908
on a form prescribed by the tax commissioner, a statement 909
showing the total available credit and the portion of that 910
credit attributed to each owner or shareholder. The statement 911
shall identify each owner or shareholder by name and social 912
security number and shall be filed with the tax commissioner by 913
the date prescribed by the tax commissioner, which shall be no 914
earlier than the fifteenth day of the month following the close 915
of the enterprise's taxable year for which the credit is 916
claimed. 917

The taxpayer shall claim the credit in the order required 918
under section 5733.98 or 5747.98 of the Revised Code. If the 919
credit provided under this division exceeds the taxpayer's tax 920
liability for the taxable year after allowance for any other 921
credits that precede the credit under this section in that 922
order, the credit may be carried forward for the next three 923
succeeding taxable years, but the amount of any excess credit 924
allowed in any such year shall be deducted from the balance 925
carried forward to the succeeding taxable year. 926

(2) As used in this division: 927

(a) "Eligible employee" means a new employee at a facility 928
who, at the time the employee was hired to work at the facility, 929
was a participant of the Ohio works first program under Chapter 930
5107. of the Revised Code or the prevention, retention, and 931
contingency program under Chapter 5108. of the Revised Code or a 932
recipient of general assistance under former Chapter 5113. of 933
the Revised Code and resided for at least one year in the county 934
in which the facility is located. "Eligible employee" does not 935
include any employee of the enterprise who is a new employee, as 936
defined under section 122.17 of the Revised Code, on the basis 937
of whom the enterprise has claimed a credit under that section. 938

(b) "Taxable year" has the same meaning as in section 939
5733.04 or 5747.01 of the Revised Code, as applicable to the 940
enterprise claiming the credit. 941

Sec. 5709.92. (A) As used in this section: 942

(1) "School district" means a city, local, or exempted 943
village school district. 944

(2) "Joint vocational school district" means a joint 945
vocational school district created under section 3311.16 of the 946
Revised Code, and includes a cooperative education school 947
district created under section 3311.52 or 3311.521 of the 948
Revised Code and a county school financing district created 949
under section 3311.50 of the Revised Code. 950

(3) "Total resources" means the sum of the amounts 951
described in divisions (A) (3) (a) to (g) of this section less any 952
reduction required under division (C) ~~(2)~~ (3) (a) of this section. 953

(a) The state education aid for fiscal year 2015; 954

(b) The sum of the payments received in fiscal year 2015 955
for current expense levy losses under division (C) (3) of section 956

5727.85 and division (C) (12) of section 5751.21 of the Revised Code, as they existed at that time, excluding the portion of such payments attributable to levies for joint vocational school district purposes;

(c) The sum of fixed-sum levy loss payments received by the school district in fiscal year 2015 under division (F) (1) of section 5727.85 and division (E) (1) of section 5751.21 of the Revised Code, as they existed at that time, for fixed-sum levies charged and payable for a purpose other than paying debt charges;

(d) The district's taxes charged and payable against all property on the tax list of real and public utility property for current expense purposes for tax year 2014, including taxes charged and payable from emergency levies charged and payable under sections 5705.194 to 5705.197 of the Revised Code, excluding taxes levied for joint vocational school district purposes or levied under section 5705.23 of the Revised Code;

(e) The amount certified for fiscal year 2015 under division (A) (2) of section 3317.08 of the Revised Code;

(f) Distributions received during calendar year 2014 from taxes levied under section 718.09 of the Revised Code;

(g) Distributions received during fiscal year 2015 from the gross casino revenue county student fund.

(4) (a) "State education aid" for a school district means the sum of state amounts computed for the district under sections 3317.022 and 3317.0212 of the Revised Code after any amounts are added or subtracted under Section 263.240 of Am. Sub. H.B. 59 of the 130th general assembly, entitled "TRANSITIONAL AID FOR CITY, LOCAL, AND EXEMPTED VILLAGE SCHOOL

DISTRICTS."	986
(b) "State education aid" for a joint vocational district	987
means the amount computed for the district under section 3317.16	988
of the Revised Code after any amounts are added or subtracted	989
under Section 263.250 of Am. Sub. H.B. 59 of the 130th general	990
assembly, entitled "TRANSITIONAL AID FOR JOINT VOCATIONAL SCHOOL	991
DISTRICTS."	992
(5) "Taxes charged and payable" means taxes charged and	993
payable after the reduction required by section 319.301 of the	994
Revised Code but before the reductions required by sections	995
319.302 and 323.152 of the Revised Code.	996
(6) "Capacity quintile" means the capacity measure	997
quintiles determined under division (B) of this section.	998
(7) "Threshold per cent" means the following:	999
(a) For a school district in the lowest capacity quintile,	1000
one per cent for fiscal year 2016 7 <u>and two per cent</u> for fiscal	1001
year 2017 and each year thereafter, the sum of the prior year's	1002
threshold per cent plus one percentage point.	1003
(b) For a school district in the second lowest capacity	1004
quintile, one and one-fourth per cent for fiscal year 2016 7 <u>and</u>	1005
<u>two and one-half per cent</u> for fiscal year 2017 and each year	1006
thereafter, the sum of the prior year's threshold per cent plus	1007
one and one-fourth percentage points.	1008
(c) For a school district in the third lowest capacity	1009
quintile, one and one-half per cent for fiscal year 2016 7 <u>and</u>	1010
<u>three per cent</u> for fiscal year 2017 and each year thereafter,	1011
the sum of the prior year's threshold per cent plus one and one	1012
half percentage points.	1013

(d) For a school district in the second highest capacity 1014
quintile, one and three-fourths per cent for fiscal year 2016~~+~~ 1015
and three and one-half per cent for fiscal year 2017 ~~and each~~ 1016
~~year thereafter, the sum of the prior year's threshold per cent~~ 1017
~~plus one and three-fourths percentage points.~~ 1018

(e) For a school district in the highest capacity 1019
quintile, two per cent for fiscal year 2016~~+~~ and four per cent 1020
for fiscal year 2017 ~~and each year thereafter, the sum of the~~ 1021
~~prior year's threshold per cent plus two percentage points.~~ 1022

(f) For a joint vocational school district, two per cent 1023
for fiscal year 2016~~+~~ and four per cent for fiscal year 2017 ~~and~~ 1024
~~thereafter, the sum of the prior year's threshold per cent plus~~ 1025
~~two percentage points.~~ 1026

(8) "Current expense allocation" means the sum of the 1027
payments received by a school district or joint vocational 1028
school district in fiscal year 2015 for current expense levy 1029
losses under division (C) (3) of section 5727.85 and division (C) 1030
(12) of section 5751.21 of the Revised Code as they existed at 1031
that time, less any reduction required under division (C) ~~(2)~~ (3) 1032
(b) of this section. 1033

(9) "Non-current expense allocation" means the sum of the 1034
payments received by a school district or joint vocational 1035
school district in fiscal year 2015 for levy losses under 1036
division (C) (3) (c) of section 5727.85 and division (C) (12) (c) of 1037
section 5751.21 of the Revised Code, as they existed at that 1038
time, and levy losses in fiscal year 2015 under division (H) of 1039
section 5727.84 of the Revised Code as that section existed at 1040
that time attributable to levies for and payments received for 1041
losses on levies intended to generate money for maintenance of 1042
classroom facilities. 1043

(10) "Operating TPP fixed-sum levy losses" means the sum 1044
of payments received by a school district in fiscal year 2015 1045
for levy losses under division (E) of section 5751.21 of the 1046
Revised Code, excluding levy losses for debt purposes. 1047

(11) "Operating S.B. 3 fixed-sum levy losses" means the 1048
sum of payments received by the school district in fiscal year 1049
2015 for levy losses under division (H) of section 5727.84 of 1050
the Revised Code, excluding levy losses for debt purposes. 1051

(12) "TPP fixed-sum debt levy losses" means the sum of 1052
payments received by a school district in fiscal year 2015 for 1053
levy losses under division (E) of section 5751.21 of the Revised 1054
Code for debt purposes. 1055

(13) "S.B. 3 fixed-sum debt levy losses" means the sum of 1056
payments received by the school district in fiscal year 2015 for 1057
levy losses under division (H) of section 5727.84 of the Revised 1058
Code for debt purposes. 1059

(14) "Qualifying levies" means qualifying levies described 1060
in section 5751.20 of the Revised Code as that section was in 1061
effect before July 1, 2015. 1062

(15) "Total taxable value" has the same meaning as in 1063
section 3317.02 of the Revised Code. 1064

(B) The department of education shall rank all school 1065
districts in the order of districts' capacity measures 1066
determined under section 3317.018 of the Revised Code from 1067
lowest to highest, and divide such ranking into quintiles, with 1068
the first quintile containing the twenty per cent of school 1069
districts having the lowest capacity measure and the fifth 1070
quintile containing the twenty per cent of school districts 1071
having the highest capacity measure. This calculation and 1072

ranking shall be performed once, in fiscal year 2016,~~and used~~ 1073
~~for subsequent years for the purpose of division (A) (7) of this~~ 1074
~~section.~~ 1075

(C) (1) In fiscal year 2016, payments shall be made to 1076
school districts and joint vocational school districts equal to 1077
the sum of the amounts described in divisions (C) (1) (a) or (b) 1078
and (C) (1) (c) of this section. In fiscal year 2017~~and~~ 1079
~~subsequent fiscal years,~~ payments shall be made to school 1080
districts and joint vocational school districts equal to the 1081
amount described in division (C) (1) (a) or (b) of this section. 1082

(a) If the ratio of the current expense allocation to 1083
total resources is equal to or less than the district's 1084
threshold per cent, zero; 1085

(b) If the ratio of the current expense allocation to 1086
total resources is greater than the district's threshold per 1087
cent, the difference between the current expense allocation and 1088
the product of the threshold percentage and total resources; 1089

(c) For fiscal year 2016, the product of the non-current 1090
expense allocation multiplied by fifty per cent. 1091

(2) In fiscal year 2018 and subsequent fiscal years, 1092
payments shall be made to school districts and joint vocational 1093
school districts equal to the difference obtained by subtracting 1094
the amount described in division (C) (2) (b) of this section from 1095
the amount described in division (C) (2) (a) of this section, 1096
provided that such amount is greater than zero. 1097

(a) The sum of the payments received by the district under 1098
division (C) (1) (b) or (C) (2) of this section for the immediately 1099
preceding fiscal year; 1100

(b) One-sixteenth of one per cent of the average of the 1101

total taxable value of the district for tax years 2014, 2015, 1102
and 2016. 1103

(3) (a) "Total resources" used to compute payments under 1104
division (C) (1) of this section shall be reduced to the extent 1105
that payments distributed in fiscal year 2015 were attributable 1106
to levies no longer charged and payable for tax year 2014. 1107

(b) "Current expense allocation" used to compute payments 1108
under division (C) (1) of this section shall be reduced to the 1109
extent that the payments distributed in fiscal year 2015 were 1110
attributable to levies no longer charged and payable for tax 1111
year 2014. 1112

~~(3)~~ (4) The department of education shall report to each 1113
school district and joint vocational school district the 1114
apportionment of the payments under division (C) (1) of this 1115
section among the district's funds based on qualifying levies. 1116

(D) (1) ~~payments~~ Payments in the following amounts shall be 1117
made to school districts and joint vocational school districts 1118
in tax years 2016 through 2021: 1119

(a) In tax year 2016, the sum of the district's operating 1120
TPP fixed-sum levy losses and operating S.B. 3 fixed-sum levy 1121
losses. 1122

(b) In tax year 2017, the sum of the district's operating 1123
TPP fixed-sum levy losses and eighty per cent of operating S.B. 1124
3 fixed-sum levy losses. 1125

(c) In tax year 2018, the sum of eighty per cent of the 1126
district's operating TPP fixed-sum levy losses and sixty per 1127
cent of its operating S.B. 3 fixed-sum levy losses. 1128

(d) In tax year 2019, the sum of sixty per cent of the 1129

district's operating TPP fixed-sum levy losses and forty per 1130
cent of its operating S.B. 3 fixed-sum levy losses. 1131

(e) In tax year 2020, the sum of forty per cent of the 1132
district's operating TPP fixed-sum levy losses and twenty per 1133
cent of its operating S.B. 3 fixed-sum levy losses. 1134

(f) In tax year 2021, twenty per cent of the district's 1135
operating TPP fixed-sum levy losses. 1136

No payment shall be made under division (D) (1) of this 1137
section after tax year 2021. 1138

~~(3)~~ (2) Amounts are payable under division (D) of this 1139
section for fixed-sum levy losses only to the extent of such 1140
losses for qualifying levies that remain in effect for the 1141
current tax year. For this purpose, a qualifying levy levied 1142
under section 5705.194 or 5705.213 of the Revised Code remains 1143
in effect for the current tax year only if a tax levied under 1144
either of those sections is charged and payable for the current 1145
tax year for an annual sum at least equal to the annual sum 1146
levied by the board of education for tax year 2004 under those 1147
sections less the amount of the payment under this division. 1148

(E) (1) For fixed-sum levies for debt purposes, payments 1149
shall be made to school districts and joint vocational school 1150
districts equal to one hundred per cent of the district's fixed- 1151
sum levy loss determined under division (E) of section 5751.20 1152
and division (H) of section 5727.84 of the Revised Code as in 1153
effect before July 1, 2015, and paid in tax year 2014. No 1154
payment shall be made for qualifying levies that are no longer 1155
charged and payable. 1156

(2) Beginning in 2016, by the thirty-first day of January 1157
of each year, the tax commissioner shall review the calculation 1158

of fixed-sum levy loss for debt purposes determined under 1159
division (E) of section 5751.20 and division (H) of section 1160
5727.84 of the Revised Code as in effect before July 1, 2015. If 1161
the commissioner determines that a fixed-sum levy that had been 1162
scheduled to be reimbursed in the current year is no longer 1163
charged and payable, a revised calculation for that year and all 1164
subsequent years shall be made. 1165

(F) (1) For taxes levied within the ten-mill limitation for 1166
debt purposes in tax year 1998 in the case of electric company 1167
tax value losses, and in tax year 1999 in the case of natural 1168
gas company tax value losses, payments shall be made to school 1169
districts and joint vocational school districts equal to one 1170
hundred per cent of the loss computed under division (D) of 1171
section 5727.85 of the Revised Code as in effect before July 1, 1172
2015, as if the tax were a fixed-rate levy, but those payments 1173
shall extend through fiscal year 2016. 1174

(2) For taxes levied within the ten-mill limitation for 1175
debt purposes in tax year 2005, payments shall be made to school 1176
districts and joint vocational school districts equal to one 1177
hundred per cent of the loss computed under division (D) of 1178
section 5751.21 of the Revised Code as in effect before July 1, 1179
2015, as if the tax were a fixed-rate levy, but those payments 1180
shall extend through fiscal year 2018. 1181

(G) If all the territory of a school district or joint 1182
vocational school district is merged with another district, or 1183
if a part of the territory of a school district or joint 1184
vocational school district is transferred to an existing or 1185
newly created district, the department of education, in 1186
consultation with the tax commissioner, shall adjust the 1187
payments made under this section as follows: 1188

(1) For a merger of two or more districts, fixed-sum levy 1189
losses, total resources, current expense allocation, and non- 1190
current expense allocation of the successor district shall be 1191
the sum of such items for each of the districts involved in the 1192
merger. 1193

(2) If property is transferred from one district to a 1194
previously existing district, the amount of the total resources, 1195
current expense allocation, and non-current expense allocation 1196
that shall be transferred to the recipient district shall be an 1197
amount equal to the total resources, current expense allocation, 1198
and non-current expense allocation of the transferor district 1199
times a fraction, the numerator of which is the number of pupils 1200
being transferred to the recipient district, measured, in the 1201
case of a school district, by formula ADM as defined in section 1202
3317.02 of the Revised Code or, in the case of a joint 1203
vocational school district, by formula ADM as defined for a 1204
joint vocational school district in that section, and the 1205
denominator of which is the formula ADM of the transferor 1206
district. 1207

(3) After December 31, 2010, if property is transferred 1208
from one or more districts to a district that is newly created 1209
out of the transferred property, the newly created district 1210
shall be deemed not to have any total resources, current expense 1211
allocation, total allocation, or non-current expense allocation. 1212

(4) If the recipient district under division (G) (2) of 1213
this section or the newly created district under division (G) (3) 1214
of this section is assuming debt from one or more of the 1215
districts from which the property was transferred and any of the 1216
districts losing the property had fixed-sum levy losses, the 1217
department of education, in consultation with the tax 1218

commissioner, shall make an equitable division of the 1219
reimbursements for those losses. 1220

(H) The payments required by divisions (C), (D), (E), and 1221
(F) of this section shall be distributed periodically to each 1222
school and joint vocational school district by the department of 1223
education unless otherwise provided for. Except as provided in 1224
division (D) of this section, if a levy that is a qualifying 1225
levy is not charged and payable in any year after 2014, payments 1226
to the school district or joint vocational school district shall 1227
be reduced to the extent that the payments distributed in fiscal 1228
year 2015 were attributable to the levy loss of that levy. 1229

Sec. 5733.33. (A) As used in this section: 1230

(1) "Manufacturing machinery and equipment" means engines 1231
and machinery, and tools and implements, of every kind used, or 1232
designed to be used, in refining and manufacturing. 1233

"Manufacturing machinery and equipment" does not include 1234
property acquired after December 31, 1999, that is used: 1235

(a) For the transmission and distribution of electricity; 1236

(b) For the generation of electricity, if fifty per cent 1237
or more of the electricity that the property generates is 1238
consumed, during the one-hundred-twenty-month period commencing 1239
with the date the property is placed in service, by persons that 1240
are not related members to the person who generates the 1241
electricity. 1242

(2) "New manufacturing machinery and equipment" means 1243
manufacturing machinery and equipment, the original use in this 1244
state of which commences with the taxpayer or with a partnership 1245
of which the taxpayer is a partner. "New manufacturing machinery 1246
and equipment" does not include property acquired after December 1247

31, 1999, that is used:	1248
(a) For the transmission and distribution of electricity;	1249
(b) For the generation of electricity, if fifty per cent	1250
or more of the electricity that the property generates is	1251
consumed, during the one-hundred-twenty-month period commencing	1252
with the date the property is placed in service, by persons that	1253
are not related members to the person who generates the	1254
electricity.	1255
(3) (a) "Purchase" has the same meaning as in section	1256
179(d) (2) of the Internal Revenue Code.	1257
(b) For purposes of this section, any property that is not	1258
manufactured or assembled primarily by the taxpayer is	1259
considered purchased at the time the agreement to acquire the	1260
property becomes binding. Any property that is manufactured or	1261
assembled primarily by the taxpayer is considered purchased at	1262
the time the taxpayer places the property in service in the	1263
county for which the taxpayer will calculate the county excess	1264
amount.	1265
(c) Notwithstanding section 179(d) of the Internal Revenue	1266
Code, a taxpayer's direct or indirect acquisition of new	1267
manufacturing machinery and equipment is not purchased on or	1268
after July 1, 1995, if the taxpayer, or a person whose	1269
relationship to the taxpayer is described in subparagraphs (A),	1270
(B), or (C) of section 179(d) (2) of the Internal Revenue Code,	1271
had directly or indirectly entered into a binding agreement to	1272
acquire the property at any time prior to July 1, 1995.	1273
(4) "Qualifying period" means the period that begins July	1274
1, 1995, and ends June 30, 2005.	1275
(5) "County average new manufacturing machinery and	1276

equipment investment" means either of the following:	1277
(a) The average annual cost of new manufacturing machinery	1278
and equipment purchased for use in the county during baseline	1279
years, in the case of a taxpayer that was in existence for more	1280
than one year during baseline years.	1281
(b) Zero, in the case of a taxpayer that was not in	1282
existence for more than one year during baseline years.	1283
(6) "Partnership" includes a limited liability company	1284
formed under Chapter 1705. of the Revised Code or under the laws	1285
of any other state, provided that the company is not classified	1286
for federal income tax purposes as an association taxable as a	1287
corporation.	1288
(7) "Partner" includes a member of a limited liability	1289
company formed under Chapter 1705. of the Revised Code or under	1290
the laws of any other state, provided that the company is not	1291
classified for federal income tax purposes as an association	1292
taxable as a corporation.	1293
(8) "Distressed area" means either a municipal corporation	1294
that has a population of at least fifty thousand or a county	1295
that meets two of the following criteria of economic distress,	1296
or a municipal corporation the majority of the population of	1297
which is situated in such a county:	1298
(a) Its average rate of unemployment, during the most	1299
recent five-year period for which data are available, is equal	1300
to at least one hundred twenty-five per cent of the average rate	1301
of unemployment for the United States for the same period;	1302
(b) It has a per capita income equal to or below eighty	1303
per cent of the median county per capita income of the United	1304
States as determined by the most recently available figures from	1305

the United States census bureau; 1306

(c) (i) In the case of a municipal corporation, at least 1307
twenty per cent of the residents have a total income for the 1308
most recent census year that is below the official poverty line; 1309

(ii) In the case of a county, in intercensal years, the 1310
county has a ratio of transfer payment income to total county 1311
income equal to or greater than twenty-five per cent. 1312

(9) "Eligible area" means a distressed area, a labor 1313
surplus area, an inner city area, or a situational distress 1314
area. 1315

(10) "Inner city area" means, in a municipal corporation 1316
that has a population of at least one hundred thousand and does 1317
not meet the criteria of a labor surplus area or a distressed 1318
area, targeted investment areas established by the municipal 1319
corporation within its boundaries that are comprised of the most 1320
recent census block tracts that individually have at least 1321
twenty per cent of their population at or below the state 1322
poverty level or other census block tracts contiguous to such 1323
census block tracts. 1324

(11) "Labor surplus area" means an area designated as a 1325
labor surplus area by the United States department of labor. 1326

(12) "Official poverty line" has the same meaning as in 1327
division (A) of section 3923.51 of the Revised Code. 1328

(13) "Situational distress area" means a county or a 1329
municipal corporation that has experienced or is experiencing a 1330
closing or downsizing of a major employer, that will adversely 1331
affect the county's or municipal corporation's economy. In order 1332
to be designated as a situational distress area for a period not 1333
to exceed thirty-six months, the county or municipal corporation 1334

may petition the director of development. The petition shall 1335
include written documentation that demonstrates all of the 1336
following adverse effects on the local economy: 1337

(a) The number of jobs lost by the closing or downsizing; 1338

(b) The impact that the job loss has on the county's or 1339
municipal corporation's unemployment rate as measured by the 1340
state director of job and family services; 1341

(c) The annual payroll associated with the job loss; 1342

(d) The amount of state and local taxes associated with 1343
the job loss; 1344

(e) The impact that the closing or downsizing has on the 1345
suppliers located in the county or municipal corporation. 1346

(14) "Cost" has the same meaning and limitation as in 1347
section 179(d)(3) of the Internal Revenue Code. 1348

(15) "Baseline years" means: 1349

(a) Calendar years 1992, 1993, and 1994, with regard to a 1350
credit claimed for the purchase during calendar year 1995, 1996, 1351
1997, or 1998 of new manufacturing machinery and equipment; 1352

(b) Calendar years 1993, 1994, and 1995, with regard to a 1353
credit claimed for the purchase during calendar year 1999 of new 1354
manufacturing machinery and equipment; 1355

(c) Calendar years 1994, 1995, and 1996, with regard to a 1356
credit claimed for the purchase during calendar year 2000 of new 1357
manufacturing machinery and equipment; 1358

(d) Calendar years 1995, 1996, and 1997, with regard to a 1359
credit claimed for the purchase during calendar year 2001 of new 1360
manufacturing machinery and equipment; 1361

(e) Calendar years 1996, 1997, and 1998, with regard to a 1362
credit claimed for the purchase during calendar year 2002 of new 1363
manufacturing machinery and equipment; 1364

(f) Calendar years 1997, 1998, and 1999, with regard to a 1365
credit claimed for the purchase during calendar year 2003 of new 1366
manufacturing machinery and equipment; 1367

(g) Calendar years 1998, 1999, and 2000, with regard to a 1368
credit claimed for the purchase during calendar year 2004 of new 1369
manufacturing machinery and equipment; 1370

(h) Calendar years 1999, 2000, and 2001, with regard to a 1371
credit claimed for the purchase on or after January 1, 2005, and 1372
on or before June 30, 2005, of new manufacturing machinery and 1373
equipment. 1374

(16) "Related member" has the same meaning as in section 1375
5733.042 of the Revised Code. 1376

(B) (1) Subject to division (I) of this section, a 1377
nonrefundable credit is allowed against the tax imposed by 1378
section 5733.06 of the Revised Code for a taxpayer that 1379
purchases new manufacturing machinery and equipment during the 1380
qualifying period, provided that the new manufacturing machinery 1381
and equipment are installed in this state no later than June 30, 1382
2006. No credit shall be allowed under this section ~~or section~~ 1383
~~5747.31 of the Revised Code~~ for taxable years ending on or after 1384
July 1, 2005. The elimination of the credit for those taxable 1385
years includes the elimination of any remaining one-sevenths of 1386
credit amounts for which a portion was allowed for prior taxable 1387
years and the elimination of any credit carry-forward, but the 1388
purchases on which the credits were based remain subject to 1389
grants under section 122.173 of the Revised Code for those 1390

remaining one-seventh amounts or carry-forward amounts. 1391

(2) (a) Except as otherwise provided in division (B) (2) (b) 1392
of this section, a credit may be claimed under this section in 1393
excess of one million dollars only if the cost of all 1394
manufacturing machinery and equipment owned in this state by the 1395
taxpayer claiming the credit on the last day of the calendar 1396
year exceeds the cost of all manufacturing machinery and 1397
equipment owned in this state by the taxpayer on the first day 1398
of that calendar year. 1399

As used in division (B) (2) (a) of this section, "calendar 1400
year" means the calendar year in which the machinery and 1401
equipment for which the credit is claimed was purchased. 1402

(b) Division (B) (2) (a) of this section does not apply if 1403
the taxpayer claiming the credit applies for and is issued a 1404
waiver of the requirement of that division. A taxpayer may apply 1405
to the director of development for such a waiver in the manner 1406
prescribed by the director, and the director may issue such a 1407
waiver if the director determines that granting the credit is 1408
necessary to increase or retain employees in this state, and 1409
that the credit has not caused relocation of manufacturing 1410
machinery and equipment among counties within this state for the 1411
primary purpose of qualifying for the credit. 1412

(C) (1) Except as otherwise provided in division (C) (2) and 1413
division (I) of this section, the credit amount is equal to 1414
seven and one-half per cent of the excess of the cost of the new 1415
manufacturing machinery and equipment purchased during the 1416
calendar year for use in a county over the county average new 1417
manufacturing machinery and equipment investment for that 1418
county. 1419

(2) Subject to division (I) of this section, as used in 1420
division (C)(2) of this section "county excess" means the 1421
taxpayer's excess cost for a county as computed under division 1422
(C)(1) of this section. 1423

Subject to division (I) of this section, a taxpayer with a 1424
county excess, whose purchases included purchases for use in any 1425
eligible area in the county, the credit amount is equal to 1426
thirteen and one-half per cent of the cost of the new 1427
manufacturing machinery and equipment purchased during the 1428
calendar year for use in the eligible areas in the county, 1429
provided that the cost subject to the thirteen and one-half per 1430
cent rate shall not exceed the county excess. If the county 1431
excess is greater than the cost of the new manufacturing 1432
machinery and equipment purchased during the calendar year for 1433
use in eligible areas in the county, the credit amount also 1434
shall include an amount equal to seven and one-half per cent of 1435
the amount of the difference. 1436

(3) If a taxpayer is allowed a credit for purchases of new 1437
manufacturing machinery and equipment in more than one county or 1438
eligible area, it shall aggregate the amount of those credits 1439
each year. 1440

(4) The taxpayer shall claim one-seventh of the credit 1441
amount for the tax year immediately following the calendar year 1442
in which the new manufacturing machinery and equipment is 1443
purchased for use in the county by the taxpayer or partnership. 1444
One-seventh of the taxpayer credit amount is allowed for each of 1445
the six ensuing tax years. Except for carried-forward amounts, 1446
the taxpayer is not allowed any credit amount remaining if the 1447
new manufacturing machinery and equipment is sold by the 1448
taxpayer or partnership or is transferred by the taxpayer or 1449

partnership out of the county before the end of the seven-year 1450
period unless, at the time of the sale or transfer, the new 1451
manufacturing machinery and equipment has been fully depreciated 1452
for federal income tax purposes. 1453

(5) (a) A taxpayer that acquires manufacturing machinery 1454
and equipment as a result of a merger with the taxpayer with 1455
whom commenced the original use in this state of the 1456
manufacturing machinery and equipment, or with a taxpayer that 1457
was a partner in a partnership with whom commenced the original 1458
use in this state of the manufacturing machinery and equipment, 1459
is entitled to any remaining or carried-forward credit amounts 1460
to which the taxpayer was entitled. 1461

(b) A taxpayer that enters into an agreement under 1462
division (C) (3) of section 5709.62 of the Revised Code and that 1463
acquires manufacturing machinery or equipment as a result of 1464
purchasing a large manufacturing facility, as defined in section 1465
5709.61 of the Revised Code, from another taxpayer with whom 1466
commenced the original use in this state of the manufacturing 1467
machinery or equipment, and that operates the large 1468
manufacturing facility so purchased, is entitled to any 1469
remaining or carried-forward credit amounts to which the other 1470
taxpayer who sold the facility would have been entitled under 1471
this section had the other taxpayer not sold the manufacturing 1472
facility or equipment. 1473

(c) New manufacturing machinery and equipment is not 1474
considered sold if a pass-through entity transfers to another 1475
pass-through entity substantially all of its assets as part of a 1476
plan of reorganization under which substantially all gain and 1477
loss is not recognized by the pass-through entity that is 1478
transferring the new manufacturing machinery and equipment to 1479

the transferee and under which the transferee's basis in the new 1480
manufacturing machinery and equipment is determined, in whole or 1481
in part, by reference to the basis of the pass-through entity 1482
which transferred the new manufacturing machinery and equipment 1483
to the transferee. 1484

(d) Division (C) (5) of this section shall apply only if 1485
the acquiring taxpayer or transferee does not sell the new 1486
manufacturing machinery and equipment or transfer the new 1487
manufacturing machinery and equipment out of the county before 1488
the end of the seven-year period to which division (C) (4) of 1489
this section refers. 1490

(e) Division (C) (5) (b) of this section applies only to the 1491
extent that the taxpayer that sold the manufacturing machinery 1492
or equipment, upon request, timely provides to the tax 1493
commissioner any information that the tax commissioner considers 1494
to be necessary to ascertain any remaining or carried-forward 1495
amounts to which the taxpayer that sold the facility would have 1496
been entitled under this section had the taxpayer not sold the 1497
manufacturing machinery or equipment. Nothing in division (C) (5) 1498
(b) or (e) of this section shall be construed to allow a 1499
taxpayer to claim any credit amount with respect to the acquired 1500
manufacturing machinery or equipment that is greater than the 1501
amount that would have been available to the other taxpayer that 1502
sold the manufacturing machinery or equipment had the other 1503
taxpayer not sold the manufacturing machinery or equipment. 1504

(D) The taxpayer shall claim the credit in the order 1505
required under section 5733.98 of the Revised Code. Each year, 1506
any credit amount in excess of the tax due under section 5733.06 1507
of the Revised Code after allowing for any other credits that 1508
precede the credit under this section in that order may be 1509

carried forward for three tax years. 1510

(E) A taxpayer purchasing new manufacturing machinery and 1511
equipment and intending to claim the credit shall file, with the 1512
department of development, a notice of intent to claim the 1513
credit on a form prescribed by the department of development. 1514
The department of development shall inform the tax commissioner 1515
of the notice of intent to claim the credit. No credit may be 1516
claimed under this section for any manufacturing machinery and 1517
equipment with respect to which a notice was not filed by the 1518
date of a timely filed return, including extensions, for the 1519
taxable year that includes September 30, 2005. 1520

(F) The director of development shall annually certify, by 1521
the first day of January of each year during the qualifying 1522
period, the eligible areas for the tax credit for the calendar 1523
year that includes that first day of January. The director shall 1524
send a copy of the certification to the tax commissioner. 1525

(G) New manufacturing machinery and equipment for which a 1526
taxpayer claims the credit under section 5733.31~~7~~or 5733.311~~7~~
~~5747.26, or 5747.261~~ of the Revised Code shall not be considered 1527
new manufacturing machinery and equipment for purposes of the 1528
credit under this section. 1529
1530

(H) (1) Notwithstanding sections 5733.11 and 5747.13 of the 1531
Revised Code, but subject to division (H) (2) of this section, 1532
the tax commissioner may issue an assessment against a person 1533
with respect to a credit claimed under this section for new 1534
manufacturing machinery and equipment described in division (A) 1535
(1) (b) or (2) (b) of this section, if the machinery or equipment 1536
subsequently does not qualify for the credit. 1537

(2) Division (H) (1) of this section shall not apply after 1538

the twenty-fourth month following the last day of the period 1539
described in divisions (A) (1) (b) and (2) (b) of this section. 1540

(I) Notwithstanding any other provision of this section to 1541
the contrary, in the case of a qualifying controlled group, the 1542
credit available under this section to a taxpayer or taxpayers 1543
in the qualifying controlled group shall be computed as if all 1544
corporations in the group were a single corporation. The credit 1545
shall be allocated to such a taxpayer or taxpayers in the group 1546
in any amount elected for the taxable year by the group. Such 1547
election shall be revocable and amendable during the period 1548
described in division (B) of section 5733.12 of the Revised 1549
Code. 1550

This division applies to all purchases of new 1551
manufacturing machinery and equipment made on or after January 1552
1, 2001, and to all baseline years used to compute any credit 1553
attributable to such purchases; provided, that this division may 1554
be applied solely at the election of the qualifying controlled 1555
group with respect to all purchases of new manufacturing 1556
machinery and equipment made before that date, and to all 1557
baseline years used to compute any credit attributable to such 1558
purchases. The qualifying controlled group at any time may elect 1559
to apply this division to purchases made prior to January 1, 1560
2001, subject to the following: 1561

(1) The election is irrevocable; 1562

(2) The election need not accompany a timely filed report, 1563
but the election may accompany a subsequently filed but timely 1564
application for refund, a subsequently filed but timely amended 1565
report, or a subsequently filed but timely petition for 1566
reassessment. 1567

Sec. 5733.42. (A) As used in this section: 1568

(1) "Eligible training program" means a program to provide 1569
job skills to eligible employees who are unable effectively to 1570
function on the job due to skill deficiencies or who would 1571
otherwise be displaced because of their skill deficiencies or 1572
inability to use new technology, or to provide job skills to 1573
eligible employees that enable them to perform other job duties 1574
for the taxpayer. Eligible training programs do not include 1575
executive, management, or personal enrichment training programs, 1576
or training programs intended exclusively for personal career 1577
development. 1578

(2) "Eligible employee" means an individual who is 1579
employed in this state by a taxpayer and has been so employed by 1580
the same taxpayer for at least one hundred eighty consecutive 1581
days before the day an application for the credit is filed under 1582
this section. "Eligible employee" does not include any employee 1583
for which a credit is claimed pursuant to division (A)(5) of 1584
section 5709.65 of the Revised Code for all or any part of the 1585
same year, an employee who is not a full-time employee, or 1586
executive or managerial personnel, except for the immediate 1587
supervisors of nonexecutive, nonmanagerial personnel. 1588

(3) "Eligible training costs" means: 1589

(a) Direct instructional costs, such as instructor 1590
salaries, materials and supplies, textbooks and manuals, 1591
videotapes, and other instructional media and training equipment 1592
used exclusively for the purpose of training eligible employees; 1593

(b) Wages paid to eligible employees for time devoted 1594
exclusively to an eligible training program during normal paid 1595
working hours. 1596

(4) "Full-time employee" means an individual who is 1597
employed for consideration for at least thirty-five hours per 1598
week, or who renders any other standard of service generally 1599
accepted by custom or specified by contract as full-time 1600
employment. 1601

(5) "Partnership" includes a limited liability company 1602
formed under Chapter 1705. of the Revised Code or under the laws 1603
of another state, provided that the company is not classified 1604
for federal income tax purposes as an association taxable as a 1605
corporation. 1606

(B) There is hereby allowed a nonrefundable credit against 1607
the tax imposed by section 5733.06 of the Revised Code for 1608
taxpayers for which a tax credit certificate is issued under 1609
division (C) of this section. The credit may be claimed for tax 1610
years 2004, 2005, 2006, 2007, and 2008. The amount of the credit 1611
for tax year 2004 shall equal one-half of the average of the 1612
eligible training costs paid or incurred by the taxpayer during 1613
calendar years 1999, 2000, and 2001, not to exceed one thousand 1614
dollars for each eligible employee on account of whom eligible 1615
training costs were paid or incurred by the taxpayer during 1616
those calendar years. The amount of the credit for tax year 2005 1617
shall equal one-half of the average of the eligible training 1618
costs paid or incurred by the taxpayer during calendar years 1619
2002, 2003, and 2004, not to exceed one thousand dollars for 1620
each eligible employee on account of whom eligible training 1621
costs were paid or incurred by the taxpayer during those 1622
calendar years. The amount of the credit for tax year 2006 shall 1623
equal one-half of the average of the eligible training costs 1624
paid or incurred by the taxpayer during calendar years 2003, 1625
2004, and 2005, not to exceed one thousand dollars for each 1626
eligible employee on account of whom eligible training costs 1627

were paid or incurred by the taxpayer during those calendar 1628
years. The amount of the credit for tax year 2007 shall equal 1629
one-half of the average of the eligible training costs paid or 1630
incurred by the taxpayer during calendar years 2004, 2005, and 1631
2006, not to exceed one thousand dollars for each eligible 1632
employee on account of whom eligible training costs were paid or 1633
incurred by the taxpayer during those calendar years. The amount 1634
of the credit for tax year 2008 shall equal one-half of the 1635
average of the eligible training costs paid or incurred by the 1636
taxpayer during calendar years 2005, 2006, and 2007, not to 1637
exceed one thousand dollars for each eligible employee on 1638
account of whom eligible training costs were paid or incurred by 1639
the taxpayer during those calendar years. 1640

The credit claimed by a taxpayer each tax year shall not 1641
exceed one hundred thousand dollars. 1642

(C) A taxpayer who proposes to conduct an eligible 1643
training program may apply to the director of job and family 1644
services for a tax credit certificate under this section. The 1645
taxpayer may apply for such a certificate for tax years 2004, 1646
2005, 2006, 2007, and 2008 subject to division (L) of this 1647
section. The director shall prescribe the form of the 1648
application, which shall require a detailed description of the 1649
proposed training program. The director may require applicants 1650
to remit an application fee with each application filed with the 1651
director. The fee shall not exceed the reasonable and necessary 1652
expenses incurred by the director in receiving, reviewing, and 1653
approving such applications and issuing tax credit certificates. 1654
Proceeds from fees shall be used solely for the purpose of 1655
receiving, reviewing, and approving such applications and 1656
issuing such certificates. 1657

After receipt of an application, the director shall 1658
authorize a credit under this section by issuing a tax credit 1659
certificate, in the form prescribed by the director, if the 1660
director determines all of the following: 1661

(1) The proposed training program is an eligible training 1662
program under this section; 1663

(2) The proposed training program is economically sound 1664
and will benefit the people of this state by improving workforce 1665
skills and strengthening the economy of this state; 1666

(3) Receiving the tax credit is a major factor in the 1667
taxpayer's decision to go forward with the training program; 1668

(4) Authorization of the credit is consistent with 1669
division (H) of this section. 1670

The credit also is allowed for a taxpayer that is a 1671
partner in a partnership that pays or incurs eligible training 1672
costs. Such a taxpayer shall determine the taxpayer's credit 1673
amount in the manner prescribed by division (K) of this section. 1674

(D) If the director of job and family services denies an 1675
application for a tax credit certificate, the director shall 1676
send notice of the denial and the reason for denial to the 1677
applicant by certified mail, return receipt requested. If the 1678
director determines that an authorized training program, as 1679
actually conducted, fails to meet the requirements of this 1680
section or to comply with any condition set forth in the 1681
authorization, the director may reduce the amount of the tax 1682
credit previously granted. If the director reduces a tax credit, 1683
the director shall send notice of the reduction and the reason 1684
for the reduction to the taxpayer by certified mail, return 1685
receipt requested, and shall certify the reduction to the tax 1686

commissioner or, in the case of the reduction of a credit 1687
claimed by an insurance company, the superintendent of 1688
insurance. The tax commissioner or superintendent of insurance 1689
shall reduce the credit that may be claimed by the taxpayer 1690
accordingly. Within sixty days after receiving a notice of 1691
denial or notice of reduction of the tax credit, an applicant or 1692
taxpayer may request, in writing, a hearing before the director 1693
to review the denial or reduction. Within sixty days after 1694
receiving a request that is filed within the prescribed time, 1695
the director shall hold such a hearing at a location to be 1696
determined by the director. Within thirty days after the hearing 1697
is adjourned, the director shall issue a redetermination 1698
affirming, reversing, or modifying the denial or reduction of 1699
the tax credit and send notice of the redetermination to the 1700
applicant or taxpayer by certified mail, return receipt 1701
requested, and shall issue a notice of the redetermination to 1702
the tax commissioner or superintendent of insurance. If an 1703
applicant or taxpayer is aggrieved by the director's 1704
redetermination, the applicant or taxpayer may appeal the 1705
redetermination to the board of tax appeals in the manner 1706
prescribed by section 5717.02 of the Revised Code. 1707

(E) A taxpayer to which a tax credit certificate is issued 1708
shall retain records indicating the eligible training costs it 1709
pays or incurs for the eligible training program for which the 1710
certificate is issued for four years following the end of the 1711
tax year for which the credit is claimed. Such records shall be 1712
open to inspection by the director of job and family services 1713
upon the director's request during business hours. 1714

Financial statements and other information submitted by an 1715
applicant to the director of job and family services for a tax 1716
credit under this section, and any information taken for any 1717

purpose from such statements or information, are not public 1718
records subject to section 149.43 of the Revised Code. However, 1719
the director of job and family services, the tax commissioner, 1720
or superintendent of insurance may make use of the statements 1721
and other information for purposes of issuing public reports or 1722
in connection with court proceedings concerning tax credits 1723
allowed under this section and sections 5725.31~~7~~ and 5729.07~~7~~ 1724
and ~~5747.39~~ of the Revised Code. 1725

(F) The director of job and family services, in accordance 1726
with Chapter 119. of the Revised Code, shall adopt rules 1727
necessary to implement this section and sections 5725.31~~7~~ and 1728
5729.07~~7~~ and ~~5747.39~~ of the Revised Code. The rules shall be 1729
adopted after consultation with the tax commissioner and the 1730
superintendent of insurance. The rules shall require that if a 1731
taxpayer to which a tax credit certificate is issued under any 1732
of those sections permanently relocates or transfers employees 1733
trained under the tax credit certificate to another state or 1734
country within two years of receiving the certificate, the 1735
taxpayer shall repay the total amount of the tax credit received 1736
by the taxpayer for any employees permanently relocated or 1737
transferred. At the time the director gives public notice under 1738
division (A) of section 119.03 of the Revised Code of the 1739
adoption of the rules, the director shall submit copies of the 1740
proposed rules to the chairpersons and ranking minority members 1741
of the standing committees in the senate and the house of 1742
representatives to which legislation on economic development 1743
matters are customarily referred. 1744

(G) On or before the thirtieth day of September of 2001, 1745
2003, 2004, 2005, 2006, 2007, and 2008 the director of job and 1746
family services shall submit a report to the governor, the 1747
president of the senate, and the speaker of the house of 1748

representatives on the tax credit program under this section and 1749
sections 5725.31, and 5729.07, ~~and 5747.39~~ of the Revised Code. 1750
The report shall include information on the number of training 1751
programs that were authorized under those sections during the 1752
preceding calendar year, a description of each authorized 1753
training program, the dollar amounts of the credits granted, and 1754
an estimate of the impact of the credits on the economy of this 1755
state. 1756

(H) The aggregate amount of credits authorized under this 1757
section and sections 5725.31, and 5729.07, ~~and 5747.39~~ of the 1758
Revised Code shall not exceed twenty million dollars per 1759
calendar year. No more than ten million dollars in credits per 1760
calendar year shall be authorized for persons engaged primarily 1761
in manufacturing. No less than five million dollars in credits 1762
per calendar year shall be set aside for persons engaged 1763
primarily in activities other than manufacturing and having 1764
fewer than five hundred employees. Subject to such limits, the 1765
director of job and family services shall adopt a rule under 1766
division (F) of this section that establishes criteria and 1767
procedures for distribution of the credits. 1768

(I) A nonrefundable credit allowed under this section 1769
shall be claimed in the order required under section 5733.98 of 1770
the Revised Code. 1771

(J) The taxpayer may carry forward any credit amount in 1772
excess of its tax due after allowing for any other credits that 1773
precede the credit under this section in the order required 1774
under section 5733.98 of the Revised Code. The excess credit may 1775
be carried forward for three years following the tax year for 1776
which it is first claimed under this section. 1777

(K) A taxpayer that is a partner in a partnership on the 1778

last day of the third calendar year of the three-year period 1779
during which the partnership pays or incurs eligible training 1780
costs may claim a credit under this section for the tax year 1781
immediately following that calendar year. The amount of a 1782
partner's credit equals the partner's interest in the 1783
partnership on the last day of such calendar year multiplied by 1784
the credit available to the partnership as computed by the 1785
partnership. 1786

(L) The director of job and family services shall not 1787
authorize any credits under this section and sections 5725.31~~7~~ 1788
and 5729.07~~7~~ and 5747.39 of the Revised Code for eligible 1789
training costs paid or incurred after December 31, 2007. 1790

Sec. 5733.98. (A) To provide a uniform procedure for 1791
calculating the amount of tax imposed by section 5733.06 of the 1792
Revised Code that is due under this chapter, a taxpayer shall 1793
claim any credits to which it is entitled in the following 1794
order, except as otherwise provided in section 5733.058 of the 1795
Revised Code: 1796

(1) For tax year 2005, the credit for taxes paid by a 1797
qualifying pass-through entity allowed under section 5733.0611 1798
of the Revised Code; 1799

(2) The credit allowed for financial institutions under 1800
section 5733.45 of the Revised Code; 1801

(3) The credit for qualifying affiliated groups under 1802
section 5733.068 of the Revised Code; 1803

(4) The subsidiary corporation credit under section 1804
5733.067 of the Revised Code; 1805

(5) The savings and loan assessment credit under section 1806
5733.063 of the Revised Code; 1807

(6) The credit for recycling and litter prevention	1808
donations under section 5733.064 of the Revised Code;	1809
(7) The credit for employers that enter into agreements	1810
with child day-care centers under section 5733.36 of the Revised	1811
Code;	1812
(8) The credit for employers that reimburse employee child	1813
care expenses under section 5733.38 of the Revised Code;	1814
(9) The credit for maintaining railroad active grade	1815
crossing warning devices under section 5733.43 of the Revised	1816
Code;	1817
(10) The credit for purchases of lights and reflectors	1818
under section 5733.44 of the Revised Code;	1819
(11) The nonrefundable job retention credit under division	1820
(B) of section 5733.0610 of the Revised Code;	1821
(12) The credit for tax years 2008 and 2009 for selling	1822
alternative fuel under section 5733.48 of the Revised Code;	1823
(13) The second credit for purchases of new manufacturing	1824
machinery and equipment under section 5733.33 of the Revised	1825
Code;	1826
(14) <u>(13)</u> The job training credit under section 5733.42 of	1827
the Revised Code;	1828
(15) <u>(14)</u> The credit for qualified research expenses under	1829
section 5733.351 of the Revised Code;	1830
(16) <u>(15)</u> The enterprise zone credit under section 5709.66	1831
of the Revised Code;	1832
(17) <u>(16)</u> The credit for the eligible costs associated	1833
with a voluntary action under section 5733.34 of the Revised	1834

Code;	1835
(18) <u>(17)</u> The credit for employers that establish on-site child day-care centers under section 5733.37 of the Revised Code;	1836 1837 1838
(19) <u>(18)</u> The ethanol plant investment credit under section 5733.46 of the Revised Code;	1839 1840
(20) <u>(19)</u> The credit for purchases of qualifying grape production property under section 5733.32 of the Revised Code;	1841 1842
(21) <u>(20)</u> The export sales credit under section 5733.069 of the Revised Code;	1843 1844
(22) <u>(21)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	1845 1846
(23) <u>(22)</u> The credit for using Ohio coal under section 5733.39 of the Revised Code;	1847 1848
(24) <u>(23)</u> The credit for purchases of qualified low-income community investments under section 5733.58 of the Revised Code;	1849 1850
(25) <u>(24)</u> The credit for small telephone companies under section 5733.57 of the Revised Code;	1851 1852
(26) <u>(25)</u> The credit for eligible nonrecurring 9-1-1 charges under section 5733.55 of the Revised Code;	1853 1854
(27) <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;	1855 1856 1857
(28) <u>(27)</u> The research and development credit under section 5733.352 of the Revised Code;	1858 1859
(29) <u>(28)</u> For tax years 2006 and subsequent tax years, the credit for taxes paid by a qualifying pass-through entity	1860 1861

allowed under section 5733.0611 of the Revised Code; 1862

~~(30)~~ (29) The refundable credit for rehabilitating a 1863
historic building under section 5733.47 of the Revised Code; 1864

~~(31)~~ (30) The refundable jobs creation credit or job 1865
retention credit under division (A) of section 5733.0610 of the 1866
Revised Code; 1867

~~(32)~~ (31) The refundable credit for tax withheld under 1868
division (B) (2) of section 5747.062 of the Revised Code; 1869

~~(33)~~ (32) The refundable credit under section 5733.49 of 1870
the Revised Code for losses on loans made to the Ohio venture 1871
capital program under sections 150.01 to 150.10 of the Revised 1872
Code; 1873

~~(34)~~ (33) For tax years 2006, 2007, and 2008, the 1874
refundable credit allowable under division (B) of section 1875
5733.56 of the Revised Code; 1876

~~(35)~~ (34) The refundable motion picture production credit 1877
under section 5733.59 of the Revised Code. 1878

(B) For any credit except the refundable credits 1879
enumerated in this section, the amount of the credit for a tax 1880
year shall not exceed the tax due after allowing for any other 1881
credit that precedes it in the order required under this 1882
section. Any excess amount of a particular credit may be carried 1883
forward if authorized under the section creating that credit. 1884

Sec. 5747.01. Except as otherwise expressly provided or 1885
clearly appearing from the context, any term used in this 1886
chapter that is not otherwise defined in this section has the 1887
same meaning as when used in a comparable context in the laws of 1888
the United States relating to federal income taxes or if not 1889

used in a comparable context in those laws, has the same meaning 1890
as in section 5733.40 of the Revised Code. Any reference in this 1891
chapter to the Internal Revenue Code includes other laws of the 1892
United States relating to federal income taxes. 1893

As used in this chapter: 1894

(A) "Adjusted gross income" or "Ohio adjusted gross 1895
income" means federal adjusted gross income, as defined and used 1896
in the Internal Revenue Code, adjusted as provided in this 1897
section: 1898

(1) Add interest or dividends on obligations or securities 1899
of any state or of any political subdivision or authority of any 1900
state, other than this state and its subdivisions and 1901
authorities. 1902

(2) Add interest or dividends on obligations of any 1903
authority, commission, instrumentality, territory, or possession 1904
of the United States to the extent that the interest or 1905
dividends are exempt from federal income taxes but not from 1906
state income taxes. 1907

(3) Deduct interest or dividends on obligations of the 1908
United States and its territories and possessions or of any 1909
authority, commission, or instrumentality of the United States 1910
to the extent that the interest or dividends are included in 1911
federal adjusted gross income but exempt from state income taxes 1912
under the laws of the United States. 1913

(4) Deduct disability and survivor's benefits to the 1914
extent included in federal adjusted gross income. 1915

(5) Deduct benefits under Title II of the Social Security 1916
Act and tier 1 railroad retirement benefits to the extent 1917
included in federal adjusted gross income under section 86 of 1918

the Internal Revenue Code. 1919

(6) In the case of a taxpayer who is a beneficiary of a 1920
trust that makes an accumulation distribution as defined in 1921
section 665 of the Internal Revenue Code, add, for the 1922
beneficiary's taxable years beginning before 2002, the portion, 1923
if any, of such distribution that does not exceed the 1924
undistributed net income of the trust for the three taxable 1925
years preceding the taxable year in which the distribution is 1926
made to the extent that the portion was not included in the 1927
trust's taxable income for any of the trust's taxable years 1928
beginning in 2002 or thereafter. "Undistributed net income of a 1929
trust" means the taxable income of the trust increased by (a) (i) 1930
the additions to adjusted gross income required under division 1931
(A) of this section and (ii) the personal exemptions allowed to 1932
the trust pursuant to section 642(b) of the Internal Revenue 1933
Code, and decreased by (b) (i) the deductions to adjusted gross 1934
income required under division (A) of this section, (ii) the 1935
amount of federal income taxes attributable to such income, and 1936
(iii) the amount of taxable income that has been included in the 1937
adjusted gross income of a beneficiary by reason of a prior 1938
accumulation distribution. Any undistributed net income included 1939
in the adjusted gross income of a beneficiary shall reduce the 1940
undistributed net income of the trust commencing with the 1941
earliest years of the accumulation period. 1942

(7) Deduct the amount of wages and salaries, if any, not 1943
otherwise allowable as a deduction but that would have been 1944
allowable as a deduction in computing federal adjusted gross 1945
income for the taxable year, had the targeted jobs credit 1946
allowed and determined under sections 38, 51, and 52 of the 1947
Internal Revenue Code not been in effect. 1948

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

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

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(10) Deduct or add amounts, as provided under section 5747.70 of the Revised Code, related to contributions to variable college savings program accounts made or tuition units purchased pursuant to Chapter 3334. of the Revised Code.

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

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during the taxable year. 1979

(b) Deduct, to the extent not otherwise deducted or 1980
excluded in computing federal or Ohio adjusted gross income 1981
during the taxable year, the amount the taxpayer paid during the 1982
taxable year, not compensated for by any insurance or otherwise, 1983
for medical care of the taxpayer, the taxpayer's spouse, and 1984
dependents, to the extent the expenses exceed seven and one-half 1985
per cent of the taxpayer's federal adjusted gross income. 1986

(c) Deduct, to the extent not otherwise deducted or 1987
excluded in computing federal or Ohio adjusted gross income, any 1988
amount included in federal adjusted gross income under section 1989
105 or not excluded under section 106 of the Internal Revenue 1990
Code solely because it relates to an accident and health plan 1991
for a person who otherwise would be a "qualifying relative" and 1992
thus a "dependent" under section 152 of the Internal Revenue 1993
Code but for the fact that the person fails to meet the income 1994
and support limitations under section 152(d)(1)(B) and (C) of 1995
the Internal Revenue Code. 1996

(d) For purposes of division (A)(11) of this section, 1997
"medical care" has the meaning given in section 213 of the 1998
Internal Revenue Code, subject to the special rules, 1999
limitations, and exclusions set forth therein, and "qualified 2000
long-term care" has the same meaning given in section 7702B(c) 2001
of the Internal Revenue Code. Solely for purposes of divisions 2002
(A)(11)(a) and (c) of this section, "dependent" includes a 2003
person who otherwise would be a "qualifying relative" and thus a 2004
"dependent" under section 152 of the Internal Revenue Code but 2005
for the fact that the person fails to meet the income and 2006
support limitations under section 152(d)(1)(B) and (C) of the 2007
Internal Revenue Code. 2008

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

(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 2038
otherwise deducted or excluded for the current or any other 2039
taxable year from the taxpayer's federal adjusted gross income. 2040

(15) (a) Add an amount equal to the funds withdrawn from a 2041
medical savings account during the taxable year, and the net 2042
investment earnings on those funds, when the funds withdrawn 2043
were used for any purpose other than to reimburse an account 2044
holder for, or to pay, eligible medical expenses, in accordance 2045
with section 3924.66 of the Revised Code; 2046

(b) Add the amounts distributed from a medical savings 2047
account under division (A) (2) of section 3924.68 of the Revised 2048
Code during the taxable year. 2049

(16) Add any amount claimed as a credit under section 2050
5747.059 or 5747.65 of the Revised Code to the extent that such 2051
amount satisfies either of the following: 2052

(a) The amount was deducted or excluded from the 2053
computation of the taxpayer's federal adjusted gross income as 2054
required to be reported for the taxpayer's taxable year under 2055
the Internal Revenue Code; 2056

(b) The amount resulted in a reduction of the taxpayer's 2057
federal adjusted gross income as required to be reported for any 2058
of the taxpayer's taxable years under the Internal Revenue Code. 2059

(17) Deduct the amount contributed by the taxpayer to an 2060
individual development account program established by a county 2061
department of job and family services pursuant to sections 2062
329.11 to 329.14 of the Revised Code for the purpose of matching 2063
funds deposited by program participants. On request of the tax 2064
commissioner, the taxpayer shall provide any information that, 2065
in the tax commissioner's opinion, is necessary to establish the 2066

amount deducted under division (A) (17) of this section. 2067

(18) Beginning in taxable year 2001 but not for any 2068
taxable year beginning after December 31, 2005, if the taxpayer 2069
is married and files a joint return and the combined federal 2070
adjusted gross income of the taxpayer and the taxpayer's spouse 2071
for the taxable year does not exceed one hundred thousand 2072
dollars, or if the taxpayer is single and has a federal adjusted 2073
gross income for the taxable year not exceeding fifty thousand 2074
dollars, deduct amounts paid during the taxable year for 2075
qualified tuition and fees paid to an eligible institution for 2076
the taxpayer, the taxpayer's spouse, or any dependent of the 2077
taxpayer, who is a resident of this state and is enrolled in or 2078
attending a program that culminates in a degree or diploma at an 2079
eligible institution. The deduction may be claimed only to the 2080
extent that qualified tuition and fees are not otherwise 2081
deducted or excluded for any taxable year from federal or Ohio 2082
adjusted gross income. The deduction may not be claimed for 2083
educational expenses for which the taxpayer claims a credit 2084
under section 5747.27 of the Revised Code. 2085

(19) Add any reimbursement received during the taxable 2086
year of any amount the taxpayer deducted under division (A) (18) 2087
of this section in any previous taxable year to the extent the 2088
amount is not otherwise included in Ohio adjusted gross income. 2089

(20) (a) (i) Subject to divisions (A) (20) (a) (iii), (iv), and 2090
(v) of this section, add five-sixths of the amount of 2091
depreciation expense allowed by subsection (k) of section 168 of 2092
the Internal Revenue Code, including the taxpayer's 2093
proportionate or distributive share of the amount of 2094
depreciation expense allowed by that subsection to a pass- 2095
through entity in which the taxpayer has a direct or indirect 2096

ownership interest. 2097

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) 2098
of this section, add five-sixths of the amount of qualifying 2099
section 179 depreciation expense, including the taxpayer's 2100
proportionate or distributive share of the amount of qualifying 2101
section 179 depreciation expense allowed to any pass-through 2102
entity in which the taxpayer has a direct or indirect ownership 2103
interest. 2104

(iii) Subject to division (A) (20) (a) (v) of this section, 2105
for taxable years beginning in 2012 or thereafter, if the 2106
increase in income taxes withheld by the taxpayer is equal to or 2107
greater than ten per cent of income taxes withheld by the 2108
taxpayer during the taxpayer's immediately preceding taxable 2109
year, "two-thirds" shall be substituted for "five-sixths" for 2110
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 2111

(iv) Subject to division (A) (20) (a) (v) of this section, 2112
for taxable years beginning in 2012 or thereafter, a taxpayer is 2113
not required to add an amount under division (A) (20) of this 2114
section if the increase in income taxes withheld by the taxpayer 2115
and by any pass-through entity in which the taxpayer has a 2116
direct or indirect ownership interest is equal to or greater 2117
than the sum of (I) the amount of qualifying section 179 2118
depreciation expense and (II) the amount of depreciation expense 2119
allowed to the taxpayer by subsection (k) of section 168 of the 2120
Internal Revenue Code, and including the taxpayer's 2121
proportionate or distributive shares of such amounts allowed to 2122
any such pass-through entities. 2123

(v) If a taxpayer directly or indirectly incurs a net 2124
operating loss for the taxable year for federal income tax 2125
purposes, to the extent such loss resulted from depreciation 2126

expense allowed by subsection (k) of section 168 of the Internal Revenue Code and by qualifying section 179 depreciation expense, "the entire" shall be substituted for "five-sixths of the" for the purpose of divisions (A) (20) (a) (i) and (ii) of this section.

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

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

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

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

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

(i) "Income taxes withheld" means the total amount 2156
withheld and remitted under sections 5747.06 and 5747.07 of the 2157
Revised Code by an employer during the employer's taxable year. 2158

(ii) "Increase in income taxes withheld" means the amount 2159
by which the amount of income taxes withheld by an employer 2160
during the employer's current taxable year exceeds the amount of 2161
income taxes withheld by that employer during the employer's 2162
immediately preceding taxable year. 2163

(iii) "Qualifying section 179 depreciation expense" means 2164
the difference between (I) the amount of depreciation expense 2165
directly or indirectly allowed to a taxpayer under section 179 2166
of the Internal Revised Code, and (II) the amount of 2167
depreciation expense directly or indirectly allowed to the 2168
taxpayer under section 179 of the Internal Revenue Code as that 2169
section existed on December 31, 2002. 2170

(21) (a) If the taxpayer was required to add an amount 2171
under division (A) (20) (a) of this section for a taxable year, 2172
deduct one of the following: 2173

(i) One-fifth of the amount so added for each of the five 2174
succeeding taxable years if the amount so added was five-sixths 2175
of qualifying section 179 depreciation expense or depreciation 2176
expense allowed by subsection (k) of section 168 of the Internal 2177
Revenue Code; 2178

(ii) One-half of the amount so added for each of the two 2179
succeeding taxable years if the amount so added was two-thirds 2180
of such depreciation expense; 2181

(iii) One-sixth of the amount so added for each of the six 2182
succeeding taxable years if the entire amount of such 2183
depreciation expense was so added. 2184

(b) If the amount deducted under division (A) (21) (a) of 2185
this section is attributable to an add-back allocated under 2186
division (A) (20) (c) of this section, the amount deducted shall 2187
be situated to the same location. Otherwise, the add-back shall 2188
be apportioned using the apportionment factors for the taxable 2189
year in which the deduction is taken, subject to one or more of 2190
the four alternative methods of apportionment enumerated in 2191
section 5747.21 of the Revised Code. 2192

(c) No deduction is available under division (A) (21) (a) of 2193
this section with regard to any depreciation allowed by section 2194
168(k) of the Internal Revenue Code and by the qualifying 2195
section 179 depreciation expense amount to the extent that such 2196
depreciation results in or increases a federal net operating 2197
loss carryback or carryforward. If no such deduction is 2198
available for a taxable year, the taxpayer may carry forward the 2199
amount not deducted in such taxable year to the next taxable 2200
year and add that amount to any deduction otherwise available 2201
under division (A) (21) (a) of this section for that next taxable 2202
year. The carryforward of amounts not so deducted shall continue 2203
until the entire addition required by division (A) (20) (a) of 2204
this section has been deducted. 2205

(d) No refund shall be allowed as a result of adjustments 2206
made by division (A) (21) of this section. 2207

(22) Deduct, to the extent not otherwise deducted or 2208
excluded in computing federal or Ohio adjusted gross income for 2209
the taxable year, the amount the taxpayer received during the 2210
taxable year as reimbursement for life insurance premiums under 2211
section 5919.31 of the Revised Code. 2212

(23) Deduct, to the extent not otherwise deducted or 2213
excluded in computing federal or Ohio adjusted gross income for 2214

the taxable year, the amount the taxpayer received during the 2215
taxable year as a death benefit paid by the adjutant general 2216
under section 5919.33 of the Revised Code. 2217

(24) Deduct, to the extent included in federal adjusted 2218
gross income and not otherwise allowable as a deduction or 2219
exclusion in computing federal or Ohio adjusted gross income for 2220
the taxable year, military pay and allowances received by the 2221
taxpayer during the taxable year for active duty service in the 2222
United States army, air force, navy, marine corps, or coast 2223
guard or reserve components thereof or the national guard. The 2224
deduction may not be claimed for military pay and allowances 2225
received by the taxpayer while the taxpayer is stationed in this 2226
state. 2227

(25) Deduct, to the extent not otherwise allowable as a 2228
deduction or exclusion in computing federal or Ohio adjusted 2229
gross income for the taxable year and not otherwise compensated 2230
for by any other source, the amount of qualified organ donation 2231
expenses incurred by the taxpayer during the taxable year, not 2232
to exceed ten thousand dollars. A taxpayer may deduct qualified 2233
organ donation expenses only once for all taxable years 2234
beginning with taxable years beginning in 2007. 2235

For the purposes of division (A) (25) of this section: 2236

(a) "Human organ" means all or any portion of a human 2237
liver, pancreas, kidney, intestine, or lung, and any portion of 2238
human bone marrow. 2239

(b) "Qualified organ donation expenses" means travel 2240
expenses, lodging expenses, and wages and salary forgone by a 2241
taxpayer in connection with the taxpayer's donation, while 2242
living, of one or more of the taxpayer's human organs to another 2243

human being. 2244

(26) Deduct, to the extent not otherwise deducted or 2245
excluded in computing federal or Ohio adjusted gross income for 2246
the taxable year, amounts received by the taxpayer as retired 2247
personnel pay for service in the uniformed services or reserve 2248
components thereof, or the national guard, or received by the 2249
surviving spouse or former spouse of such a taxpayer under the 2250
survivor benefit plan on account of such a taxpayer's death. If 2251
the taxpayer receives income on account of retirement paid under 2252
the federal civil service retirement system or federal employees 2253
retirement system, or under any successor retirement program 2254
enacted by the congress of the United States that is established 2255
and maintained for retired employees of the United States 2256
government, and such retirement income is based, in whole or in 2257
part, on credit for the taxpayer's uniformed service, the 2258
deduction allowed under this division shall include only that 2259
portion of such retirement income that is attributable to the 2260
taxpayer's uniformed service, to the extent that portion of such 2261
retirement income is otherwise included in federal adjusted 2262
gross income and is not otherwise deducted under this section. 2263
Any amount deducted under division (A) (26) of this section is 2264
not included in a taxpayer's adjusted gross income for the 2265
purposes of section 5747.055 of the Revised Code. No amount may 2266
be deducted under division (A) (26) of this section on the basis 2267
of which a credit was claimed under section 5747.055 of the 2268
Revised Code. 2269

(27) Deduct, to the extent not otherwise deducted or 2270
excluded in computing federal or Ohio adjusted gross income for 2271
the taxable year, the amount the taxpayer received during the 2272
taxable year from the military injury relief fund created in 2273
section 5902.05 of the Revised Code. 2274

(28) Deduct, to the extent not otherwise deducted or 2275
excluded in computing federal or Ohio adjusted gross income for 2276
the taxable year, the amount the taxpayer received as a veterans 2277
bonus during the taxable year from the Ohio department of 2278
veterans services as authorized by Section 2r of Article VIII, 2279
Ohio Constitution. 2280

(29) Deduct, to the extent not otherwise deducted or 2281
excluded in computing federal or Ohio adjusted gross income for 2282
the taxable year, any income derived from a transfer agreement 2283
or from the enterprise transferred under that agreement under 2284
section 4313.02 of the Revised Code. 2285

(30) Deduct, to the extent not otherwise deducted or 2286
excluded in computing federal or Ohio adjusted gross income for 2287
the taxable year, Ohio college opportunity or federal Pell grant 2288
amounts received by the taxpayer or the taxpayer's spouse or 2289
dependent pursuant to section 3333.122 of the Revised Code or 20 2290
U.S.C. 1070a, et seq., and used to pay room or board furnished 2291
by the educational institution for which the grant was awarded 2292
at the institution's facilities, including meal plans 2293
administered by the institution. For the purposes of this 2294
division, receipt of a grant includes the distribution of a 2295
grant directly to an educational institution and the crediting 2296
of the grant to the enrollee's account with the institution. 2297

~~(31) Deduct all business income~~ (a) For taxable years 2298
beginning in 2015, deduct from the portion of an individual's 2299
adjusted gross income that is business income, to the extent not 2300
otherwise deducted or excluded in computing federal or Ohio 2301
adjusted gross income for the taxable year, the lesser of the 2302
following amounts: 2303

(i) Seventy-five per cent of the individual's business 2304

income; 2305

(ii) Ninety-three thousand seven hundred fifty dollars for 2306
each spouse if spouses file separate returns under section 2307
5747.08 of the Revised Code or one hundred eighty-seven thousand 2308
five hundred dollars for all other individuals. 2309

(b) For taxable years beginning in 2016 or thereafter, 2310
deduct from the portion of an individual's adjusted gross income 2311
that is business income, to the extent not otherwise deducted or 2312
excluded in computing federal adjusted gross income for the 2313
taxable year, one hundred twenty-five thousand dollars for each 2314
spouse if spouses file separate returns under section 5747.08 of 2315
the Revised Code or two hundred fifty thousand dollars for all 2316
other individuals. 2317

(B) "Business income" means income, including gain or 2318
loss, arising from transactions, activities, and sources in the 2319
regular course of a trade or business and includes income, gain, 2320
or loss from real property, tangible property, and intangible 2321
property if the acquisition, rental, management, and disposition 2322
of the property constitute integral parts of the regular course 2323
of a trade or business operation. "Business income" includes 2324
income, including gain or loss, from a partial or complete 2325
liquidation of a business, including, but not limited to, gain 2326
or loss from the sale or other disposition of goodwill. 2327

(C) "Nonbusiness income" means all income other than 2328
business income and may include, but is not limited to, 2329
compensation, rents and royalties from real or tangible personal 2330
property, capital gains, interest, dividends and distributions, 2331
patent or copyright royalties, or lottery winnings, prizes, and 2332
awards. 2333

(D) "Compensation" means any form of remuneration paid to an employee for personal services.	2334 2335
(E) "Fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any other person acting in any fiduciary capacity for any individual, trust, or estate.	2336 2337 2338
(F) "Fiscal year" means an accounting period of twelve months ending on the last day of any month other than December.	2339 2340
(G) "Individual" means any natural person.	2341
(H) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.	2342 2343
(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:	2344 2345 2346
(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code;	2347 2348
(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.	2349 2350 2351 2352
(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.	2353 2354 2355
For the purposes of division (I) (3) of this section:	2356
(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,	2357 2358 2359 2360

that were transferred, or caused to be transferred, directly or 2361
indirectly, to the trust by any of the following: 2362

(i) A person, a court, or a governmental entity or 2363
instrumentality on account of the death of a decedent, but only 2364
if the trust is described in division (I) (3) (e) (i) or (ii) of 2365
this section; 2366

(ii) A person who was domiciled in this state for the 2367
purposes of this chapter when the person directly or indirectly 2368
transferred assets to an irrevocable trust, but only if at least 2369
one of the trust's qualifying beneficiaries is domiciled in this 2370
state for the purposes of this chapter during all or some 2371
portion of the trust's current taxable year; 2372

(iii) A person who was domiciled in this state for the 2373
purposes of this chapter when the trust document or instrument 2374
or part of the trust document or instrument became irrevocable, 2375
but only if at least one of the trust's qualifying beneficiaries 2376
is a resident domiciled in this state for the purposes of this 2377
chapter during all or some portion of the trust's current 2378
taxable year. If a trust document or instrument became 2379
irrevocable upon the death of a person who at the time of death 2380
was domiciled in this state for purposes of this chapter, that 2381
person is a person described in division (I) (3) (a) (iii) of this 2382
section. 2383

(b) A trust is irrevocable to the extent that the 2384
transferor is not considered to be the owner of the net assets 2385
of the trust under sections 671 to 678 of the Internal Revenue 2386
Code. 2387

(c) With respect to a trust other than a charitable lead 2388
trust, "qualifying beneficiary" has the same meaning as 2389

"potential current beneficiary" as defined in section 1361(e) (2) 2390
of the Internal Revenue Code, and with respect to a charitable 2391
lead trust "qualifying beneficiary" is any current, future, or 2392
contingent beneficiary, but with respect to any trust 2393
"qualifying beneficiary" excludes a person or a governmental 2394
entity or instrumentality to any of which a contribution would 2395
qualify for the charitable deduction under section 170 of the 2396
Internal Revenue Code. 2397

(d) For the purposes of division (I) (3) (a) of this 2398
section, the extent to which a trust consists directly or 2399
indirectly, in whole or in part, of assets, net of any related 2400
liabilities, that were transferred directly or indirectly, in 2401
whole or part, to the trust by any of the sources enumerated in 2402
that division shall be ascertained by multiplying the fair 2403
market value of the trust's assets, net of related liabilities, 2404
by the qualifying ratio, which shall be computed as follows: 2405

(i) The first time the trust receives assets, the 2406
numerator of the qualifying ratio is the fair market value of 2407
those assets at that time, net of any related liabilities, from 2408
sources enumerated in division (I) (3) (a) of this section. The 2409
denominator of the qualifying ratio is the fair market value of 2410
all the trust's assets at that time, net of any related 2411
liabilities. 2412

(ii) Each subsequent time the trust receives assets, a 2413
revised qualifying ratio shall be computed. The numerator of the 2414
revised qualifying ratio is the sum of (1) the fair market value 2415
of the trust's assets immediately prior to the subsequent 2416
transfer, net of any related liabilities, multiplied by the 2417
qualifying ratio last computed without regard to the subsequent 2418
transfer, and (2) the fair market value of the subsequently 2419

transferred assets at the time transferred, net of any related 2420
liabilities, from sources enumerated in division (I) (3) (a) of 2421
this section. The denominator of the revised qualifying ratio is 2422
the fair market value of all the trust's assets immediately 2423
after the subsequent transfer, net of any related liabilities. 2424

(iii) Whether a transfer to the trust is by or from any of 2425
the sources enumerated in division (I) (3) (a) of this section 2426
shall be ascertained without regard to the domicile of the 2427
trust's beneficiaries. 2428

(e) For the purposes of division (I) (3) (a) (i) of this 2429
section: 2430

(i) A trust is described in division (I) (3) (e) (i) of this 2431
section if the trust is a testamentary trust and the testator of 2432
that testamentary trust was domiciled in this state at the time 2433
of the testator's death for purposes of the taxes levied under 2434
Chapter 5731. of the Revised Code. 2435

(ii) A trust is described in division (I) (3) (e) (ii) of 2436
this section if the transfer is a qualifying transfer described 2437
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 2438
trust is an irrevocable inter vivos trust, and at least one of 2439
the trust's qualifying beneficiaries is domiciled in this state 2440
for purposes of this chapter during all or some portion of the 2441
trust's current taxable year. 2442

(f) For the purposes of division (I) (3) (e) (ii) of this 2443
section, a "qualifying transfer" is a transfer of assets, net of 2444
any related liabilities, directly or indirectly to a trust, if 2445
the transfer is described in any of the following: 2446

(i) The transfer is made to a trust, created by the 2447
decedent before the decedent's death and while the decedent was 2448

domiciled in this state for the purposes of this chapter, and, 2449
prior to the death of the decedent, the trust became irrevocable 2450
while the decedent was domiciled in this state for the purposes 2451
of this chapter. 2452

(ii) The transfer is made to a trust to which the 2453
decedent, prior to the decedent's death, had directly or 2454
indirectly transferred assets, net of any related liabilities, 2455
while the decedent was domiciled in this state for the purposes 2456
of this chapter, and prior to the death of the decedent the 2457
trust became irrevocable while the decedent was domiciled in 2458
this state for the purposes of this chapter. 2459

(iii) The transfer is made on account of a contractual 2460
relationship existing directly or indirectly between the 2461
transferor and either the decedent or the estate of the decedent 2462
at any time prior to the date of the decedent's death, and the 2463
decedent was domiciled in this state at the time of death for 2464
purposes of the taxes levied under Chapter 5731. of the Revised 2465
Code. 2466

(iv) The transfer is made to a trust on account of a 2467
contractual relationship existing directly or indirectly between 2468
the transferor and another person who at the time of the 2469
decedent's death was domiciled in this state for purposes of 2470
this chapter. 2471

(v) The transfer is made to a trust on account of the will 2472
of a testator who was domiciled in this state at the time of the 2473
testator's death for purposes of the taxes levied under Chapter 2474
5731. of the Revised Code. 2475

(vi) The transfer is made to a trust created by or caused 2476
to be created by a court, and the trust was directly or 2477

indirectly created in connection with or as a result of the 2478
death of an individual who, for purposes of the taxes levied 2479
under Chapter 5731. of the Revised Code, was domiciled in this 2480
state at the time of the individual's death. 2481

(g) The tax commissioner may adopt rules to ascertain the 2482
part of a trust residing in this state. 2483

(J) "Nonresident" means an individual or estate that is 2484
not a resident. An individual who is a resident for only part of 2485
a taxable year is a nonresident for the remainder of that 2486
taxable year. 2487

(K) "Pass-through entity" has the same meaning as in 2488
section 5733.04 of the Revised Code. 2489

(L) "Return" means the notifications and reports required 2490
to be filed pursuant to this chapter for the purpose of 2491
reporting the tax due and includes declarations of estimated tax 2492
when so required. 2493

(M) "Taxable year" means the calendar year or the 2494
taxpayer's fiscal year ending during the calendar year, or 2495
fractional part thereof, upon which the adjusted gross income is 2496
calculated pursuant to this chapter. 2497

(N) "Taxpayer" means any person subject to the tax imposed 2498
by section 5747.02 of the Revised Code or any pass-through 2499
entity that makes the election under division (D) of section 2500
5747.08 of the Revised Code. 2501

(O) "Dependents" means dependents as defined in the 2502
Internal Revenue Code and as claimed in the taxpayer's federal 2503
income tax return for the taxable year or which the taxpayer 2504
would have been permitted to claim had the taxpayer filed a 2505
federal income tax return. 2506

(P) "Principal county of employment" means, in the case of 2507
a nonresident, the county within the state in which a taxpayer 2508
performs services for an employer or, if those services are 2509
performed in more than one county, the county in which the major 2510
portion of the services are performed. 2511

(Q) As used in sections 5747.50 to 5747.55 of the Revised 2512
Code: 2513

(1) "Subdivision" means any county, municipal corporation, 2514
park district, or township. 2515

(2) "Essential local government purposes" includes all 2516
functions that any subdivision is required by general law to 2517
exercise, including like functions that are exercised under a 2518
charter adopted pursuant to the Ohio Constitution. 2519

(R) "Overpayment" means any amount already paid that 2520
exceeds the figure determined to be the correct amount of the 2521
tax. 2522

(S) "Taxable income" or "Ohio taxable income" applies only 2523
to estates and trusts, and means federal taxable income, as 2524
defined and used in the Internal Revenue Code, adjusted as 2525
follows: 2526

(1) Add interest or dividends, net of ordinary, necessary, 2527
and reasonable expenses not deducted in computing federal 2528
taxable income, on obligations or securities of any state or of 2529
any political subdivision or authority of any state, other than 2530
this state and its subdivisions and authorities, but only to the 2531
extent that such net amount is not otherwise includible in Ohio 2532
taxable income and is described in either division (S) (1) (a) or 2533
(b) of this section: 2534

(a) The net amount is not attributable to the S portion of 2535

an electing small business trust and has not been distributed to 2536
beneficiaries for the taxable year; 2537

(b) The net amount is attributable to the S portion of an 2538
electing small business trust for the taxable year. 2539

(2) Add interest or dividends, net of ordinary, necessary, 2540
and reasonable expenses not deducted in computing federal 2541
taxable income, on obligations of any authority, commission, 2542
instrumentality, territory, or possession of the United States 2543
to the extent that the interest or dividends are exempt from 2544
federal income taxes but not from state income taxes, but only 2545
to the extent that such net amount is not otherwise includible 2546
in Ohio taxable income and is described in either division (S) 2547
(1) (a) or (b) of this section; 2548

(3) Add the amount of personal exemption allowed to the 2549
estate pursuant to section 642(b) of the Internal Revenue Code; 2550

(4) Deduct interest or dividends, net of related expenses 2551
deducted in computing federal taxable income, on obligations of 2552
the United States and its territories and possessions or of any 2553
authority, commission, or instrumentality of the United States 2554
to the extent that the interest or dividends are exempt from 2555
state taxes under the laws of the United States, but only to the 2556
extent that such amount is included in federal taxable income 2557
and is described in either division (S) (1) (a) or (b) of this 2558
section; 2559

(5) Deduct the amount of wages and salaries, if any, not 2560
otherwise allowable as a deduction but that would have been 2561
allowable as a deduction in computing federal taxable income for 2562
the taxable year, had the targeted jobs credit allowed under 2563
sections 38, 51, and 52 of the Internal Revenue Code not been in 2564

effect, but only to the extent such amount relates either to 2565
income included in federal taxable income for the taxable year 2566
or to income of the S portion of an electing small business 2567
trust for the taxable year; 2568

(6) Deduct any interest or interest equivalent, net of 2569
related expenses deducted in computing federal taxable income, 2570
on public obligations and purchase obligations, but only to the 2571
extent that such net amount relates either to income included in 2572
federal taxable income for the taxable year or to income of the 2573
S portion of an electing small business trust for the taxable 2574
year; 2575

(7) Add any loss or deduct any gain resulting from sale, 2576
exchange, or other disposition of public obligations to the 2577
extent that such loss has been deducted or such gain has been 2578
included in computing either federal taxable income or income of 2579
the S portion of an electing small business trust for the 2580
taxable year; 2581

(8) Except in the case of the final return of an estate, 2582
add any amount deducted by the taxpayer on both its Ohio estate 2583
tax return pursuant to section 5731.14 of the Revised Code, and 2584
on its federal income tax return in determining federal taxable 2585
income; 2586

(9) (a) Deduct any amount included in federal taxable 2587
income solely because the amount represents a reimbursement or 2588
refund of expenses that in a previous year the decedent had 2589
deducted as an itemized deduction pursuant to section 63 of the 2590
Internal Revenue Code and applicable treasury regulations. The 2591
deduction otherwise allowed under division (S) (9) (a) of this 2592
section shall be reduced to the extent the reimbursement is 2593
attributable to an amount the taxpayer or decedent deducted 2594

under this section in any taxable year.	2595
(b) Add any amount not otherwise included in Ohio taxable 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 taxable income in any taxable year, but only to the extent such amount has not been distributed to beneficiaries for the taxable year.	2596 2597 2598 2599 2600 2601
(10) 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:	2602 2603 2604 2605
(a) It is allowable for repayment of an item that was included in the taxpayer's taxable income or the decedent'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.	2606 2607 2608 2609 2610
(b) It does not otherwise reduce the taxpayer's taxable income or the decedent's adjusted gross income for the current or any other taxable year.	2611 2612 2613
(11) Add any amount claimed as a credit under section 5747.059 or 5747.65 of the Revised Code to the extent that the amount satisfies either of the following:	2614 2615 2616
(a) The amount was deducted or excluded from the computation of the taxpayer's federal taxable income as required to be reported for the taxpayer's taxable year under the Internal Revenue Code;	2617 2618 2619 2620
(b) The amount resulted in a reduction in the taxpayer's federal taxable income as required to be reported for any of the taxpayer's taxable years under the Internal Revenue Code.	2621 2622 2623

(12) Deduct any amount, net of related expenses deducted 2624
in computing federal taxable income, that a trust is required to 2625
report as farm income on its federal income tax return, but only 2626
if the assets of the trust include at least ten acres of land 2627
satisfying the definition of "land devoted exclusively to 2628
agricultural use" under section 5713.30 of the Revised Code, 2629
regardless of whether the land is valued for tax purposes as 2630
such land under sections 5713.30 to 5713.38 of the Revised Code. 2631
If the trust is a pass-through entity investor, section 5747.231 2632
of the Revised Code applies in ascertaining if the trust is 2633
eligible to claim the deduction provided by division (S) (12) of 2634
this section in connection with the pass-through entity's farm 2635
income. 2636

Except for farm income attributable to the S portion of an 2637
electing small business trust, the deduction provided by 2638
division (S) (12) of this section is allowed only to the extent 2639
that the trust has not distributed such farm income. Division 2640
(S) (12) of this section applies only to taxable years of a trust 2641
beginning in 2002 or thereafter. 2642

(13) Add the net amount of income described in section 2643
641(c) of the Internal Revenue Code to the extent that amount is 2644
not included in federal taxable income. 2645

(14) Add or deduct the amount the taxpayer would be 2646
required to add or deduct under division (A) (20) or (21) of this 2647
section if the taxpayer's Ohio taxable income were computed in 2648
the same manner as an individual's Ohio adjusted gross income is 2649
computed under this section. In the case of a trust, division 2650
(S) (14) of this section applies only to any of the trust's 2651
taxable years beginning in 2002 or thereafter. 2652

(T) "School district income" and "school district income 2653

tax" have the same meanings as in section 5748.01 of the Revised Code. 2654
Code. 2655

(U) As used in divisions (A) (8), (A) (9), (S) (6), and (S) 2656
(7) of this section, "public obligations," "purchase 2657
obligations," and "interest or interest equivalent" have the 2658
same meanings as in section 5709.76 of the Revised Code. 2659

(V) "Limited liability company" means any limited 2660
liability company formed under Chapter 1705. of the Revised Code 2661
or under the laws of any other state. 2662

(W) "Pass-through entity investor" means any person who, 2663
during any portion of a taxable year of a pass-through entity, 2664
is a partner, member, shareholder, or equity investor in that 2665
pass-through entity. 2666

(X) "Banking day" has the same meaning as in section 2667
1304.01 of the Revised Code. 2668

(Y) "Month" means a calendar month. 2669

(Z) "Quarter" means the first three months, the second 2670
three months, the third three months, or the last three months 2671
of the taxpayer's taxable year. 2672

(AA) (1) "Eligible institution" means a state university or 2673
state institution of higher education as defined in section 2674
3345.011 of the Revised Code, or a private, nonprofit college, 2675
university, or other post-secondary institution located in this 2676
state that possesses a certificate of authorization issued by 2677
the chancellor of higher education pursuant to Chapter 1713. of 2678
the Revised Code or a certificate of registration issued by the 2679
state board of career colleges and schools under Chapter 3332. 2680
of the Revised Code. 2681

(2) "Qualified tuition and fees" means tuition and fees 2682
imposed by an eligible institution as a condition of enrollment 2683
or attendance, not exceeding two thousand five hundred dollars 2684
in each of the individual's first two years of post-secondary 2685
education. If the individual is a part-time student, "qualified 2686
tuition and fees" includes tuition and fees paid for the 2687
academic equivalent of the first two years of post-secondary 2688
education during a maximum of five taxable years, not exceeding 2689
a total of five thousand dollars. "Qualified tuition and fees" 2690
does not include: 2691

(a) Expenses for any course or activity involving sports, 2692
games, or hobbies unless the course or activity is part of the 2693
individual's degree or diploma program; 2694

(b) The cost of books, room and board, student activity 2695
fees, athletic fees, insurance expenses, or other expenses 2696
unrelated to the individual's academic course of instruction; 2697

(c) Tuition, fees, or other expenses paid or reimbursed 2698
through an employer, scholarship, grant in aid, or other 2699
educational benefit program. 2700

(BB) (1) "Modified business income" means the business 2701
income included in a trust's Ohio taxable income after such 2702
taxable income is first reduced by the qualifying trust amount, 2703
if any. 2704

(2) "Qualifying trust amount" of a trust means capital 2705
gains and losses from the sale, exchange, or other disposition 2706
of equity or ownership interests in, or debt obligations of, a 2707
qualifying investee to the extent included in the trust's Ohio 2708
taxable income, but only if the following requirements are 2709
satisfied: 2710

(a) The book value of the qualifying investee's physical 2711
assets in this state and everywhere, as of the last day of the 2712
qualifying investee's fiscal or calendar year ending immediately 2713
prior to the date on which the trust recognizes the gain or 2714
loss, is available to the trust. 2715

(b) The requirements of section 5747.011 of the Revised 2716
Code are satisfied for the trust's taxable year in which the 2717
trust recognizes the gain or loss. 2718

Any gain or loss that is not a qualifying trust amount is 2719
modified business income, qualifying investment income, or 2720
modified nonbusiness income, as the case may be. 2721

(3) "Modified nonbusiness income" means a trust's Ohio 2722
taxable income other than modified business income, other than 2723
the qualifying trust amount, and other than qualifying 2724
investment income, as defined in section 5747.012 of the Revised 2725
Code, to the extent such qualifying investment income is not 2726
otherwise part of modified business income. 2727

(4) "Modified Ohio taxable income" applies only to trusts, 2728
and means the sum of the amounts described in divisions (BB) (4) 2729
(a) to (c) of this section: 2730

(a) The fraction, calculated under section 5747.013, and 2731
applying section 5747.231 of the Revised Code, multiplied by the 2732
sum of the following amounts: 2733

(i) The trust's modified business income; 2734

(ii) The trust's qualifying investment income, as defined 2735
in section 5747.012 of the Revised Code, but only to the extent 2736
the qualifying investment income does not otherwise constitute 2737
modified business income and does not otherwise constitute a 2738
qualifying trust amount. 2739

(b) The qualifying trust amount multiplied by a fraction, 2740
the numerator of which is the sum of the book value of the 2741
qualifying investee's physical assets in this state on the last 2742
day of the qualifying investee's fiscal or calendar year ending 2743
immediately prior to the day on which the trust recognizes the 2744
qualifying trust amount, and the denominator of which is the sum 2745
of the book value of the qualifying investee's total physical 2746
assets everywhere on the last day of the qualifying investee's 2747
fiscal or calendar year ending immediately prior to the day on 2748
which the trust recognizes the qualifying trust amount. If, for 2749
a taxable year, the trust recognizes a qualifying trust amount 2750
with respect to more than one qualifying investee, the amount 2751
described in division (BB) (4) (b) of this section shall equal the 2752
sum of the products so computed for each such qualifying 2753
investee. 2754

(c) (i) With respect to a trust or portion of a trust that 2755
is a resident as ascertained in accordance with division (I) (3) 2756
(d) of this section, its modified nonbusiness income. 2757

(ii) With respect to a trust or portion of a trust that is 2758
not a resident as ascertained in accordance with division (I) (3) 2759
(d) of this section, the amount of its modified nonbusiness 2760
income satisfying the descriptions in divisions (B) (2) to (5) of 2761
section 5747.20 of the Revised Code, except as otherwise 2762
provided in division (BB) (4) (c) (ii) of this section. With 2763
respect to a trust or portion of a trust that is not a resident 2764
as ascertained in accordance with division (I) (3) (d) of this 2765
section, the trust's portion of modified nonbusiness income 2766
recognized from the sale, exchange, or other disposition of a 2767
debt interest in or equity interest in a section 5747.212 2768
entity, as defined in section 5747.212 of the Revised Code, 2769
without regard to division (A) of that section, shall not be 2770

allocated to this state in accordance with section 5747.20 of 2771
the Revised Code but shall be apportioned to this state in 2772
accordance with division (B) of section 5747.212 of the Revised 2773
Code without regard to division (A) of that section. 2774

If the allocation and apportionment of a trust's income 2775
under divisions (BB) (4) (a) and (c) of this section do not fairly 2776
represent the modified Ohio taxable income of the trust in this 2777
state, the alternative methods described in division (C) of 2778
section 5747.21 of the Revised Code may be applied in the manner 2779
and to the same extent provided in that section. 2780

(5) (a) Except as set forth in division (BB) (5) (b) of this 2781
section, "qualifying investee" means a person in which a trust 2782
has an equity or ownership interest, or a person or unit of 2783
government the debt obligations of either of which are owned by 2784
a trust. For the purposes of division (BB) (2) (a) of this section 2785
and for the purpose of computing the fraction described in 2786
division (BB) (4) (b) of this section, all of the following apply: 2787

(i) If the qualifying investee is a member of a qualifying 2788
controlled group on the last day of the qualifying investee's 2789
fiscal or calendar year ending immediately prior to the date on 2790
which the trust recognizes the gain or loss, then "qualifying 2791
investee" includes all persons in the qualifying controlled 2792
group on such last day. 2793

(ii) If the qualifying investee, or if the qualifying 2794
investee and any members of the qualifying controlled group of 2795
which the qualifying investee is a member on the last day of the 2796
qualifying investee's fiscal or calendar year ending immediately 2797
prior to the date on which the trust recognizes the gain or 2798
loss, separately or cumulatively own, directly or indirectly, on 2799
the last day of the qualifying investee's fiscal or calendar 2800

year ending immediately prior to the date on which the trust 2801
recognizes the qualifying trust amount, more than fifty per cent 2802
of the equity of a pass-through entity, then the qualifying 2803
investee and the other members are deemed to own the 2804
proportionate share of the pass-through entity's physical assets 2805
which the pass-through entity directly or indirectly owns on the 2806
last day of the pass-through entity's calendar or fiscal year 2807
ending within or with the last day of the qualifying investee's 2808
fiscal or calendar year ending immediately prior to the date on 2809
which the trust recognizes the qualifying trust amount. 2810

(iii) For the purposes of division (BB) (5) (a) (iii) of this 2811
section, "upper level pass-through entity" means a pass-through 2812
entity directly or indirectly owning any equity of another pass- 2813
through entity, and "lower level pass-through entity" means that 2814
other pass-through entity. 2815

An upper level pass-through entity, whether or not it is 2816
also a qualifying investee, is deemed to own, on the last day of 2817
the upper level pass-through entity's calendar or fiscal year, 2818
the proportionate share of the lower level pass-through entity's 2819
physical assets that the lower level pass-through entity 2820
directly or indirectly owns on the last day of the lower level 2821
pass-through entity's calendar or fiscal year ending within or 2822
with the last day of the upper level pass-through entity's 2823
fiscal or calendar year. If the upper level pass-through entity 2824
directly and indirectly owns less than fifty per cent of the 2825
equity of the lower level pass-through entity on each day of the 2826
upper level pass-through entity's calendar or fiscal year in 2827
which or with which ends the calendar or fiscal year of the 2828
lower level pass-through entity and if, based upon clear and 2829
convincing evidence, complete information about the location and 2830
cost of the physical assets of the lower pass-through entity is 2831

not available to the upper level pass-through entity, then 2832
solely for purposes of ascertaining if a gain or loss 2833
constitutes a qualifying trust amount, the upper level pass- 2834
through entity shall be deemed as owning no equity of the lower 2835
level pass-through entity for each day during the upper level 2836
pass-through entity's calendar or fiscal year in which or with 2837
which ends the lower level pass-through entity's calendar or 2838
fiscal year. Nothing in division (BB) (5) (a) (iii) of this section 2839
shall be construed to provide for any deduction or exclusion in 2840
computing any trust's Ohio taxable income. 2841

(b) With respect to a trust that is not a resident for the 2842
taxable year and with respect to a part of a trust that is not a 2843
resident for the taxable year, "qualifying investee" for that 2844
taxable year does not include a C corporation if both of the 2845
following apply: 2846

(i) During the taxable year the trust or part of the trust 2847
recognizes a gain or loss from the sale, exchange, or other 2848
disposition of equity or ownership interests in, or debt 2849
obligations of, the C corporation. 2850

(ii) Such gain or loss constitutes nonbusiness income. 2851

(6) "Available" means information is such that a person is 2852
able to learn of the information by the due date plus 2853
extensions, if any, for filing the return for the taxable year 2854
in which the trust recognizes the gain or loss. 2855

(CC) "Qualifying controlled group" has the same meaning as 2856
in section 5733.04 of the Revised Code. 2857

(DD) "Related member" has the same meaning as in section 2858
5733.042 of the Revised Code. 2859

(EE) (1) For the purposes of division (EE) of this section: 2860

(a) "Qualifying person" means any person other than a qualifying corporation.	2861 2862
(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:	2863 2864 2865
(i) A corporation that has made an election under subchapter S, chapter one, subtitle A, of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year;	2866 2867 2868 2869
(ii) A subsidiary that is wholly owned by any corporation that has made an election under subchapter S, chapter one, subtitle A of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year.	2870 2871 2872 2873 2874
(2) For the purposes of this chapter, unless expressly stated otherwise, no qualifying person indirectly owns any asset directly or indirectly owned by any qualifying corporation.	2875 2876 2877
(FF) For purposes of this chapter and Chapter 5751. of the Revised Code:	2878 2879
(1) "Trust" does not include a qualified pre-income tax trust.	2880 2881
(2) A "qualified pre-income tax trust" is any pre-income tax trust that makes a qualifying pre-income tax trust election as described in division (FF)(3) of this section.	2882 2883 2884
(3) A "qualifying pre-income tax trust election" is an election by a pre-income tax trust to subject to the tax imposed by section 5751.02 of the Revised Code the pre-income tax trust and all pass-through entities of which the trust owns or	2885 2886 2887 2888

controls, directly, indirectly, or constructively through 2889
related interests, five per cent or more of the ownership or 2890
equity interests. The trustee shall notify the tax commissioner 2891
in writing of the election on or before April 15, 2006. The 2892
election, if timely made, shall be effective on and after 2893
January 1, 2006, and shall apply for all tax periods and tax 2894
years until revoked by the trustee of the trust. 2895

(4) A "pre-income tax trust" is a trust that satisfies all 2896
of the following requirements: 2897

(a) The document or instrument creating the trust was 2898
executed by the grantor before January 1, 1972; 2899

(b) The trust became irrevocable upon the creation of the 2900
trust; and 2901

(c) The grantor was domiciled in this state at the time 2902
the trust was created. 2903

(GG) "Uniformed services" has the same meaning as in 10 2904
U.S.C. 101. 2905

(HH) "Taxable business income" means the amount by which 2906
an individual's business income reduced by deductions from 2907
business income and by one of the following amounts, provided 2908
that "taxable business income" shall not be less than zero: 2909

~~(1) For taxable years beginning in 2015, the lesser of~~ 2910
~~seventy five per cent of Ohio business income or (a) ninety~~ 2911
~~three thousand seven hundred fifty dollars for each spouse if~~ 2912
~~spouses file separate returns under section 5747.08 of the~~ 2913
~~Revised Code or (b) one hundred eighty seven thousand five~~ 2914
~~hundred dollars for all other taxpayers;~~ 2915

~~(2) For taxable years beginning in 2016 and thereafter,~~ 2916

~~one hundred twenty five thousand dollars for each spouse if~~ 2917
~~spouses file separate returns under section 5747.08 of the~~ 2918
~~Revised Code or two hundred fifty thousand dollars for all other~~ 2919
~~individuals~~ that is included in federal adjusted gross income 2920
exceeds the amount of business income the individual is 2921
authorized to deduct under division (A) (31) of this section for 2922
the taxable year. 2923

Sec. 5747.02. (A) For the purpose of providing revenue for 2924
the support of schools and local government functions, to 2925
provide relief to property taxpayers, to provide revenue for the 2926
general revenue fund, and to meet the expenses of administering 2927
the tax levied by this chapter, there is hereby levied on every 2928
individual, trust, and estate residing in or earning or 2929
receiving income in this state, on every individual, trust, and 2930
estate earning or receiving lottery winnings, prizes, or awards 2931
pursuant to Chapter 3770. of the Revised Code, on every 2932
individual, trust, and estate earning or receiving winnings on 2933
casino gaming, and on every individual, trust, and estate 2934
otherwise having nexus with or in this state under the 2935
Constitution of the United States, an annual tax measured as 2936
prescribed in divisions (A) (1) to (4) of this section. 2937

(1) In the case of trusts, the tax imposed by this section 2938
shall be measured by modified Ohio taxable income under division 2939
(D) of this section and levied at the same rates prescribed in 2940
division (A) (3) of this section for individuals. 2941

(2) In the case of estates, the tax imposed by this 2942
section shall be measured by Ohio taxable income and levied at 2943
the same rates prescribed in division (A) (3) of this section for 2944
individuals. 2945

(3) In the case of individuals, for taxable years 2946

beginning in 2015 or thereafter, the tax imposed by this section 2947
on income other than taxable business income shall be measured 2948
by Ohio adjusted gross income, less taxable business income and 2949
less an exemption for the taxpayer, the taxpayer's spouse, and 2950
each dependent as provided in section 5747.025 of the Revised 2951
Code. The tax imposed on the balance thus obtained is hereby 2952
levied as follows: 2953

OHIO ADJUSTED GROSS		2954
<u> </u> INCOME LESS <u>TAXABLE BUSINESS</u>		2955
<u> </u> INCOME AND EXEMPTIONS		2956
(INDIVIDUALS)		2957
OR		2958
MODIFIED OHIO		2959
TAXABLE INCOME (TRUSTS)		2960
OR		2961
OHIO TAXABLE INCOME (ESTATES)	TAX	2962
\$5,000 or less	.495%	2963
More than \$5,000 but	\$24.75 plus .990% of the amount	2964
not more than \$10,000	in excess of \$5,000	2965
More than \$10,000 but	\$74.25 plus 1.980% of the amount	2966
not more than \$15,000	in excess of \$10,000	2967
More than \$15,000 but	\$173.25 plus 2.476% of the amount	2968
not more than \$20,000	in excess of \$15,000	2969
More than \$20,000 but	\$297.05 plus 2.969% of the amount	2970
not more than \$40,000	in excess of \$20,000	2971
More than \$40,000 but	\$890.85 plus 3.465% of the amount	2972
not more than \$80,000	in excess of \$40,000	2973
More than \$80,000 but	\$2,276.85 plus 3.960% of the amount	2974
not more than \$100,000	in excess of \$80,000	2975

More than \$100,000 but	\$3,068.85 plus 4.597% of the amount	2976
not more than \$200,000	in excess of \$100,000	2977
More than \$200,000	\$7,665.85 plus 4.997% of the amount	2978
	in excess of \$200,000	2979

(4)(a) In the case of individuals, for taxable years 2980
beginning in 2015, the tax imposed by this section on taxable 2981
business income shall be measured by taxable business income 2982
less any amount allowed under division (A) (4) (c) of this 2983
section. The tax imposed on the balance thus obtained is hereby 2984
levied as follows: 2985

TAXABLE BUSINESS INCOME 2986

LESS ALLOWED EXEMPTION AMOUNT TAX 2987

\$5,000 or less .495% 2988

More than \$5,000 but \$24.75 plus .990% of 2989
not more than \$10,000 the amount 2990

_____ in excess of \$5,000 2991

More than \$10,000 but \$74.25 plus 1.980% of 2992
not more than \$15,000 the amount 2993

_____ in excess of \$10,000 2994

More than \$15,000 but \$173.25 plus 2.476% 2995
not more than \$20,000 of the amount 2996

_____ in excess of \$15,000 2997

More than \$20,000 but \$297.05 plus 2.969% 2998
not more than \$40,000 of the amount 2999

_____ in excess of \$20,000 3000

More than \$40,000 _____ \$890.85 plus 3% of 3001
_____ the amount in 3002
_____ excess of \$40,000 3003

(b) In the case of individuals, for taxable years 3004
beginning in 2015-2016 or thereafter, the tax imposed by this 3005
section on taxable business income shall equal three per cent of 3006
the result obtained by subtracting any amount allowed under 3007
division (A) (4) (c) of this section from the taxpayer's 3008
individual's taxable business income. 3009

(c) If the exemptions allowed to an individual under 3010
division (A) (3) of this section exceed the taxpayer's Ohio 3011
adjusted gross income less taxable business income, the excess 3012
shall be deducted from taxable business income before computing 3013
the tax under division (A) (4) (a) or (b) of this section. 3014

Except as otherwise provided in this division, in August 3015
of each year, the tax commissioner shall make a new adjustment 3016
to the income amounts prescribed in division (A) (3) of this 3017
section by multiplying the percentage increase in the gross 3018
domestic product deflator computed that year under section 3019
5747.025 of the Revised Code by each of the income amounts 3020
resulting from the adjustment under this division in the 3021
preceding year, adding the resulting product to the 3022
corresponding income amount resulting from the adjustment in the 3023
preceding year, and rounding the resulting sum to the nearest 3024
multiple of fifty dollars. The tax commissioner also shall 3025
recompute each of the tax dollar amounts to the extent necessary 3026
to reflect the new adjustment of the income amounts. The rates 3027
of taxation shall not be adjusted. 3028

The adjusted amounts apply to taxable years beginning in 3029

the calendar year in which the adjustments are made and to 3030
taxable years beginning in each ensuing calendar year until a 3031
calendar year in which a new adjustment is made pursuant to this 3032
division. The tax commissioner shall not make a new adjustment 3033
in any year in which the amount resulting from the adjustment 3034
would be less than the amount resulting from the adjustment in 3035
the preceding year. The commissioner shall not make a new 3036
adjustment for taxable years beginning in 2013, 2014, or 2015. 3037

(B) If the director of budget and management makes a 3038
certification to the tax commissioner under division (B) of 3039
section 131.44 of the Revised Code, the amount of tax as 3040
determined under divisions (A) (1) to (3) of this section shall 3041
be reduced by the percentage prescribed in that certification 3042
for taxable years beginning in the calendar year in which that 3043
certification is made. 3044

(C) The levy of this tax on income does not prevent a 3045
municipal corporation, a joint economic development zone created 3046
under section 715.691, or a joint economic development district 3047
created under section 715.70 or 715.71 or sections 715.72 to 3048
715.81 of the Revised Code from levying a tax on income. 3049

(D) This division applies only to taxable years of a trust 3050
beginning in 2002 or thereafter. 3051

(1) The tax imposed by this section on a trust shall be 3052
computed by multiplying the Ohio modified taxable income of the 3053
trust by the rates prescribed by division (A) of this section. 3054

(2) A resident trust may claim a credit against the tax 3055
computed under division (D) of this section equal to the lesser 3056
of (1) the tax paid to another state or the District of Columbia 3057
on the resident trust's modified nonbusiness income, other than 3058

the portion of the resident trust's nonbusiness income that is 3059
qualifying investment income as defined in section 5747.012 of 3060
the Revised Code, or (2) the effective tax rate, based on 3061
modified Ohio taxable income, multiplied by the resident trust's 3062
modified nonbusiness income other than the portion of the 3063
resident trust's nonbusiness income that is qualifying 3064
investment income. The credit applies before any other 3065
applicable credits. 3066

(3) The credits enumerated in ~~division~~ divisions (A) (1) ~~or~~ 3067
~~(2)~~ to (10) and (A) (19) to (21) of section 5747.98 of the 3068
Revised Code do not apply to a trust subject to division (D) of 3069
this section. Any credits enumerated in ~~division (A) (3) or (4)~~ 3070
other divisions of section 5747.98 of the Revised Code apply to 3071
a trust subject to division (D) of this section. To the extent 3072
that the trust distributes income for the taxable year for which 3073
a credit is available to the trust, the credit shall be shared 3074
by the trust and its beneficiaries. The tax commissioner and the 3075
trust shall be guided by applicable regulations of the United 3076
States treasury regarding the sharing of credits. 3077

(E) For the purposes of this section, "trust" means any 3078
trust described in Subchapter J of Chapter 1 of the Internal 3079
Revenue Code, excluding trusts that are not irrevocable as 3080
defined in division (I) (3) (b) of section 5747.01 of the Revised 3081
Code and that have no modified Ohio taxable income for the 3082
taxable year, charitable remainder trusts, qualified funeral 3083
trusts and preneed funeral contract trusts established pursuant 3084
to sections 4717.31 to 4717.38 of the Revised Code that are not 3085
qualified funeral trusts, endowment and perpetual care trusts, 3086
qualified settlement trusts and funds, designated settlement 3087
trusts and funds, and trusts exempted from taxation under 3088
section 501(a) of the Internal Revenue Code. 3089

Sec. 5747.05. As used in this section, "income tax" 3090
includes both a tax on net income and a tax measured by net 3091
income. 3092

The following credits shall be allowed against the 3093
aggregate income tax liability imposed by section 5747.02 of the 3094
Revised Code on individuals and estates: 3095

(A) (1) The amount of tax otherwise due under section 3096
5747.02 of the Revised Code on such portion of the combined 3097
adjusted gross income and business income of any nonresident 3098
taxpayer that is not allocable or apportionable to this state 3099
pursuant to sections 5747.20 to 5747.23 of the Revised Code. The 3100
credit provided under this division shall not exceed the total 3101
tax due under section 5747.02 of the Revised Code. 3102

(2) The tax commissioner may enter into an agreement with 3103
the taxing authorities of any state or of the District of 3104
Columbia that imposes an income tax to provide that compensation 3105
paid in this state to a nonresident taxpayer shall not be 3106
subject to the tax levied in section 5747.02 of the Revised Code 3107
so long as compensation paid in such other state or in the 3108
District of Columbia to a resident taxpayer shall likewise not 3109
be subject to the income tax of such other state or of the 3110
District of Columbia. 3111

(B) The lesser of division (B) (1) or (2) of this section: 3112

(1) The aggregate amount of tax otherwise due under 3113
section 5747.02 of the Revised Code on such portion of the 3114
combined adjusted gross income and business income of a resident 3115
taxpayer that in another state or in the District of Columbia is 3116
subjected to an income tax. The credit provided under division 3117
(B) (1) of this section shall not exceed the total tax due under 3118

section 5747.02 of the Revised Code. 3119

(2) The amount of income tax liability to another state or 3120
the District of Columbia on the portion of the combined adjusted 3121
gross income and business income of a resident taxpayer that in 3122
another state or in the District of Columbia is subjected to an 3123
income tax. The credit provided under division (B) (2) of this 3124
section shall not exceed the total amount of tax otherwise due 3125
under section 5747.02 of the Revised Code. 3126

(3) If the credit provided under division (B) of this 3127
section is affected by a change in either the portion of the 3128
combined adjusted gross income and business income of a resident 3129
taxpayer subjected to an income tax in another state or the 3130
District of Columbia or the amount of income tax liability that 3131
has been paid to another state or the District of Columbia, the 3132
taxpayer shall report the change to the tax commissioner within 3133
sixty days of the change in such form as the commissioner 3134
requires. 3135

(a) In the case of an underpayment, the report shall be 3136
accompanied by payment of any additional tax due as a result of 3137
the reduction in credit together with interest on the additional 3138
tax and is a return subject to assessment under section 5747.13 3139
of the Revised Code solely for the purpose of assessing any 3140
additional tax due under this division, together with any 3141
applicable penalty and interest. It shall not reopen the 3142
computation of the taxpayer's tax liability under this chapter 3143
from a previously filed return no longer subject to assessment 3144
except to the extent that such liability is affected by an 3145
adjustment to the credit allowed by division (B) of this 3146
section. 3147

(b) In the case of an overpayment, an application for 3148

refund may be filed under this division within the sixty-day 3149
period prescribed for filing the report even if it is beyond the 3150
period prescribed in section 5747.11 of the Revised Code if it 3151
otherwise conforms to the requirements of such section. An 3152
application filed under this division shall only claim refund of 3153
overpayments resulting from an adjustment to the credit allowed 3154
by division (B) of this section unless it is also filed within 3155
the time prescribed in section 5747.11 of the Revised Code. It 3156
shall not reopen the computation of the taxpayer's tax liability 3157
except to the extent that such liability is affected by an 3158
adjustment to the credit allowed by division (B) of this 3159
section. 3160

(4) No credit shall be allowed under division (B) of this 3161
section: 3162

(a) For income tax paid or accrued to another state or to 3163
the District of Columbia if the taxpayer, when computing federal 3164
adjusted gross income, has directly or indirectly deducted, or 3165
was required to directly or indirectly deduct, the amount of 3166
that income tax; 3167

(b) For compensation that is not subject to the income tax 3168
of another state or the District of Columbia as the result of an 3169
agreement entered into by the tax commissioner under division 3170
(A) (3) of this section; or 3171

(c) For income tax paid or accrued to another state or the 3172
District of Columbia if the taxpayer fails to furnish such proof 3173
as the tax commissioner shall require that such income tax 3174
liability has been paid. 3175

(C) An individual who is a resident for part of a taxable 3176
year and a nonresident for the remainder of the taxable year is 3177

allowed the credits under divisions (A) and (B) of this section 3178
in accordance with rules prescribed by the tax commissioner. In 3179
no event shall the same income be subject to both credits. 3180

(D) The credit allowed under division (A) of this section 3181
shall be calculated based upon the amount of tax due under 3182
section 5747.02 of the Revised Code after subtracting any other 3183
credits that precede the credit under that division in the order 3184
required under section 5747.98 of the Revised Code. The credit 3185
allowed under division (B) of this section shall be calculated 3186
based upon the amount of tax due under section 5747.02 of the 3187
Revised Code after subtracting any other credits that precede 3188
the credit under that division in the order required under 3189
section 5747.98 of the Revised Code. 3190

(E) (1) On a joint return filed by a husband and wife, each 3191
of whom had adjusted gross income of at least five hundred 3192
dollars, exclusive of interest, dividends and distributions, 3193
royalties, rent, and capital gains, a credit equal to the 3194
~~percentage shown in the table contained in this division of the~~ 3195
~~amount of tax due after allowing for any other credit that~~ 3196
~~precedes the credit under this division in the order required~~ 3197
~~under section 5747.98 of the Revised Code.~~ 3198

~~(2) The credit to which a taxpayer is entitled under this~~ 3199
~~division in any taxable year is lesser of six hundred fifty~~ 3200
~~dollars or the percentage shown in column B that corresponds~~ 3201
with the taxpayer's adjusted gross income, less exemptions for 3202
the taxable year, of the total amount of tax due after allowing 3203
for any other credit that precedes this credit as required under 3204
section 5747.98 of the Revised Code: 3205

A.	B.	3206
IF THE ADJUSTED GROSS INCOME,	THE CREDIT FOR THE TAXABLE	3207

LESS EXEMPTIONS, FOR THE	YEAR IS:	3208
TAX YEAR IS:		3209
\$25,000 or less	20%	3210
More than \$25,000 but not more than \$50,000	15%	3211 3212
More than \$50,000 but not more than \$75,000	10%	3213 3214
More than \$75,000	5%	3215
(3) The credit allowed under this division shall not exceed six hundred fifty dollars in any taxable year.		3216 3217
(4) (2) The credit shall be claimed in the order required under section 5747.98 of the Revised Code.		3218 3219
(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.		3220 3221 3222
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.		3223 3224 3225
For taxable years ending on or after January 1, 1988, in <u>In</u> addition to all other credits allowed by this chapter, a credit shall be allowed against the <u>a taxpayer's aggregate tax</u> 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		3226 3227 3228 3229 3230 3231 3232 3233 3234 3235 3236

that, ~~for taxable years beginning on or after January 1, 1997,~~ 3237
the amount of the credit for a taxpayer with adjusted gross 3238
income of less than twenty thousand dollars shall equal the 3239
federal credit for which the taxpayer is eligible, in any case 3240
without regard to any limitation imposed by section 26 of the 3241
Internal Revenue Code, 26 U.S.C.A. 26. 3242

The credit allowed by this section shall be claimed in the 3243
order required under section 5747.98 of the Revised Code. 3244

Sec. 5747.055. (A) As used in this section "retirement 3245
income" means retirement benefits, annuities, or distributions 3246
that are made from or pursuant to a pension, retirement, or 3247
profit-sharing plan and that: 3248

(1) In the case of an individual, are received by the 3249
individual on account of retirement and are included in the 3250
individual's adjusted gross income; 3251

(2) In the case of an estate, are payable to the estate 3252
for the benefit of the surviving spouse of the decedent and are 3253
included in the estate's taxable income. 3254

(B) A credit shall be allowed against ~~the a taxpayer's~~ 3255
aggregate tax imposed by liability under section 5747.02 of the 3256
Revised Code for taxpayers who received retirement income during 3257
the taxable year and whose adjusted gross income for the taxable 3258
year, less applicable exemptions under section 5747.025 of the 3259
Revised Code, as shown on an individual or joint annual return 3260
is less than one hundred thousand dollars. Only one such credit 3261
shall be allowed for each return, and the amount of the credit 3262
shall be computed in accordance with the following schedule: 3263

AMOUNT OF RETIREMENT INCOME RECEIVED	CREDIT FOR THE	3264
DURING THE TAXABLE YEAR	TAXABLE YEAR	3265

\$500 or less	\$ 0	3266
Over \$500 but not more than \$1,500	\$ 25	3267
Over \$1,500 but not more than \$3,000	\$ 50	3268
Over \$3,000 but not more than \$5,000	\$ 80	3269
Over \$5,000 but not more than \$8,000	\$130	3270
Over \$8,000	\$200	3271

(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 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, may elect to receive a credit under this division in lieu of the credit allowed under division (B) of this section. A taxpayer making such an election is not entitled to the credit authorized under this division or division (B) of this section in subsequent taxable years. A taxpayer electing the credit under this division shall receive a credit for the taxable year against the taxpayer's aggregate tax imposed by liability under section 5747.02 of the Revised Code computed as follows:

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

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

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

(D) If the credit under division (C) or (E) of this section exceeds the taxpayer's aggregate tax due-liability under section 5747.02 of the Revised Code for the taxable year after allowing for any other credit that precedes that credit in the order required under section 5747.98 of the Revised Code, the taxpayer may elect to receive a credit for each subsequent taxable year. The amount of the credit for each such year shall be computed as follows:

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

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

(E) If subsequent to the receipt of a lump-sum distribution and an election under division (C) of this section an individual receives another lump-sum distribution within one taxable year, and the taxpayer's 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, the taxpayer may elect to receive a credit for that taxable year. The credit shall equal the lesser of:

(1) A credit computed in the manner prescribed in division 3325
(C) of this section; 3326

(2) The amount of credit, if any, to which the taxpayer 3327
would otherwise be entitled for the taxable year under division 3328
(D) of this section times the taxpayer's expected remaining life 3329
on the last day of the taxable year. A taxpayer who elects to 3330
receive a credit under this division is not entitled to a credit 3331
under this division or division (B) or (C) of this section for 3332
any subsequent year except as provided in division (D) of this 3333
section. 3334

(F) A credit equal to fifty dollars for each return 3335
required to be filed under section 5747.08 of the Revised Code 3336
shall be allowed against ~~the a taxpayer's aggregate tax imposed~~ 3337
~~by liability under~~ section 5747.02 of the Revised Code for 3338
taxpayers sixty-five years of age or older during the taxable 3339
year whose adjusted gross income, less applicable exemptions 3340
under section 5747.025 of the Revised Code, as shown on an 3341
individual or joint annual return is less than one hundred 3342
thousand dollars for that taxable year. 3343

(G) A taxpayer sixty-five years of age or older during the 3344
taxable year who has received a lump-sum distribution from a 3345
pension, retirement, or profit-sharing plan in the taxable year, 3346
and whose adjusted gross income, less applicable exemptions 3347
under section 5747.025 of the Revised Code, as shown on an 3348
individual or joint annual return is less than one hundred 3349
thousand dollars for that taxable year may elect to receive a 3350
credit under this division in lieu of the credit to which the 3351
taxpayer is entitled under division (F) of this section. A 3352
taxpayer making such an election shall receive a credit for the 3353
taxable year against the taxpayer's aggregate tax imposed by 3354

liability under section 5747.02 of the Revised Code equal to 3355
fifty dollars times the taxpayer's expected remaining life as 3356
shown by annuity tables issued under the Internal Revenue Code 3357
and in effect for the calendar year that includes the last day 3358
of the taxable year. A taxpayer making an election under this 3359
division is not entitled to the credit authorized under this 3360
division or division (F) of this section in subsequent taxable 3361
years. 3362

(H) The credits allowed by this section shall be claimed 3363
in the order required under section 5747.98 of the Revised Code. 3364
The tax commissioner may require a taxpayer to furnish any 3365
information necessary to support a claim for credit under this 3366
section, and no credit shall be allowed unless such information 3367
is provided. 3368

Sec. 5747.056. For taxable years beginning in ~~2005-2015~~ or 3369
thereafter, a nonrefundable credit equal to eighty-eight dollars 3370
shall be allowed per return against the aggregate amount of tax 3371
~~imposed by due under~~ section 5747.02 of the Revised Code ~~for a~~ 3372
~~on an individual's return not filed by an estate or trust that~~ 3373
indicates Ohio adjusted gross income less exemptions of ten 3374
thousand dollars or less. ~~For taxable years beginning in 2005,~~ 3375
~~the credit shall equal one hundred seven dollars. For taxable~~ 3376
~~years beginning in 2006, the credit shall equal one hundred two~~ 3377
~~dollars. For taxable years beginning in 2007, the credit shall~~ 3378
~~equal ninety-eight dollars. For taxable years beginning in 2008,~~ 3379
~~2009, or 2010, the credit shall equal ninety-three dollars. For~~ 3380
~~taxable years beginning in 2011 or thereafter, the credit shall~~ 3381
~~equal eighty-eight dollars.~~ The credit shall be claimed in the 3382
order required under section 5747.98 of the Revised Code. 3383

Sec. 5747.059. (A) This section applies only to reduce ~~the~~ 3384

a taxpayer's aggregate tax imposed by liability under section 3385
5747.02 of the Revised Code. 3386

(B) There is hereby allowed a refundable credit against 3387
~~the a taxpayer's aggregate tax imposed liability~~ under section 3388
5747.02 of the Revised Code. This credit shall be equal to the 3389
taxpayer's proportionate share of the lesser of either the tax 3390
due or the tax paid under section 5733.41 or 5747.41 of the 3391
Revised Code by any qualifying entity as defined in section 3392
5733.40 of the Revised Code for the qualifying taxable year of 3393
the qualifying entity which ends in the taxable year of the 3394
taxpayer. 3395

(C) The taxpayer shall claim the credit for the taxpayer's 3396
taxable year in which ends the qualifying entity's qualifying 3397
taxable year. For purposes of making tax payments under this 3398
chapter, taxes equal to the amount of the credit shall be 3399
considered to be paid by the taxpayer to this state on the day 3400
that the qualifying entity pays to the treasurer of state the 3401
amount due pursuant to section 5733.41 and sections 5747.41 to 3402
5747.453 of the Revised Code with respect to and for the 3403
taxpayer. 3404

(D) In claiming the credit and determining the taxpayer's 3405
proportionate share of the tax due and the tax paid by any 3406
qualifying entity, the taxpayer shall follow the concepts set 3407
forth in subchapters J and K of the Internal Revenue Code. 3408

(E) The credit shall be claimed in the order required 3409
under section 5747.98 of the Revised Code. If the amount of the 3410
credit under this section exceeds the aggregate amount of tax 3411
otherwise due under section 5747.02 of the Revised Code after 3412
deduction of all other credits in that order, the taxpayer is 3413
entitled to a refund of the excess. 3414

Sec. 5747.21. (A) This section applies solely for the 3415
purposes of computing the credit allowed under division (A) of 3416
section 5747.05 of the Revised Code, and computing income 3417
taxable in this state under division (D) of section 5747.08 of 3418
the Revised Code, ~~computing the deduction under division (A) (31)~~ 3419
~~of section 5747.01 of the Revised Code, and computing the credit~~ 3420
~~allowed under section 5747.057 of the Revised Code.~~ 3421

(B) Except as otherwise provided under section 5747.212 of 3422
the Revised Code, all items of business income and business 3423
deduction shall be apportioned to this state by multiplying 3424
business income by the fraction calculated under division (B) (2) 3425
of section 5733.05 and section 5733.057 of the Revised Code as 3426
if the taxpayer's business were a corporation subject to the tax 3427
imposed by section 5733.06 of the Revised Code. 3428

(C) If the allocation and apportionment provisions of 3429
sections 5747.20 to 5747.23 of the Revised Code or of any rule 3430
adopted by the tax commissioner, do not fairly represent the 3431
extent of business activity in this state of a taxpayer or pass- 3432
through entity, the taxpayer or pass-through entity may request, 3433
which request must be in writing accompanying a timely filed 3434
return or timely filed amended return, or the tax commissioner 3435
may require, in respect of all or any part of the business 3436
activity, if reasonable, any one or more of the following: 3437

(1) Separate accounting; 3438

(2) The exclusion of one or more factors; 3439

(3) The inclusion of one or more additional factors which 3440
will fairly represent the business activity in this state; 3441

(4) The employment of any other method to effectuate an 3442
equitable allocation and apportionment of such business in this 3443

state. An alternative method will be effective only with 3444
approval of the tax commissioner. 3445

The tax commissioner may adopt rules in the manner 3446
provided by sections 5703.14 and 5747.18 of the Revised Code 3447
providing for alternative methods of calculating business income 3448
and nonbusiness income applicable to all taxpayers and pass- 3449
through entities, to classes of taxpayers and pass-through 3450
entities, or only to taxpayers and pass-through entities within 3451
a certain industry. 3452

Sec. 5747.212. (A) This section applies solely for the 3453
purpose of computing the credit allowed under division (A) of 3454
section 5747.05 of the Revised Code, and computing income 3455
taxable in this state under division (D) of section 5747.08 of 3456
the Revised Code, ~~and computing the credit allowed under section~~ 3457
~~5747.057 of the Revised Code.~~ 3458

(B) A taxpayer, directly or indirectly, owning at any time 3459
during the three-year period ending on the last day of the 3460
taxpayer's taxable year at least twenty per cent of the equity 3461
voting rights of a section 5747.212 entity shall apportion any 3462
income, including gain or loss, realized from each sale, 3463
exchange, or other disposition of a debt or equity interest in 3464
that entity as prescribed in this section. For such purposes, in 3465
lieu of using the method prescribed by sections 5747.20 and 3466
5747.21 of the Revised Code, the investor shall apportion the 3467
income using the average of the section 5747.212 entity's 3468
apportionment fractions otherwise applicable under section 3469
5733.05, 5733.056, or 5747.21 of the Revised Code for the 3470
current and two preceding taxable years. If the section 5747.212 3471
entity was not in business for one or more of those years, each 3472
year that the entity was not in business shall be excluded in 3473

determining the average. 3474

(C) For the purposes of this section: 3475

(1) A "section 5747.212 entity" is any qualifying person 3476
if, on at least one day of the three-year period ending on the 3477
last day of the taxpayer's taxable year, any of the following 3478
apply: 3479

(a) The qualifying person is a pass-through entity; 3480

(b) Five or fewer persons directly or indirectly own all 3481
the equity interests, with voting rights, of the qualifying 3482
person; 3483

(c) One person directly or indirectly owns at least fifty 3484
per cent of the qualifying person's equity interests with voting 3485
rights. 3486

(2) A "qualifying person" is any person other than an 3487
individual, estate, or trust. 3488

(3) "Estate" and "trust" do not include any person 3489
classified for federal income tax purposes as an association 3490
taxable as a corporation. 3491

Sec. 5747.22. (A) This section applies solely for the 3492
purposes of computing the credit allowed under division (A) of 3493
section 5747.05, of the Revised Code and computing income 3494
taxable in this state under division (D) of section 5747.08, ~~and~~ 3495
~~computing the deduction under division (A) (31) of section~~ 3496
~~5747.01~~ of the Revised Code. 3497

(B) With respect to a pass-through entity, one or more of 3498
the pass-through entity investors of which are liable for the 3499
tax imposed by section 5747.02 of the Revised Code, the business 3500
income and deductions ~~included in the adjusted gross income of~~ 3501

the pass-through entity shall be apportioned to this state in 3502
the hands of the pass-through entity investors pursuant to 3503
section 5747.21 of the Revised Code. The business income and 3504
deductions as thus apportioned to this state then shall be 3505
allocated to the pass-through entity investors in proportion to 3506
their right to share in that business income. 3507

(C) With respect to a pass-through entity described in 3508
division (B) of this section, the nonbusiness income and 3509
deductions ~~included in the adjusted gross income~~ of the pass- 3510
through entity shall be allocated to the pass-through entity 3511
investors in proportion to their right to share in the 3512
nonbusiness income, and then the pass-through entity shares 3513
shall be allocated to this state in the hands of each pass- 3514
through entity investor pursuant to section 5747.20 of the 3515
Revised Code. 3516

Sec. 5747.27. As used in this section, "displaced worker" 3517
means an individual who has lost or left ~~his~~ the individual's 3518
job due to the closing or moving of the facility at which ~~he~~ the 3519
individual was employed or the abolishment of ~~his~~ the 3520
individual's position or shift at that facility and who has not 3521
obtained another job at which ~~he~~ the individual works more than 3522
twenty hours a week. 3523

A nonrefundable credit is allowed against the aggregate 3524
tax ~~imposed liability~~ under section 5747.02 of the Revised Code 3525
~~for~~ of a displaced worker who pays for job training to enhance 3526
~~his~~ the displaced worker's ability to get a new job. The amount 3527
of the credit equals the lesser of five hundred dollars or fifty 3528
per cent of the amount the individual actually paid less any 3529
reimbursements for job training during the twelve-month period 3530
beginning when ~~he loses or leaves his job and becomes displaced~~ 3531

~~the individual became a displaced worker. However, if the worker receives reimbursement for his job training expenses from any source, the amount of the credit equals the lesser of five hundred dollars or fifty per cent of the amount obtained by subtracting the reimbursement from the amount paid for job training during that twelve month period.~~ The credit shall be claimed for the taxable year in which the worker pays for the job training. If the twelve-month period after ~~he loses or leaves his job~~ the individual becomes a displaced worker extends over two taxable years ~~and the worker pays for job training in both those taxable years,~~ the worker may claim all or a portion of the credit, not to exceed five hundred dollars, for both those taxable years, ~~but the aggregate amount claimed shall not exceed five hundred dollars.~~ The displaced worker shall claim the credit in the order required under section 5747.98 of the Revised Code. The credit for a taxable year shall not exceed the displaced worker's tax liability for that year after allowing for any other credit that precedes the credit under this section in that order.

Sec. 5747.28. (A) As used in this section: 3551

(1) "Qualifying property" means any property, plant, or equipment used to produce grapes in this state, and includes but is not limited to land and improvements to land, grape seeds and vines, stakes, wiring, tractors, and other machinery used in the growth, harvesting, or producing of grapes. 3552-3556

(2) "Related member" has the same meaning as in division (A) (6) of section 5733.042 of the Revised Code, without regard to division (B) of that section. 3557-3559

(B) A nonrefundable credit is allowed against ~~the a~~ taxpayer's aggregate tax imposed by liability under section 3560-3561

5747.02 of the Revised Code for a taxpayer engaged in the 3562
business of producing grapes who purchases qualifying property 3563
on or after January 1, 1994. The amount of the credit equals ten 3564
per cent of the cost of purchasing and installing or 3565
constructing the qualifying property. The taxpayer shall claim 3566
the credit in the taxable year in which the qualifying property 3567
is placed in operation. The taxpayer shall claim the credit in 3568
the order required under section 5747.98 of the Revised Code. 3569
The taxpayer may carry forward for the ensuing seven taxable 3570
years any credit amount in excess of its aggregate tax due under 3571
section 5747.02 of the Revised Code in the taxable year in which 3572
the qualifying property is placed in operation after allowing 3573
for any other credits that precede the credit under this section 3574
in that order, and shall deduct the amount of the excess credit 3575
allowed in any such year from the balance carried forward to the 3576
next year. However, if the taxpayer is subject to a recapture 3577
tax under division (C) (1) of this section because ~~it~~ the 3578
taxpayer disposes of the qualifying property or ceases to use it 3579
as qualifying property during the seven-year recapture period 3580
prescribed under that division, ~~it~~ the taxpayer may claim no 3581
credit in connection with that property in the taxable year of 3582
disposal or cessation or any ensuing taxable year. 3583

(C) (1) If, within the seven-year period after qualifying 3584
property is placed in operation, the taxpayer disposes of the 3585
property or ceases to use it as qualifying property, the amount 3586
of tax otherwise imposed on the taxpayer by section 5747.02 of 3587
the Revised Code shall be increased in the taxable year in which 3588
the property is disposed of or ceases to be used as qualifying 3589
property. The amount of the increase shall equal the recapture 3590
percentage multiplied by the aggregate credit the taxpayer has 3591
been allowed under this section in all prior taxable years in 3592

connection with that property. The recapture percentage shall be 3593
determined in accordance with the following table: 3594

If the property is disposed of		3595
or ceases to be used as qualifying		3596
property within this amount of time	The recapture	3597
after being placed in operation:	percentage is:	3598
One year	100%	3599
Two years	86%	3600
Three years	72%	3601
Four years	58%	3602
Five years	44%	3603
Six years	30%	3604
Seven years	15%	3605

(2) Division (C) (1) of this section does not apply in any 3606
of the following circumstances: 3607

(a) The qualifying property is transferred to a related 3608
member and the related member continues to use the property to 3609
produce grapes in this state; 3610

(b) The qualifying property is transferred to a family 3611
member and the family member continues to use the property to 3612
produce grapes in this state; 3613

(c) There is an involuntary disposition of the qualifying 3614
property. The involuntary disposition may be due to, without 3615
limitation, a bankruptcy, a receivership, or destruction by 3616
natural forces. 3617

(D) The tax commissioner, by rule, may prescribe 3618
guidelines for taxpayers to use in determining if their property 3619
is qualifying property for the purposes of this section. 3620

Sec. 5747.29. A nonrefundable credit is allowed against 3621

~~the a taxpayer's aggregate tax imposed by liability under~~ 3622
section 5747.02 of the Revised Code for contributions of money 3623
made to the campaign committee of candidates for any of the 3624
following public offices: governor, lieutenant governor, 3625
secretary of state, auditor of state, treasurer of state, 3626
attorney general, member of the state board of education, chief 3627
justice of the supreme court, justice of the supreme court, or 3628
member of the general assembly. The amount of the credit for a 3629
taxable year equals the lesser of the combined total 3630
contributions made during the taxable year by each taxpayer 3631
filing a return required to be filed under section 5747.08 of 3632
the Revised Code or the amount of fifty dollars, in the case of 3633
an individual return, or one hundred dollars, in the case of a 3634
joint return. 3635

As used in this section: 3636

(A) "Candidate" has the same meaning as in division (C) (3) 3637
of section 3517.01 of the Revised Code, but is limited to 3638
candidates for the public offices specified in this section. 3639

(B) "Contribution" has the same meaning as in division (C) 3640
(5) of section 3517.01 of the Revised Code, but is limited to 3641
contributions of money only. 3642

The taxpayer shall claim the credit in the order required 3643
under section 5747.98 of the Revised Code. The credit for a 3644
taxable year shall not exceed the aggregate amount of tax 3645
otherwise due for that year after allowing for any other credits 3646
that precede the credit under this section in that order. 3647

Sec. 5747.331. (A) As used in this section: 3648

(1) "Borrower" means any person that receives a loan from 3649
the director of development under section 166.21 of the Revised 3650

Code, regardless of whether the borrower is subject to the tax 3651
imposed by section 5747.02 of the Revised Code. 3652

(2) "Related member" has the same meaning as in section 3653
5733.042 of the Revised Code. 3654

(3) "Qualified research and development loan payments" has 3655
the same meaning as in section 166.21 of the Revised Code. 3656

(B) Beginning with taxable years beginning in 2003, a 3657
nonrefundable credit is allowed against ~~the a taxpayer's~~ 3658
aggregate tax imposed by liability under section 5747.02 of the 3659
Revised Code equal to a borrower's qualified research and 3660
development loan payments made during the calendar year that 3661
includes the last day of the taxable year for which the credit 3662
is claimed. The amount of the credit for a taxable year shall 3663
not exceed one hundred fifty thousand dollars. No taxpayer is 3664
entitled to claim a credit under this section unless it has 3665
obtained a certificate issued by the director of development 3666
under division (D) of section 166.21 of the Revised Code and 3667
submits a copy of the certificate with its report for the 3668
taxable year. Failure to submit a copy of the certificate with 3669
the report does not invalidate a claim for a credit if the 3670
taxpayer submits a copy of the certificate within sixty days 3671
after the tax commissioner requests it. The credit shall be 3672
claimed in the order required under section 5747.98 of the 3673
Revised Code. No credit shall be allowed under this section if 3674
the credit was available against the tax imposed by Chapter 3675
5751. of the Revised Code except to the extent the credit was 3676
not applied against that tax. The credit, to the extent it 3677
exceeds the taxpayer's aggregate tax liability for the taxable 3678
year after allowance for any other credits that precede the 3679
credit under this section in that order, shall be carried 3680

forward to the next succeeding taxable year or years until fully used. 3681
3682

(C) A borrower entitled to a credit under this section may assign the credit, or a portion thereof, to any of the following: 3683
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3685

(1) A related member of that borrower; 3686

(2) The owner or lessee of the eligible research and development project; 3687
3688

(3) A related member of the owner or lessee of the eligible research and development project. 3689
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A borrower making an assignment under this division shall provide written notice of the assignment to the tax commissioner and the director of development, in such form as the tax commissioner prescribes, before the credit that was assigned is used. The assignor may not claim the credit to the extent it was assigned to an assignee. The assignee may claim the credit only to the extent the assignor has not claimed it. 3691
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(D) If any taxpayer is a shareholder in an S corporation, a partner in a partnership, or a member in a limited liability company treated as a partnership for federal income tax purposes, the taxpayer shall be allowed the taxpayer's distributive or proportionate share of the credit available through the S corporation, partnership, or limited liability company. 3698
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(E) The aggregate credit against the taxes imposed by section 5747.02 and Chapter 5751. of the Revised Code that may be claimed under this section and section 5751.52 of the Revised Code by a borrower as a result of qualified research and development loan payments attributable during a calendar year to 3705
3706
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any one loan shall not exceed one hundred fifty thousand 3710
dollars. 3711

Sec. 5747.37. (A) As used in this section: 3712

(1) "Minor child" means a person under eighteen years of 3713
age. 3714

(2) "Legally adopt" means to adopt a minor child pursuant 3715
to Chapter 3107. of the Revised Code, or pursuant to the laws of 3716
any other state or nation if such an adoption is recognizable 3717
under section 3107.18 of the Revised Code. For the purposes of 3718
this section, a minor child is legally adopted when the final 3719
decree or order of adoption is issued by the proper court under 3720
the laws of the state or nation under which the child is 3721
adopted, or, in the case of an interlocutory order of adoption, 3722
when the order becomes final under the laws of the state or 3723
nation. "Legally adopt" does not include the adoption of a minor 3724
child by the child's stepparent. 3725

(B) There is hereby granted a credit against ~~the tax~~ 3726
~~imposed by a taxpayer's aggregate tax liability under~~ section 3727
5747.02 of the Revised Code for the legal adoption by a taxpayer 3728
of a minor child. The ~~total~~ amount of the credit ~~applied against~~ 3729
~~the taxes imposed under divisions (A) (3) and (4) of section~~ 3730
~~5747.02 of the Revised Code~~ for each minor child legally adopted 3731
by the taxpayer shall equal the greater of the following: 3732

(1) One thousand five hundred dollars; 3733

(2) The amount of expenses incurred by the taxpayer and 3734
the taxpayer's spouse to legally adopt the child, not to exceed 3735
ten thousand dollars. For the purposes of this division, 3736
expenses incurred to legally adopt a child include expenses 3737
described in division (C) of section 3107.055 of the Revised 3738

Code. 3739

The taxpayer shall claim the credit for each child 3740
beginning with the taxable year in which the child was legally 3741
adopted. If the sum of the credit to which the taxpayer would 3742
otherwise be entitled under this section is greater than the 3743
total tax due under section 5747.02 of the Revised Code for that 3744
taxable year after allowing for any other credits that precede 3745
the credit under this section in the order required under 3746
section 5747.98 of the Revised Code, such excess shall be 3747
allowed as a credit in each of the ensuing five taxable years, 3748
but the amount of any excess credit allowed in any such taxable 3749
year shall be deducted from the balance carried forward to the 3750
ensuing taxable year. The credit shall be claimed in the order 3751
required under section 5747.98 of the Revised Code. For the 3752
purposes of making tax payments under this chapter, taxes equal 3753
to the amount of the credit shall be considered to be paid to 3754
this state on the first day of the taxable year. 3755

The taxpayer shall provide to the tax commissioner any 3756
receipts or other documentation of the expenses incurred to 3757
legally adopt the child upon the request of the tax commissioner 3758
for the purpose of division (B) (2) of this section. 3759

Sec. 5747.65. There is hereby allowed a refundable credit 3760
against ~~the tax imposed~~ a taxpayer's aggregate tax liability 3761
under section 5747.02 of the Revised Code. The amount of the 3762
credit shall equal the taxpayer's proportionate share of the 3763
lesser of either the tax due or the tax paid for the tax imposed 3764
by section 5726.02 of the Revised Code by a pass-through entity 3765
for the pass-through entity's taxable year ending in the 3766
taxpayer's taxable year. 3767

The taxpayer shall claim the credit for the taxpayer's 3768

taxable year that includes the last day of the pass-through 3769
entity's taxable year. For purposes of making tax payments under 3770
this chapter, taxes equal to the amount of the credit shall be 3771
considered to be paid by the taxpayer on the day the pass- 3772
through entity pays to the treasurer of state the amount due for 3773
the tax imposed by section 5726.02 of the Revised Code. 3774

In claiming the credit and determining the taxpayer's 3775
proportionate share of the tax due and the tax paid by a pass- 3776
through entity, the taxpayer shall follow the concepts set forth 3777
in subchapters J and K of the Internal Revenue Code. 3778

The credit shall be claimed in the order required under 3779
section 5747.98 of the Revised Code. If the amount of the credit 3780
exceeds the aggregate amount of tax otherwise due under section 3781
5747.02 of the Revised Code after deduction of all other credits 3782
in that order, the taxpayer is entitled to a refund of the 3783
excess. 3784

Sec. 5747.66. (A) Any term used in this section has the 3785
same meaning as in section 122.85 of the Revised Code. 3786

(B) There is allowed a credit against ~~the tax imposed by a~~ 3787
taxpayer's aggregate tax liability under section 5747.02 of the 3788
Revised Code for any individual who, on the last day of the 3789
individual's taxable year, is the certificate owner of a tax 3790
credit certificate issued under section 122.85 of the Revised 3791
Code. The credit shall be claimed for the taxable year that 3792
includes the date the certificate was issued by the director of 3793
development. The credit amount equals the amount stated in the 3794
certificate. The credit shall be claimed in the order required 3795
under section 5747.98 of the Revised Code. If the credit amount 3796
exceeds the aggregate amount of tax otherwise due under section 3797
5747.02 of the Revised Code after deducting all other credits in 3798

that order, the excess shall be refunded. 3799

Nothing in this section limits or disallows pass-through 3800
treatment of the credit. 3801

Sec. 5747.71. There is hereby allowed a nonrefundable 3802
credit against ~~the tax imposed by a taxpayer's aggregate tax~~ 3803
liability under section 5747.02 of the Revised Code for a 3804
taxpayer who is an "eligible individual" as defined in section 3805
32 of the Internal Revenue Code. The credit shall equal five per 3806
cent of the credit allowed on the taxpayer's federal income tax 3807
return pursuant to section 32 of the Internal Revenue Code for 3808
taxable years beginning in 2013, and ten per cent of the federal 3809
credit allowed for taxable years beginning in or after 2014. If 3810
the Ohio adjusted gross income of the taxpayer, or the taxpayer 3811
and the taxpayer's spouse if the taxpayer and the taxpayer's 3812
spouse file a joint return under section 5747.08 of the Revised 3813
Code, less applicable exemptions under section 5747.025 of the 3814
Revised Code, exceeds twenty thousand dollars, the credit 3815
authorized by this section shall not exceed fifty per cent of 3816
the aggregate amount of tax otherwise due under section 5747.02 3817
of the Revised Code after deducting any other nonrefundable 3818
credits that precede the credit allowed under this section in 3819
the order prescribed by section 5747.98 of the Revised Code 3820
except for the joint filing credit authorized under division (E) 3821
of section 5747.05 of the Revised Code. In all other cases, the 3822
credit authorized by this section shall not exceed the aggregate 3823
amount of tax otherwise due under section 5747.02 of the Revised 3824
Code after deducting any other nonrefundable credits that 3825
precede the credit allowed under this section in the order 3826
prescribed by section 5747.98 of the Revised Code. 3827

The credit shall be claimed in the order prescribed by 3828

section 5747.98 of the Revised Code. 3829

Sec. 5747.75. (A) As used in this section: 3830

(1) "Ethanol" means fermentation ethyl alcohol derived 3831
from agricultural products, including potatoes, cereal, grains, 3832
cheese whey, and sugar beets; forest products; or other 3833
renewable resources, including residue and waste generated from 3834
the production, processing, and marketing of agricultural 3835
products, forest products, and other renewable resources that 3836
meet all of the specifications in the American society for 3837
testing and materials (ASTM) specification D 4806-88 and is 3838
denatured as specified in Parts 20 and 21 of Title 27 of the 3839
Code of Federal Regulations. 3840

(2) "Certified ethanol plant" means a facility at which 3841
ethanol is produced and for which a certificate has been issued 3842
under section 901.13 of the Revised Code. 3843

(3) "Money" means United States currency, or a check, 3844
draft, or cashier's check for United States currency, payable on 3845
demand and drawn on a bank. 3846

(B) Beginning in taxable year 2002 and ending in taxable 3847
year 2012, there is hereby allowed a nonrefundable credit 3848
against ~~the tax imposed by a taxpayer's aggregate tax liability~~ 3849
under section 5747.02 of the Revised Code for a taxpayer that 3850
invests money in a certified ethanol plant. The amount of the 3851
credit equals fifty per cent of the money the taxpayer invests 3852
in the plant, but the credit amount shall not exceed five 3853
thousand dollars per taxpayer per certified ethanol plant 3854
regardless of the number of years in which the taxpayer makes 3855
investments. The credit shall be claimed for the taxable year 3856
during which the investment was made. 3857

(C) The taxpayer shall claim the credit in the order 3858
required by section 5747.98 of the Revised Code. Any credit 3859
amount in excess of the aggregate amount of tax due under 3860
section 5747.02 of the Revised Code, after allowing for any 3861
other credits preceding the credit in that order, may be carried 3862
forward for three taxable years, but the amount of the excess 3863
credit allowed in any such year shall be deducted from the 3864
balance carried forward to the next year. 3865

(D) If the taxpayer is a direct or indirect investor in a 3866
pass-through entity that has made an investment under this 3867
section, the taxpayer may claim its proportionate or 3868
distributive share of the credit allowed under this section. 3869

(E) The tax commissioner may require that the taxpayer 3870
furnish information as is necessary to support the claim for the 3871
credit under this section, and no credit shall be allowed unless 3872
the information is provided. 3873

Sec. 5747.76. (A) As used in this section, "certificate 3874
owner" has the same meaning as in section 149.311 of the Revised 3875
Code. 3876

(B) There is allowed a credit against ~~the tax imposed a~~ 3877
taxpayer's aggregate tax liability under section 5747.02 of the 3878
Revised Code for a taxpayer that is the certificate owner of a 3879
rehabilitation tax credit certificate issued under section 3880
149.311 of the Revised Code. The credit shall equal twenty-five 3881
per cent of the dollar amount indicated on the certificate, but 3882
the amount of credit allowed for any taxpayer shall not exceed 3883
five million dollars. The credit shall be claimed for the 3884
taxable year specified in the certificate and in the order 3885
required under section 5747.98 of the Revised Code. 3886

(C) Nothing in this section limits or disallows pass- 3887
through treatment of the credit if the certificate owner is a 3888
pass-through entity. If the certificate owner is a pass-through 3889
entity, the amount of the credit allowed for the pass-through 3890
entity shall not exceed five million dollars. If the certificate 3891
owner is a pass-through entity, the credit may be allocated 3892
among the entity's equity owners in proportion to their 3893
ownership interests or in such proportions or amounts as the 3894
equity owners mutually agree. 3895

(D) If the credit allowed for any taxable year exceeds the 3896
aggregate amount of tax otherwise due under section 5747.02 of 3897
the Revised Code, after allowing for any other credits preceding 3898
the credit in the order prescribed by section 5747.98 of the 3899
Revised Code, the excess shall be refunded to the taxpayer but, 3900
if any amount of the credit is refunded, the sum of the amount 3901
refunded and the amount applied to reduce the aggregate amount 3902
of tax otherwise due for that year shall not exceed three 3903
million dollars or, if the certificate owner is a pass-through 3904
entity, shall not exceed the taxpayer's distributive or 3905
proportionate share, as allocated under division (C) of this 3906
section, of three million dollars. The taxpayer may carry 3907
forward any balance of the credit in excess of the amount 3908
claimed for that year for not more than five ensuing taxable 3909
years, and shall deduct any amount claimed for any such year 3910
from the amount claimed in an ensuing year. 3911

(E) A taxpayer claiming a credit under this section shall 3912
retain the rehabilitation tax credit certificate for four years 3913
following the end of the taxable year to which the credit was 3914
applied, and shall make the certificate available for inspection 3915
by the tax commissioner upon the request of the tax commissioner 3916
during that period. 3917

Sec. 5747.80. Upon the issuance of a tax credit 3918
certificate by the Ohio venture capital authority under section 3919
150.07 of the Revised Code, a refundable credit may be claimed 3920
against ~~the tax imposed by a taxpayer's aggregate tax liability~~ 3921
under section 5747.02 of the Revised Code. The credit shall be 3922
claimed for the taxable year specified in the certificate issued 3923
by the authority and in the order required under section 5747.98 3924
of the Revised Code. 3925

Sec. 5747.81. (A) Any term used in this section that is 3926
defined in section 122.86 of the Revised Code has the same 3927
meaning as defined in that section. 3928

(B) For the purpose of encouraging new capital investment 3929
in small businesses in this state and thereby promoting the 3930
economic welfare of all Ohioans, a nonrefundable credit is 3931
allowed against ~~the tax imposed by a taxpayer's aggregate tax~~ 3932
liability under section 5747.02 of the Revised Code for a 3933
taxpayer to whom a small business investment certificate was 3934
issued under section 122.86 of the Revised Code if the taxpayer 3935
did not sell or otherwise dispose of the qualifying investment 3936
before the conclusion of the applicable holding period and if 3937
the small business enterprise on the basis of which the 3938
certificate was issued is included in the register maintained 3939
under division (D) of section 122.86 of the Revised Code. 3940

The credit shall be claimed for the taxpayer's taxable 3941
year that includes the last day of the holding period of the 3942
qualifying investment. If the certificate was issued to a pass- 3943
through entity that made the qualifying investment, a taxpayer 3944
that holds a direct or indirect equity interest in the pass- 3945
through entity on the last day of the entity's taxable year that 3946
includes the last day of the holding period may claim the 3947

taxpayer's distributive or proportionate share of the credit for 3948
the taxpayer's taxable year that includes the last day of the 3949
entity's taxable year. 3950

The credit equals the amount of the taxpayer's qualifying 3951
investment as indicated on the certificate multiplied by ten per 3952
cent. If a taxpayer claims a credit on the basis of more than 3953
one small business investment certificate issued for the same 3954
fiscal biennium, including a certificate issued to a pass- 3955
through entity in which the taxpayer owns an equity interest, 3956
the total amount of credit claimed by the taxpayer on the basis 3957
of all such certificates shall not exceed one million dollars. 3958
If a taxpayer and the taxpayer's spouse file a joint return 3959
under section 5747.08 of the Revised Code, the credit shall be 3960
computed on the basis of the total qualifying investments made 3961
by both spouses or by any pass-through entities in which either 3962
spouse owns an equity interest, but the total amount of credit 3963
claimed on the basis of all certificates issued to the spouses 3964
or to such pass-through entities for a fiscal biennium shall not 3965
exceed two million dollars. 3966

The credit shall be claimed in the order prescribed by 3967
section 5747.98 of the Revised Code. If the credit exceeds the 3968
aggregate amount of tax otherwise due for the taxable year, the 3969
excess may be carried forward and applied against the tax due 3970
for not more than seven succeeding taxable years, provided that 3971
the amount applied to the tax due for any taxable year shall be 3972
subtracted from the amount available to carry forward to 3973
succeeding years. 3974

Sec. 5747.98. (A) To provide a uniform procedure for 3975
calculating ~~the amount of tax due~~ a taxpayer's aggregate tax 3976
liability under section 5747.02 of the Revised Code, a taxpayer 3977

shall claim any credits to which the taxpayer is entitled in the 3978
following order: 3979

~~(1) Against the tax imposed by division (A) (3) of section~~ 3980
~~5747.02 of the Revised Code:—~~ 3981

~~(a) The Either the retirement income credit under division~~ 3982
(B) of section 5747.055 of the Revised Code or the lump sum 3983
retirement income credits under divisions (C), (D), and (E) of 3984
that section; 3985

~~(b) The (2) Either the senior citizen credit under~~ 3986
division (F) of section 5747.055 of the Revised Code or the lump 3987
sum distribution credit under division (G) of that section; 3988

~~(c) The lump sum distribution credit under division (G) of~~ 3989
~~section 5747.055 of the Revised Code;—~~ 3990

~~(d) (3) The dependent care credit under section 5747.054~~ 3991
of the Revised Code; 3992

~~(e) The lump sum retirement income credit under division~~ 3993
~~(C) of section 5747.055 of the Revised Code;—~~ 3994

~~(f) The lump sum retirement income credit under division~~ 3995
~~(D) of section 5747.055 of the Revised Code;—~~ 3996

~~(g) The lump sum retirement income credit under division~~ 3997
~~(E) of section 5747.055 of the Revised Code;—~~ 3998

~~(h) (4) The low-income credit under section 5747.056 of~~ 3999
the Revised Code; 4000

~~(i) (5) The credit for displaced workers who pay for job~~ 4001
training under section 5747.27 of the Revised Code; 4002

~~(j) (6) The campaign contribution credit under section~~ 4003
5747.29 of the Revised Code; 4004

(k) <u>(7)</u> The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	4005 4006
(l) <u>(8)</u> The joint filing credit under division (G) of section 5747.05 of the Revised Code;	4007 4008
(m) <u>(9)</u> The earned income credit under section 5747.71 of the Revised Code.	4009 4010
(2) Against the tax imposed by division (A) (4) of section 5747.02 of the Revised Code:—	4011 4012
(a) The credit for employers that reimburse employee child-care expenses under section 5747.36 of the Revised Code;—	4013 4014
(b) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	4015 4016
(e) <u>(10)</u> <u>The credit for adoption of a minor child under section 5747.37 of the Revised Code;</u>	4017 4018
<u>(11)</u> The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	4019 4020
(d) The credit for selling alternative fuel under section 5747.77 of the Revised Code;—	4021 4022
(e) The second credit for purchases of new manufacturing machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code;—	4023 4024 4025
(f) The job training credit under section 5747.39 of the Revised Code;—	4026 4027
(g) <u>(12)</u> The enterprise zone credit under section 5709.66 of the Revised Code;	4028 4029
(h) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;—	4030 4031

(i) The credit for employers that establish on-site child-	4032
day-care centers under section 5747.35 of the Revised Code;	4033
(j) (13) The ethanol plant investment credit under section	4034
5747.75 of the Revised Code;	4035
(k) (14) The credit for purchases of qualifying grape	4036
production property under section 5747.28 of the Revised Code;	4037
(l) (15) The small business investment credit under	4038
section 5747.81 of the Revised Code;	4039
(m) (16) The enterprise zone credits under section 5709.65	4040
of the Revised Code;	4041
(n) (17) The research and development credit under section	4042
5747.331 of the Revised Code;	4043
(o) (18) The credit for rehabilitating a historic building	4044
under section 5747.76 of the Revised Code;	4045
(3) Against the tax imposed by either division (A) (3) or	4046
(4) of section 5747.02 of the Revised Code:—	4047
(a) The credit for adoption of a minor child under section	4048
5747.37 of the Revised Code;—	4049
(b) (19) The nonresident credit under division (A) of	4050
section 5747.05 of the Revised Code;	4051
(c) (20) The credit for a resident's out-of-state income	4052
under division (B) of section 5747.05 of the Revised Code;	4053
(d) The refundable credit for rehabilitating a historic	4054
building under section 5747.76 of the Revised Code;—	4055
(e) (21) The refundable motion picture production credit	4056
under section 5747.66 of the Revised Code;	4057

(22) The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code; 4058
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~~(f)~~ (23) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code; 4061
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~~(g)~~ (24) The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code; 4064
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~~(h)~~ (25) 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; 4067
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~~(i)~~ ~~The refundable motion picture production credit under section 5747.66 of the Revised Code;~~ 4071
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~~(j)~~ (26) The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code; 4073
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(27) The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code. 4075
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(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 taxpayer's aggregate amount of tax due under division (A) (3) or (4) of section 5747.02 of the Revised Code, as applicable, 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 4078
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creating that credit. Nothing in this chapter shall be construed 4087
to allow a taxpayer to claim, directly or indirectly, a credit 4088
more than once for a taxable year. 4089

Sec. 5751.01. As used in this chapter: 4090

(A) "Person" means, but is not limited to, individuals, 4091
combinations of individuals of any form, receivers, assignees, 4092
trustees in bankruptcy, firms, companies, joint-stock companies, 4093
business trusts, estates, partnerships, limited liability 4094
partnerships, limited liability companies, associations, joint 4095
ventures, clubs, societies, for-profit corporations, S 4096
corporations, qualified subchapter S subsidiaries, qualified 4097
subchapter S trusts, trusts, entities that are disregarded for 4098
federal income tax purposes, and any other entities. 4099

(B) "Consolidated elected taxpayer" means a group of two 4100
or more persons treated as a single taxpayer for purposes of 4101
this chapter as the result of an election made under section 4102
5751.011 of the Revised Code. 4103

(C) "Combined taxpayer" means a group of two or more 4104
persons treated as a single taxpayer for purposes of this 4105
chapter under section 5751.012 of the Revised Code. 4106

(D) "Taxpayer" means any person, or any group of persons 4107
in the case of a consolidated elected taxpayer or combined 4108
taxpayer treated as one taxpayer, required to register or pay 4109
tax under this chapter. "Taxpayer" does not include excluded 4110
persons. 4111

(E) "Excluded person" means any of the following: 4112

(1) Any person with not more than one hundred fifty 4113
thousand dollars of taxable gross receipts during the calendar 4114
year. Division (E) (1) of this section does not apply to a person 4115

that is a member of a consolidated elected taxpayer; 4116

(2) A public utility that paid the excise tax imposed by 4117
section 5727.24 or 5727.30 of the Revised Code based on one or 4118
more measurement periods that include the entire tax period 4119
under this chapter, except that a public utility that is a 4120
combined company is a taxpayer with regard to the following 4121
gross receipts: 4122

(a) Taxable gross receipts directly attributed to a public 4123
utility activity, but not directly attributed to an activity 4124
that is subject to the excise tax imposed by section 5727.24 or 4125
5727.30 of the Revised Code; 4126

(b) Taxable gross receipts that cannot be directly 4127
attributed to any activity, multiplied by a fraction whose 4128
numerator is the taxable gross receipts described in division 4129
(E) (2) (a) of this section and whose denominator is the total 4130
taxable gross receipts that can be directly attributed to any 4131
activity; 4132

(c) Except for any differences resulting from the use of 4133
an accrual basis method of accounting for purposes of 4134
determining gross receipts under this chapter and the use of the 4135
cash basis method of accounting for purposes of determining 4136
gross receipts under section 5727.24 of the Revised Code, the 4137
gross receipts directly attributed to the activity of a natural 4138
gas company shall be determined in a manner consistent with 4139
division (D) of section 5727.03 of the Revised Code. 4140

As used in division (E) (2) of this section, "combined 4141
company" and "public utility" have the same meanings as in 4142
section 5727.01 of the Revised Code. 4143

(3) A financial institution, as defined in section 5726.01 4144

of the Revised Code, that paid the tax imposed by section 4145
5726.02 of the Revised Code based on one or more taxable years 4146
that include the entire tax period under this chapter; 4147

(4) A person directly or indirectly owned by one or more 4148
financial institutions, as defined in section 5726.01 of the 4149
Revised Code, that paid the tax imposed by section 5726.02 of 4150
the Revised Code based on one or more taxable years that include 4151
the entire tax period under this chapter. 4152

For the purposes of division (E) (4) of this section, a 4153
person owns another person under the following circumstances: 4154

(a) In the case of corporations issuing capital stock, one 4155
corporation owns another corporation if it owns fifty per cent 4156
or more of the other corporation's capital stock with current 4157
voting rights; 4158

(b) In the case of a limited liability company, one person 4159
owns the company if that person's membership interest, as 4160
defined in section 1705.01 of the Revised Code, is fifty per 4161
cent or more of the combined membership interests of all persons 4162
owning such interests in the company; 4163

(c) In the case of a partnership, trust, or other 4164
unincorporated business organization other than a limited 4165
liability company, one person owns the organization if, under 4166
the articles of organization or other instrument governing the 4167
affairs of the organization, that person has a beneficial 4168
interest in the organization's profits, surpluses, losses, or 4169
distributions of fifty per cent or more of the combined 4170
beneficial interests of all persons having such an interest in 4171
the organization. 4172

(5) A domestic insurance company or foreign insurance 4173

company, as defined in section 5725.01 of the Revised Code, that 4174
paid the insurance company premiums tax imposed by section 4175
5725.18 or Chapter 5729. of the Revised Code, or an unauthorized 4176
insurance company whose gross premiums are subject to tax under 4177
section 3905.36 of the Revised Code based on one or more 4178
measurement periods that include the entire tax period under 4179
this chapter; 4180

(6) A person that solely facilitates or services one or 4181
more securitizations of phase-in-recovery property pursuant to a 4182
final financing order as those terms are defined in section 4183
4928.23 of the Revised Code. For purposes of this division, 4184
"securitization" means transferring one or more assets to one or 4185
more persons and then issuing securities backed by the right to 4186
receive payment from the asset or assets so transferred. 4187

(7) Except as otherwise provided in this division, a pre- 4188
income tax trust as defined in division (FF) (4) of section 4189
5747.01 of the Revised Code and any pass-through entity of which 4190
such pre-income tax trust owns or controls, directly, 4191
indirectly, or constructively through related interests, more 4192
than five per cent of the ownership or equity interests. If the 4193
pre-income tax trust has made a qualifying pre-income tax trust 4194
election under division (FF) (3) of section 5747.01 of the 4195
Revised Code, then the trust and the pass-through entities of 4196
which it owns or controls, directly, indirectly, or 4197
constructively through related interests, more than five per 4198
cent of the ownership or equity interests, shall not be excluded 4199
persons for purposes of the tax imposed under section 5751.02 of 4200
the Revised Code. 4201

(8) Nonprofit organizations or the state and its agencies, 4202
instrumentalities, or political subdivisions. 4203

(F) Except as otherwise provided in divisions (F) (2), (3), 4204
and (4) of this section, "gross receipts" means the total amount 4205
realized by a person, without deduction for the cost of goods 4206
sold or other expenses incurred, that contributes to the 4207
production of gross income of the person, including the fair 4208
market value of any property and any services received, and any 4209
debt transferred or forgiven as consideration. 4210

(1) The following are examples of gross receipts: 4211

(a) Amounts realized from the sale, exchange, or other 4212
disposition of the taxpayer's property to or with another; 4213

(b) Amounts realized from the taxpayer's performance of 4214
services for another; 4215

(c) Amounts realized from another's use or possession of 4216
the taxpayer's property or capital; 4217

(d) Any combination of the foregoing amounts. 4218

(2) "Gross receipts" excludes the following amounts: 4219

(a) Interest income except interest on credit sales; 4220

(b) Dividends and distributions from corporations, and 4221
distributive or proportionate shares of receipts and income from 4222
a pass-through entity as defined under section 5733.04 of the 4223
Revised Code; 4224

(c) Receipts from the sale, exchange, or other disposition 4225
of an asset described in section 1221 or 1231 of the Internal 4226
Revenue Code, without regard to the length of time the person 4227
held the asset. Notwithstanding section 1221 of the Internal 4228
Revenue Code, receipts from hedging transactions also are 4229
excluded to the extent the transactions are entered into 4230
primarily to protect a financial position, such as managing the 4231

risk of exposure to (i) foreign currency fluctuations that 4232
affect assets, liabilities, profits, losses, equity, or 4233
investments in foreign operations; (ii) interest rate 4234
fluctuations; or (iii) commodity price fluctuations. As used in 4235
division (F) (2) (c) of this section, "hedging transaction" has 4236
the same meaning as used in section 1221 of the Internal Revenue 4237
Code and also includes transactions accorded hedge accounting 4238
treatment under statement of financial accounting standards 4239
number 133 of the financial accounting standards board. For the 4240
purposes of division (F) (2) (c) of this section, the actual 4241
transfer of title of real or tangible personal property to 4242
another entity is not a hedging transaction. 4243

(d) Proceeds received attributable to the repayment, 4244
maturity, or redemption of the principal of a loan, bond, mutual 4245
fund, certificate of deposit, or marketable instrument; 4246

(e) The principal amount received under a repurchase 4247
agreement or on account of any transaction properly 4248
characterized as a loan to the person; 4249

(f) Contributions received by a trust, plan, or other 4250
arrangement, any of which is described in section 501(a) of the 4251
Internal Revenue Code, or to which Title 26, Subtitle A, Chapter 4252
1, Subchapter (D) of the Internal Revenue Code applies; 4253

(g) Compensation, whether current or deferred, and whether 4254
in cash or in kind, received or to be received by an employee, 4255
former employee, or the employee's legal successor for services 4256
rendered to or for an employer, including reimbursements 4257
received by or for an individual for medical or education 4258
expenses, health insurance premiums, or employee expenses, or on 4259
account of a dependent care spending account, legal services 4260
plan, any cafeteria plan described in section 125 of the 4261

Internal Revenue Code, or any similar employee reimbursement;	4262
(h) Proceeds received from the issuance of the taxpayer's	4263
own stock, options, warrants, puts, or calls, or from the sale	4264
of the taxpayer's treasury stock;	4265
(i) Proceeds received on the account of payments from	4266
insurance policies, except those proceeds received for the loss	4267
of business revenue;	4268
(j) Gifts or charitable contributions received; membership	4269
dues received by trade, professional, homeowners', or	4270
condominium associations; and payments received for educational	4271
courses, meetings, meals, or similar payments to a trade,	4272
professional, or other similar association; and fundraising	4273
receipts received by any person when any excess receipts are	4274
donated or used exclusively for charitable purposes;	4275
(k) Damages received as the result of litigation in excess	4276
of amounts that, if received without litigation, would be gross	4277
receipts;	4278
(l) Property, money, and other amounts received or	4279
acquired by an agent on behalf of another in excess of the	4280
agent's commission, fee, or other remuneration;	4281
(m) Tax refunds, other tax benefit recoveries, and	4282
reimbursements for the tax imposed under this chapter made by	4283
entities that are part of the same combined taxpayer or	4284
consolidated elected taxpayer group, and reimbursements made by	4285
entities that are not members of a combined taxpayer or	4286
consolidated elected taxpayer group that are required to be made	4287
for economic parity among multiple owners of an entity whose tax	4288
obligation under this chapter is required to be reported and	4289
paid entirely by one owner, pursuant to the requirements of	4290

sections 5751.011 and 5751.012 of the Revised Code;	4291
(n) Pension reversions;	4292
(o) Contributions to capital;	4293
(p) Sales or use taxes collected as a vendor or an out-of-	4294
state seller on behalf of the taxing jurisdiction from a	4295
consumer or other taxes the taxpayer is required by law to	4296
collect directly from a purchaser and remit to a local, state,	4297
or federal tax authority;	4298
(q) In the case of receipts from the sale of cigarettes or	4299
tobacco products by a wholesale dealer, retail dealer,	4300
distributor, manufacturer, or seller, all as defined in section	4301
5743.01 of the Revised Code, an amount equal to the federal and	4302
state excise taxes paid by any person on or for such cigarettes	4303
or tobacco products under subtitle E of the Internal Revenue	4304
Code or Chapter 5743. of the Revised Code;	4305
(r) In the case of receipts from the sale, transfer,	4306
exchange, or other disposition of motor fuel as "motor fuel" is	4307
defined in section 5736.01 of the Revised Code, an amount equal	4308
to the value of the motor fuel, including federal and state	4309
motor fuel excise taxes and receipts from billing or invoicing	4310
the tax imposed under section 5736.02 of the Revised Code to	4311
another person;	4312
(s) In the case of receipts from the sale of beer or	4313
intoxicating liquor, as defined in section 4301.01 of the	4314
Revised Code, by a person holding a permit issued under Chapter	4315
4301. or 4303. of the Revised Code, an amount equal to federal	4316
and state excise taxes paid by any person on or for such beer or	4317
intoxicating liquor under subtitle E of the Internal Revenue	4318
Code or Chapter 4301. or 4305. of the Revised Code;	4319

(t) Receipts realized by a new motor vehicle dealer or 4320
used motor vehicle dealer, as defined in section 4517.01 of the 4321
Revised Code, from the sale or other transfer of a motor 4322
vehicle, as defined in that section, to another motor vehicle 4323
dealer for the purpose of resale by the transferee motor vehicle 4324
dealer, but only if the sale or other transfer was based upon 4325
the transferee's need to meet a specific customer's preference 4326
for a motor vehicle; 4327

(u) Receipts from a financial institution described in 4328
division (E) (3) of this section for services provided to the 4329
financial institution in connection with the issuance, 4330
processing, servicing, and management of loans or credit 4331
accounts, if such financial institution and the recipient of 4332
such receipts have at least fifty per cent of their ownership 4333
interests owned or controlled, directly or constructively 4334
through related interests, by common owners; 4335

(v) Receipts realized from administering anti-neoplastic 4336
drugs and other cancer chemotherapy, biologicals, therapeutic 4337
agents, and supportive drugs in a physician's office to patients 4338
with cancer; 4339

(w) Funds received or used by a mortgage broker that is 4340
not a dealer in intangibles, other than fees or other 4341
consideration, pursuant to a table-funding mortgage loan or 4342
warehouse-lending mortgage loan. Terms used in division (F) (2) 4343
(w) of this section have the same meanings as in section 1322.01 4344
of the Revised Code, except "mortgage broker" means a person 4345
assisting a buyer in obtaining a mortgage loan for a fee or 4346
other consideration paid by the buyer or a lender, or a person 4347
engaged in table-funding or warehouse-lending mortgage loans 4348
that are first lien mortgage loans. 4349

(x) Property, money, and other amounts received by a 4350
professional employer organization, as defined in section 4351
4125.01 of the Revised Code, from a client employer, as defined 4352
in that section, in excess of the administrative fee charged by 4353
the professional employer organization to the client employer; 4354

(y) In the case of amounts retained as commissions by a 4355
permit holder under Chapter 3769. of the Revised Code, an amount 4356
equal to the amounts specified under that chapter that must be 4357
paid to or collected by the tax commissioner as a tax and the 4358
amounts specified under that chapter to be used as purse money; 4359

(z) Qualifying distribution center receipts. 4360

(i) For purposes of division (F) (2) (z) of this section: 4361

(I) "Qualifying distribution center receipts" means 4362
receipts of a supplier from qualified property that is delivered 4363
to a qualified distribution center, multiplied by a quantity 4364
that equals one minus the Ohio delivery percentage. If the 4365
qualified distribution center is a refining facility, "supplier" 4366
includes all dealers, brokers, processors, sellers, vendors, 4367
cosigners, and distributors of qualified property. 4368

(II) "Qualified property" means tangible personal property 4369
delivered to a qualified distribution center that is shipped to 4370
that qualified distribution center solely for further shipping 4371
by the qualified distribution center to another location in this 4372
state or elsewhere or, in the case of gold, silver, platinum, or 4373
palladium delivered to a refining facility solely for refining 4374
to a grade and fineness acceptable for delivery to a registered 4375
commodities exchange. "Further shipping" includes storing and 4376
repackaging property into smaller or larger bundles, so long as 4377
the property is not subject to further manufacturing or 4378

processing. "Refining" is limited to extracting impurities from 4379
gold, silver, platinum, or palladium through smelting or some 4380
other process at a refining facility. 4381

(III) "Qualified distribution center" means a warehouse, a 4382
facility similar to a warehouse, or a refining facility in this 4383
state that, for the qualifying year, is operated by a person 4384
that is not part of a combined taxpayer group and that has a 4385
qualifying certificate. All warehouses or facilities similar to 4386
warehouses that are operated by persons in the same taxpayer 4387
group and that are located within one mile of each other shall 4388
be treated as one qualified distribution center. All refining 4389
facilities that are operated by persons in the same taxpayer 4390
group and that are located in the same or adjacent counties may 4391
be treated as one qualified distribution center. 4392

(IV) "Qualifying year" means the calendar year to which 4393
the qualifying certificate applies. 4394

(V) "Qualifying period" means the period of the first day 4395
of July of the second year preceding the qualifying year through 4396
the thirtieth day of June of the year preceding the qualifying 4397
year. 4398

(VI) "Qualifying certificate" means the certificate issued 4399
by the tax commissioner after the operator of a distribution 4400
center files an annual application with the commissioner. The 4401
application and annual fee shall be filed and paid for each 4402
qualified distribution center on or before the first day of 4403
September before the qualifying year or within forty-five days 4404
after the distribution center opens, whichever is later. 4405

The applicant must substantiate to the commissioner's 4406
satisfaction that, for the qualifying period, all persons 4407

operating the distribution center have more than fifty per cent 4408
of the cost of the qualified property shipped to a location such 4409
that it would be situated outside this state under the provisions 4410
of division (E) of section 5751.033 of the Revised Code. The 4411
applicant must also substantiate that the distribution center 4412
cumulatively had costs from its suppliers equal to or exceeding 4413
five hundred million dollars during the qualifying period. (For 4414
purposes of division (F) (2) (z) (i) (VI) of this section, 4415
"supplier" excludes any person that is part of the consolidated 4416
elected taxpayer group, if applicable, of the operator of the 4417
qualified distribution center.) The commissioner may require the 4418
applicant to have an independent certified public accountant 4419
certify that the calculation of the minimum thresholds required 4420
for a qualified distribution center by the operator of a 4421
distribution center has been made in accordance with generally 4422
accepted accounting principles. The commissioner shall issue or 4423
deny the issuance of a certificate within sixty days after the 4424
receipt of the application. A denial is subject to appeal under 4425
section 5717.02 of the Revised Code. If the operator files a 4426
timely appeal under section 5717.02 of the Revised Code, the 4427
operator shall be granted a qualifying certificate effective for 4428
the remainder of the qualifying year or until the appeal is 4429
finalized, whichever is earlier. If the operator does not 4430
prevail in the appeal, the operator shall pay the ineligible 4431
operator's supplier tax liability. 4432

(VII) "Ohio delivery percentage" means the proportion of 4433
the total property delivered to a destination inside Ohio from 4434
the qualified distribution center during the qualifying period 4435
compared with total deliveries from such distribution center 4436
everywhere during the qualifying period. 4437

(VIII) "Refining facility" means one or more buildings 4438

located in a county in the Appalachian region of this state as 4439
defined by section 107.21 of the Revised Code and utilized for 4440
refining or smelting gold, silver, platinum, or palladium to a 4441
grade and fineness acceptable for delivery to a registered 4442
commodities exchange. 4443

(IX) "Registered commodities exchange" means a board of 4444
trade, such as New York mercantile exchange, inc. or commodity 4445
exchange, inc., designated as a contract market by the commodity 4446
futures trading commission under the "Commodity Exchange Act," 7 4447
U.S.C. 1 et seq., as amended. 4448

(X) "Ineligible operator's supplier tax liability" means 4449
an amount equal to the tax liability of all suppliers of a 4450
distribution center had the distribution center not been issued 4451
a qualifying certificate for the qualifying year. Ineligible 4452
operator's supplier tax liability shall not include interest or 4453
penalties. The tax commissioner shall determine an ineligible 4454
operator's supplier tax liability based on information that the 4455
commissioner may request from the operator of the distribution 4456
center. An operator shall provide a list of all suppliers of the 4457
distribution center and the corresponding costs of qualified 4458
property for the qualifying year at issue within sixty days of a 4459
request by the commissioner under this division. 4460

(ii) (I) If the distribution center is new and was not open 4461
for the entire qualifying period, the operator of the 4462
distribution center may request that the commissioner grant a 4463
qualifying certificate. If the certificate is granted and it is 4464
later determined that more than fifty per cent of the qualified 4465
property during that year was not shipped to a location such 4466
that it would be situated outside of this state under the 4467
provisions of division (E) of section 5751.033 of the Revised 4468

Code or if it is later determined that the person that operates 4469
the distribution center had average monthly costs from its 4470
suppliers of less than forty million dollars during that year, 4471
then the operator of the distribution center shall pay the 4472
ineligible operator's supplier tax liability. (For purposes of 4473
division (F) (2) (z) (ii) of this section, "supplier" excludes any 4474
person that is part of the consolidated elected taxpayer group, 4475
if applicable, of the operator of the qualified distribution 4476
center.) 4477

(II) The commissioner may grant a qualifying certificate 4478
to a distribution center that does not qualify as a qualified 4479
distribution center for an entire qualifying period if the 4480
operator of the distribution center demonstrates that the 4481
business operations of the distribution center have changed or 4482
will change such that the distribution center will qualify as a 4483
qualified distribution center within thirty-six months after the 4484
date the operator first applies for a certificate. If, at the 4485
end of that thirty-six-month period, the business operations of 4486
the distribution center have not changed such that the 4487
distribution center qualifies as a qualified distribution 4488
center, the operator of the distribution center shall pay the 4489
ineligible operator's supplier tax liability for each year that 4490
the distribution center received a certificate but did not 4491
qualify as a qualified distribution center. For each year the 4492
distribution center receives a certificate under division (F) (2) 4493
(z) (ii) (II) of this section, the distribution center shall pay 4494
all applicable fees required under division (F) (2) (z) of this 4495
section and shall submit an updated business plan showing the 4496
progress the distribution center made toward qualifying as a 4497
qualified distribution center during the preceding year. 4498

(III) An operator may appeal a determination under 4499

division (F) (2) (z) (ii) (I) or (II) of this section that the 4500
ineligible operator is liable for the operator's supplier tax 4501
liability as a result of not qualifying as a qualified 4502
distribution center, as provided in section 5717.02 of the 4503
Revised Code. 4504

(iii) When filing an application for a qualifying 4505
certificate under division (F) (2) (z) (i) (VI) of this section, the 4506
operator of a qualified distribution center also shall provide 4507
documentation, as the commissioner requires, for the 4508
commissioner to ascertain the Ohio delivery percentage. The 4509
commissioner, upon issuing the qualifying certificate, also 4510
shall certify the Ohio delivery percentage. The operator of the 4511
qualified distribution center may appeal the commissioner's 4512
certification of the Ohio delivery percentage in the same manner 4513
as an appeal is taken from the denial of a qualifying 4514
certificate under division (F) (2) (z) (i) (VI) of this section. 4515

(iv) (I) In the case where the distribution center is new 4516
and not open for the entire qualifying period, the operator 4517
shall make a good faith estimate of an Ohio delivery percentage 4518
for use by suppliers in their reports of taxable gross receipts 4519
for the remainder of the qualifying period. The operator of the 4520
facility shall disclose to the suppliers that such Ohio delivery 4521
percentage is an estimate and is subject to recalculation. By 4522
the due date of the next application for a qualifying 4523
certificate, the operator shall determine the actual Ohio 4524
delivery percentage for the estimated qualifying period and 4525
proceed as provided in division (F) (2) (z) (iii) of this section 4526
with respect to the calculation and recalculation of the Ohio 4527
delivery percentage. The supplier is required to file, within 4528
sixty days after receiving notice from the operator of the 4529
qualified distribution center, amended reports for the impacted 4530

calendar quarter or quarters or calendar year, whichever the case may be. Any additional tax liability or tax overpayment shall be subject to interest but shall not be subject to the imposition of any penalty so long as the amended returns are timely filed.

(II) The operator of a distribution center that receives a qualifying certificate under division (F) (2) (z) (ii) (II) of this section shall make a good faith estimate of the Ohio delivery percentage that the operator estimates will apply to the distribution center at the end of the thirty-six-month period after the operator first applied for a qualifying certificate under that division. The result of the estimate shall be multiplied by a factor of one and seventy-five one-hundredths. The product of that calculation shall be the Ohio delivery percentage used by suppliers in their reports of taxable gross receipts for each qualifying year that the distribution center receives a qualifying certificate under division (F) (2) (z) (ii) (II) of this section, except that, if the product is less than five per cent, the Ohio delivery percentage used shall be five per cent and that, if the product exceeds forty-nine per cent, the Ohio delivery percentage used shall be forty-nine per cent.

(v) Qualifying certificates and Ohio delivery percentages issued by the commissioner shall be open to public inspection and shall be timely published by the commissioner. A supplier relying in good faith on a certificate issued under this division shall not be subject to tax on the qualifying distribution center receipts under division (F) (2) (z) of this section. An operator receiving a qualifying certificate is liable for the ineligible operator's supplier tax liability for each year the operator received a certificate but did not qualify as a qualified distribution center.

(vi) The annual fee for a qualifying certificate shall be 4562
one hundred thousand dollars for each qualified distribution 4563
center. If a qualifying certificate is not issued, the annual 4564
fee is subject to refund after the exhaustion of all appeals 4565
provided for in division (F) (2) (z) (i) (VI) of this section. The 4566
first one hundred thousand dollars of the annual application 4567
fees collected each calendar year shall be credited to the 4568
revenue enhancement fund. The remainder of the annual 4569
application fees collected shall be distributed in the same 4570
manner required under section 5751.20 of the Revised Code. 4571

(vii) The tax commissioner may require that adequate 4572
security be posted by the operator of the distribution center on 4573
appeal when the commissioner disagrees that the applicant has 4574
met the minimum thresholds for a qualified distribution center 4575
as set forth in division (F) (2) (z) of this section. 4576

(aa) Receipts of an employer from payroll deductions 4577
relating to the reimbursement of the employer for advancing 4578
moneys to an unrelated third party on an employee's behalf; 4579

(bb) Cash discounts allowed and taken; 4580

(cc) Returns and allowances; 4581

(dd) Bad debts from receipts on the basis of which the tax 4582
imposed by this chapter was paid in a prior quarterly tax 4583
payment period. For the purpose of this division, "bad debts" 4584
means any debts that have become worthless or uncollectible 4585
between the preceding and current quarterly tax payment periods, 4586
have been uncollected for at least six months, and that may be 4587
claimed as a deduction under section 166 of the Internal Revenue 4588
Code and the regulations adopted under that section, or that 4589
could be claimed as such if the taxpayer kept its accounts on 4590

the accrual basis. "Bad debts" does not include repossessed 4591
property, uncollectible amounts on property that remains in the 4592
possession of the taxpayer until the full purchase price is 4593
paid, or expenses in attempting to collect any account 4594
receivable or for any portion of the debt recovered; 4595

(ee) Any amount realized from the sale of an account 4596
receivable to the extent the receipts from the underlying 4597
transaction giving rise to the account receivable were included 4598
in the gross receipts of the taxpayer; 4599

(ff) Any receipts directly attributed to a transfer 4600
agreement or to the enterprise transferred under that agreement 4601
under section 4313.02 of the Revised Code. 4602

(gg) (i) As used in this division: 4603

(I) "Qualified uranium receipts" means receipts from the 4604
sale, exchange, lease, loan, production, processing, or other 4605
disposition of uranium within a uranium enrichment zone 4606
certified by the tax commissioner under division (F) (2) (gg) (ii) 4607
of this section. "Qualified uranium receipts" does not include 4608
any receipts with a situs in this state outside a uranium 4609
enrichment zone certified by the tax commissioner under division 4610
(F) (2) (gg) (ii) of this section. 4611

(II) "Uranium enrichment zone" means all real property 4612
that is part of a uranium enrichment facility licensed by the 4613
United States nuclear regulatory commission and that was or is 4614
owned or controlled by the United States department of energy or 4615
its successor. 4616

(ii) Any person that owns, leases, or operates real or 4617
tangible personal property constituting or located within a 4618
uranium enrichment zone may apply to the tax commissioner to 4619

have the uranium enrichment zone certified for the purpose of 4620
excluding qualified uranium receipts under division (F) (2) (gg) 4621
of this section. The application shall include such information 4622
that the tax commissioner prescribes. Within sixty days after 4623
receiving the application, the tax commissioner shall certify 4624
the zone for that purpose if the commissioner determines that 4625
the property qualifies as a uranium enrichment zone as defined 4626
in division (F) (2) (gg) of this section, or, if the tax 4627
commissioner determines that the property does not qualify, the 4628
commissioner shall deny the application or request additional 4629
information from the applicant. If the tax commissioner denies 4630
an application, the commissioner shall state the reasons for the 4631
denial. The applicant may appeal the denial of an application to 4632
the board of tax appeals pursuant to section 5717.02 of the 4633
Revised Code. If the applicant files a timely appeal, the tax 4634
commissioner shall conditionally certify the applicant's 4635
property. The conditional certification shall expire when all of 4636
the applicant's appeals are exhausted. Until final resolution of 4637
the appeal, the applicant shall retain the applicant's records 4638
in accordance with section 5751.12 of the Revised Code, 4639
notwithstanding any time limit on the preservation of records 4640
under that section. 4641

(hh) In the case of amounts collected by a licensed casino 4642
operator from casino gaming, amounts in excess of the casino 4643
operator's gross casino revenue. In this division, "casino 4644
operator" and "casino gaming" have the meanings defined in 4645
section 3772.01 of the Revised Code, and "gross casino revenue" 4646
has the meaning defined in section 5753.01 of the Revised Code. 4647

(ii) Receipts realized from the sale of agricultural 4648
commodities by an agricultural commodity handler, both as 4649
defined in section 926.01 of the Revised Code, that is licensed 4650

by the director of agriculture to handle agricultural 4651
commodities in this state. 4652

(jj) Qualifying integrated supply chain receipts. 4653

As used in division (F)(2)(jj) of this section: 4654

(i) "Qualifying integrated supply chain receipts" means 4655
receipts of a qualified integrated supply chain vendor from the 4656
sale of qualified property delivered to, or integrated supply 4657
chain services provided to, another qualified integrated supply 4658
chain vendor or to a retailer that is a member of the integrated 4659
supply chain. "Qualifying integrated supply chain receipts" does 4660
not include receipts of a person that is not a qualified 4661
integrated supply chain vendor from the sale of raw materials to 4662
a member of an integrated supply chain, or receipts of a member 4663
of an integrated supply chain from the sale of qualified 4664
property or integrated supply chain services to a person that is 4665
not a member of the integrated supply chain. 4666

(ii) "Qualified property" means ~~either any~~ of the 4667
following: 4668

(I) Component parts used to hold, contain, package, or 4669
dispense qualified products ~~that will be incorporated into the~~ 4670
~~item sold at retail,~~ excluding equipment; 4671

(II) Work-in-process inventory that will become, comprise, 4672
or form a component part of a qualified product capable of being 4673
sold at retail, excluding equipment, machinery, furniture, and 4674
fixtures; 4675

(III) Finished goods inventory that is a qualified product 4676
capable of being sold at retail in the inventory's present form. 4677

(iii) "Qualified integrated supply chain vendor" means a 4678

person, ~~other than a retailer,~~ that is a ~~direct~~ member of an 4679
integrated supply chain and that provides integrated supply 4680
chain services within a qualified integrated supply chain 4681
district to a retailer that is a member of the integrated supply 4682
chain or to another qualified integrated supply chain vendor 4683
that is located within the same such district as the person but 4684
does not share a common owner with that person. 4685

(iv) "Qualified product" means a personal care, health, or 4686
beauty product or an aromatic product, including a candle. 4687
"Qualified product" does not include a drug that may be 4688
dispensed only pursuant to a prescription, durable medical 4689
equipment, mobility enhancing equipment, or a prosthetic device, 4690
as those terms are defined in section 5739.01 of the Revised 4691
Code. 4692

(v) "Integrated supply chain" means two or more qualified 4693
integrated supply chain vendors certified on the most recent 4694
list certified to the tax commissioner under this division that 4695
systematically collaborate and coordinate business operations 4696
with a retailer on the flow of tangible personal property from 4697
material sourcing through manufacturing, assembly, packaging, 4698
and delivery to the retailer to improve long-term financial 4699
performance of each vendor and the supply chain that includes 4700
the retailer. 4701

For the purpose of the certification required under this 4702
division, the reporting person for each retailer, on or before 4703
the first day of October of each year, shall certify to the tax 4704
commissioner a list of the qualified integrated supply chain 4705
vendors providing or receiving integrated supply chain services 4706
within a qualified integrated supply chain district for the 4707
ensuing calendar year. On or before the following first day of 4708

November, the commissioner shall issue a certificate to the 4709
retailer and to each vendor certified to the commissioner on 4710
that list. The certificate shall include the names of the 4711
retailer and of the qualified integrated supply chain vendors. 4712

The retailer shall notify the commissioner of any changes 4713
to the list, including additions to or subtractions from the 4714
list or changes in the name or legal entity of vendors certified 4715
on the list, within sixty days after the date the retailer 4716
becomes aware of the change. Within thirty days after receiving 4717
that notification, the commissioner shall issue a revised 4718
certificate to the retailer and to each vendor certified on the 4719
list. The revised certificate shall include the effective date 4720
of the change. 4721

Each recipient of a certificate issued pursuant to this 4722
division shall maintain a copy of the certificate for four years 4723
from the date the certificate was received. 4724

(vi) "Integrated supply chain services" means procuring 4725
raw materials or manufacturing, processing, refining, 4726
assembling, packaging, or repackaging tangible personal property 4727
that will become finished goods inventory capable of being sold 4728
at retail by a retailer that is a member of an integrated supply 4729
chain. 4730

(vii) "Retailer" means a person primarily engaged in 4731
making retail sales and any member of that person's consolidated 4732
elected taxpayer group or combined taxpayer group, whether or 4733
not that member is primarily engaged in making retail sales. 4734

(viii) "Qualified integrated supply chain district" means 4735
~~at the parcel or contiguous parcels of land composed of a total of~~ 4736
~~between four hundred and seven hundred acres and owned by the~~ 4737

~~same person on July 1, 2015~~from which a retailer's integrated 4738
supply chain that existed on September 29, 2015, provides or 4739
receives integrated supply chain services, and to which ~~both~~ all 4740
of the following apply: 4741

(I) The ~~acreage is~~ parcel or parcels are located wholly in 4742
a county having a population of greater than one hundred sixty- 4743
five thousand but less than one hundred seventy thousand based 4744
on the 2010 federal decennial census. 4745

(II) The ~~acreage is~~ parcel or parcels are located wholly 4746
in the corporate limits of a municipal corporation with a 4747
population greater than seven thousand five hundred and less 4748
than eight thousand based on the 2010 federal decennial census 4749
that is partly located in the county described in division (F) 4750
(2) (jj) (viii) (I) of this section, as those corporate limits 4751
existed on September 29, 2015. 4752

(III) The aggregate acreage of the parcel or parcels 4753
equals or exceeds one hundred acres. 4754

(kk) Any receipts for which the tax imposed by this 4755
chapter is prohibited by the constitution or laws of the United 4756
States or the constitution of this state. 4757

(3) In the case of a taxpayer when acting as a real estate 4758
broker, "gross receipts" includes only the portion of any fee 4759
for the service of a real estate broker, or service of a real 4760
estate salesperson associated with that broker, that is retained 4761
by the broker and not paid to an associated real estate 4762
salesperson or another real estate broker. For the purposes of 4763
this division, "real estate broker" and "real estate 4764
salesperson" have the same meanings as in section 4735.01 of the 4765
Revised Code. 4766

(4) A taxpayer's method of accounting for gross receipts 4767
for a tax period shall be the same as the taxpayer's method of 4768
accounting for federal income tax purposes for the taxpayer's 4769
federal taxable year that includes the tax period. If a 4770
taxpayer's method of accounting for federal income tax purposes 4771
changes, its method of accounting for gross receipts under this 4772
chapter shall be changed accordingly. 4773

(G) "Taxable gross receipts" means gross receipts situated 4774
to this state under section 5751.033 of the Revised Code. 4775

(H) A person has "substantial nexus with this state" if 4776
any of the following applies. The person: 4777

(1) Owns or uses a part or all of its capital in this 4778
state; 4779

(2) Holds a certificate of compliance with the laws of 4780
this state authorizing the person to do business in this state; 4781

(3) Has bright-line presence in this state; 4782

(4) Otherwise has nexus with this state to an extent that 4783
the person can be required to remit the tax imposed under this 4784
chapter under the Constitution of the United States. 4785

(I) A person has "bright-line presence" in this state for 4786
a reporting period and for the remaining portion of the calendar 4787
year if any of the following applies. The person: 4788

(1) Has at any time during the calendar year property in 4789
this state with an aggregate value of at least fifty thousand 4790
dollars. For the purpose of division (I)(1) of this section, 4791
owned property is valued at original cost and rented property is 4792
valued at eight times the net annual rental charge. 4793

(2) Has during the calendar year payroll in this state of 4794

at least fifty thousand dollars. Payroll in this state includes 4795
all of the following: 4796

(a) Any amount subject to withholding by the person under 4797
section 5747.06 of the Revised Code; 4798

(b) Any other amount the person pays as compensation to an 4799
individual under the supervision or control of the person for 4800
work done in this state; and 4801

(c) Any amount the person pays for services performed in 4802
this state on its behalf by another. 4803

(3) Has during the calendar year taxable gross receipts of 4804
at least five hundred thousand dollars. 4805

(4) Has at any time during the calendar year within this 4806
state at least twenty-five per cent of the person's total 4807
property, total payroll, or total gross receipts. 4808

(5) Is domiciled in this state as an individual or for 4809
corporate, commercial, or other business purposes. 4810

(J) "Tangible personal property" has the same meaning as 4811
in section 5739.01 of the Revised Code. 4812

(K) "Internal Revenue Code" means the Internal Revenue 4813
Code of 1986, 100 Stat. 2085, 26 U.S.C. 1, as amended. Any term 4814
used in this chapter that is not otherwise defined has the same 4815
meaning as when used in a comparable context in the laws of the 4816
United States relating to federal income taxes unless a 4817
different meaning is clearly required. Any reference in this 4818
chapter to the Internal Revenue Code includes other laws of the 4819
United States relating to federal income taxes. 4820

(L) "Calendar quarter" means a three-month period ending 4821
on the thirty-first day of March, the thirtieth day of June, the 4822

thirtieth day of September, or the thirty-first day of December.	4823
(M) "Tax period" means the calendar quarter or calendar	4824
year on the basis of which a taxpayer is required to pay the tax	4825
imposed under this chapter.	4826
(N) "Calendar year taxpayer" means a taxpayer for which	4827
the tax period is a calendar year.	4828
(O) "Calendar quarter taxpayer" means a taxpayer for which	4829
the tax period is a calendar quarter.	4830
(P) "Agent" means a person authorized by another person to	4831
act on its behalf to undertake a transaction for the other,	4832
including any of the following:	4833
(1) A person receiving a fee to sell financial	4834
instruments;	4835
(2) A person retaining only a commission from a	4836
transaction with the other proceeds from the transaction being	4837
remitted to another person;	4838
(3) A person issuing licenses and permits under section	4839
1533.13 of the Revised Code;	4840
(4) A lottery sales agent holding a valid license issued	4841
under section 3770.05 of the Revised Code;	4842
(5) A person acting as an agent of the division of liquor	4843
control under section 4301.17 of the Revised Code.	4844
(Q) "Received" includes amounts accrued under the accrual	4845
method of accounting.	4846
(R) "Reporting person" means a person in a consolidated	4847
elected taxpayer or combined taxpayer group that is designated	4848
by that group to legally bind the group for all filings and tax	4849

liabilities and to receive all legal notices with respect to 4850
matters under this chapter, or, for the purposes of section 4851
5751.04 of the Revised Code, a separate taxpayer that is not a 4852
member of such a group. 4853

Section 2. That existing sections 9.66, 122.16, 122.172, 4854
122.173, 5709.65, 5709.66, 5709.92, 5733.33, 5733.42, 5733.98, 4855
5747.01, 5747.02, 5747.05, 5747.054, 5747.055, 5747.056, 4856
5747.059, 5747.21, 5747.212, 5747.22, 5747.27, 5747.28, 5747.29, 4857
5747.331, 5747.37, 5747.65, 5747.66, 5747.71, 5747.75, 5747.76, 4858
5747.80, 5747.81, 5747.98, and 5751.01 and sections 5733.48, 4859
5747.051, 5747.057, 5747.26, 5747.261, 5747.31, 5747.32, 4860
5747.34, 5747.35, 5747.36, 5747.38, 5747.39, and 5747.77 of the 4861
Revised Code are hereby repealed. 4862

Section 3. That Section 263.325 of Am. Sub. H.B. 64 of the 4863
131st General Assembly be amended to read as follows: 4864

Sec. 263.325. SCHOOL DISTRICT TPP SUPPLEMENT 4865

The foregoing appropriation item 200697, School District 4866
TPP Supplement, shall be distributed to city, local, and 4867
exempted village school districts for supplemental foundation 4868
aid as provided in this section. 4869

For each fiscal year, the Department of Education shall 4870
compute and pay supplemental foundation aid to each school 4871
district as follows: 4872

(A) (1) Calculate the school district's combined state aid 4873
for fiscal year 2015, which equals the sum of: 4874

(a) The district's state education aid for fiscal year 4875
2015, as defined in division (A) (4) (a) of section 5709.92 of the 4876
Revised Code; and 4877

(b) The district's current expense allocation, as defined 4878
in division (A) (8) of section 5709.92 of the Revised Code. 4879

(2) Calculate the school district's combined state aid for 4880
fiscal year 2016, which equals the sum of: 4881

(a) The sum of the amounts computed for the district for 4882
fiscal year 2016 under section 3317.022 of the Revised Code, as 4883
amended by ~~this act~~ Am. Sub. H.B. 64 of the 131st General 4884
Assembly, and under divisions (E), (F), and (G) of section 4885
3317.0212 of the Revised Code, as amended by ~~this act~~ Am. Sub. 4886
H.B. 64 of the 131st General Assembly, plus any amount 4887
calculated for temporary transitional aid for fiscal year 2016 4888
under division (A) of Section 263.230 of ~~this act~~ Am. Sub. H.B. 4889
64 of the 131st General Assembly, and after any reductions made 4890
for fiscal year 2016 under division (B) of Section 263.230 of 4891
~~this act~~ Am. Sub. H.B. 64 of the 131st General Assembly; 4892

~~(c) the~~ (b) The sum of the payments received by the school 4893
district in fiscal year 2016 for current expense levy losses 4894
pursuant to division (C) (1) (a) or (b) of section 5709.92 of the 4895
Revised Code, excluding the portion of such payments 4896
attributable to levies for joint vocational school district 4897
purposes. 4898

(3) Calculate the school district's combined state aid for 4899
fiscal year 2017, which equals the sum of: 4900

(a) The amounts computed for the district for fiscal year 4901
2017 under section 3317.022 of the Revised Code, as amended by 4902
Am. Sub. H.B. 64 of the 131st General Assembly, and under 4903
divisions (E), (F), and (G) of section 3317.0212 of the Revised 4904
Code, as amended by Am. Sub. H.B. 64 of the 131st General 4905
Assembly, plus any amount calculated for temporary transitional 4906

aid for fiscal year 2017 under division (A) of Section 263.230 4907
of Am. Sub. H.B. 64 of the 131st General Assembly, and after any 4908
reductions made for fiscal year 2017 under division (B) of 4909
Section 263.230 of Am. Sub. H.B. 64 of the 131st General 4910
Assembly. 4911

(b) The sum of the payments received by the school 4912
district in fiscal year 2017 for current expense levy losses 4913
pursuant to division (C) (1) (a) or (b) of section 5709.92 of the 4914
Revised Code, excluding the portion of such payments 4915
attributable to levies for joint vocational school district 4916
purposes. 4917

(B) (1) For fiscal year 2016, each district's payment shall 4918
be in an amount equal to the amount calculated in division (A) 4919
(1) of this section minus the amount calculated in division (A) 4920
(2) of this section. If the result is a negative number, the 4921
district's payment shall be zero. 4922

(2) For fiscal year 2017, each district's payment shall be 4923
in an amount equal to the following: 4924

((The amount calculated in division (A) (1) of this section - the 4925
sum of the amounts calculated under divisions (A) (8) and (A) (9) 4926
of section 3317.022 of the Revised Code for fiscal year 2016) x 4927
0.96) - (The amount calculated in division (A) (3) of the section 4928
- the sum of the amounts calculated under divisions (A) (8) and 4929
(A) (9) of section 3317.022 of the Revised Code for fiscal year 4930
2017) 4931

If the result is a negative number, the district's payment 4932
shall be zero. 4933

Section 4. That existing Section 263.325 of Am. Sub. H.B. 4934
64 of the 131st General Assembly is hereby repealed. 4935

Section 5. The income amounts prescribed in divisions (A) 4936
(3) and (A) (4) (a) of section 5747.02 of the Revised Code as 4937
amended by this act or Am. Sub. H.B. 64 of the 131st General 4938
Assembly do not reflect adjustments made to such amounts under 4939
division (A) of that section, and are not intended to replace 4940
the adjusted income amounts that would otherwise be prescribed 4941
for taxable years beginning in 2015. 4942

Section 6. Subject to the limitations on the time to apply 4943
for a refund or issue an assessment under section 5751.08 or 4944
5751.09 of the Revised Code, respectively, the amendment by this 4945
act of division (F) (2) (jj) of section 5751.01 of the Revised 4946
Code applies to tax periods beginning on or after July 1, 2011, 4947
and shall be construed as clarifying the law as it existed prior 4948
to the effective date of that amendment. Notwithstanding 4949
division (F) (2) (jj) (v) of section 5751.01 of the Revised Code, 4950
the reporting person of each retailer shall certify to the Tax 4951
Commissioner a list of the qualified integrated supply chain 4952
vendors within a qualifying integrated supply chain district for 4953
tax periods beginning in 2011 through 2016, in the manner 4954
prescribed in that division, on or before December 1, 2015. The 4955
Commissioner shall issue the certificate described in that 4956
division within thirty days after receiving that list to the 4957
retailer and to each vendor certified to the Commissioner on 4958
that list. Terms used in this division have the same meanings as 4959
in division (F) (2) (jj) of section 5751.01 of the Revised Code. 4960

Section 7. Section 5709.66 of the Revised Code is 4961
presented in this act as a composite of the section as amended 4962
by both Am. Sub. H.B. 215 and Sub. H.B. 408 of the 122nd General 4963
Assembly. The General Assembly, applying the principle stated in 4964
division (B) of section 1.52 of the Revised Code that amendments 4965
are to be harmonized if reasonably capable of simultaneous 4966

operation, finds that the composite is the resulting version of 4967
the section in effect prior to the effective date of the section 4968
as presented in this act. 4969

Section 8. The amendment or repeal by this act of sections 4970
9.66, 122.16, 122.172, 122.173, 5709.65, 5709.66, 5733.33, 4971
5733.42, 5733.48, 5733.98, 5747.01, 5747.02, 5747.05, 5747.051, 4972
5747.057, 5747.21, 5747.212, 5747.22, 5747.26, 5747.261, 4973
5747.31, 5747.32, 5747.34, 5747.35, 5747.36, 5747.38, 5747.39, 4974
5747.77, and 5747.98 of the Revised Code provides for the levy 4975
of a tax and is exempt from the referendum under Ohio 4976
Constitution, Article II, section 1d and therefore takes effect 4977
immediately when this act becomes law. 4978