

As Reported by the Senate Ways and Means Committee

131st General Assembly

Regular Session

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Sub. S. B. No. 208

Senator Beagle

Cosponsors: Senators Peterson, Eklund

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 transfer of 14
personal care products within an integrated 15
supply chain, to make technical changes to the 16
state income tax law, to provide that, for the 17
2015 taxable year, any taxable business income 18
under \$125,000 for married taxpayers filing 19
separately or \$250,000 for other taxpayers is 20
subject to graduated tax rates similar to those 21
applicable to nonbusiness income, while business 22
income in excess of those amounts remains 23

subject to the existing 3% flat tax, to modify 24
the formula for calculating reimbursement 25
payments to school districts for their loss of 26
tangible personal property tax revenue, and to 27
establish a formula for making supplemental 28
foundation aid payments to school districts in 29
fiscal year 2017. 30

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

Section 1. That sections 9.66, 122.16, 122.172, 122.173, 31
5709.65, 5709.66, 5709.92, 5733.33, 5733.42, 5733.98, 5747.01, 32
5747.02, 5747.05, 5747.054, 5747.055, 5747.056, 5747.059, 33
5747.21, 5747.212, 5747.22, 5747.27, 5747.28, 5747.29, 5747.331, 34
5747.37, 5747.65, 5747.66, 5747.71, 5747.75, 5747.76, 5747.80, 35
5747.81, 5747.98, and 5751.01 of the Revised Code be amended to 36
read as follows: 37

Sec. 9.66. (A) As used in this section: 38

(1) "Economic development assistance" means all of the 39
following: 40

(a) The programs and assistance provided or administered 41
by the department of development under Chapters 122. and 166. of 42
the Revised Code and any other section of the Revised Code under 43
which the department provides or administers economic 44
development assistance; 45

(b) The programs and assistance provided or administered 46
by a political subdivision under Chapters 725. and 1728. and 47
sections 3735.67 to 3735.70, 5709.40 to 5709.43, 5709.61 to 48

5709.69, 5709.73 to 5709.75, and 5709.77 to 5709.81 of the Revised Code and any other section of the Revised Code under which a political subdivision provides economic development assistance;

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

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

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

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

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

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

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

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

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

(B) A person who applies to the state, a state agency, or a political subdivision for economic development assistance shall indicate on the application for assistance whether the

person has any outstanding liabilities owed to the state, a 76
state agency, or a political subdivision. Such a person also 77
shall authorize the state, state agency, or political 78
subdivision to inspect the personal or corporate financial 79
statements of the applicant, including tax records and other 80
similar information not open to public inspection. 81

(C) (1) Whoever knowingly makes a false statement under 82
division (B) of this section concerning an application for 83
economic development assistance or who fails to provide any 84
information required by that division is ineligible for the 85
assistance applied for and is ineligible for any future economic 86
development assistance from the state, a state agency, or a 87
political subdivision. 88

(2) Whoever knowingly makes a false statement under 89
division (B) of this section concerning an application for 90
economic development assistance or who fails to provide any 91
information required by that division shall return any moneys 92
received from the state, a state agency, or a political 93
subdivision in connection with that application. 94

Sec. 122.16. (A) As used in this section: 95

(1) "Distressed area" means either a municipal corporation 96
that has a population of at least fifty thousand or a county, 97
that meets two of the following criteria: 98

(a) Its average rate of unemployment, during the most 99
recent five-year period for which data are available, is equal 100
to at least one hundred twenty-five per cent of the average rate 101
of unemployment for the United States for the same period. 102

(b) It has a per capita income equal to or below eighty 103
per cent of the median county per capita income of the United 104

States as determined by the most recently available figures from 105
the United States census bureau. 106

(c) (i) In the case of a municipal corporation, at least 107
twenty per cent of the residents have a total income for the 108
most recent census year that is below the official poverty line. 109

(ii) In the case of a county, in intercensal years, the 110
county has a ratio of transfer payment income to total county 111
income equal to or greater than twenty-five per cent. 112

(2) "Eligible area" means a distressed area, a labor 113
surplus area, an inner city area, or a situational distress 114
area. 115

(3) "Eligible costs associated with a voluntary action" 116
means costs incurred during the qualifying period in performing 117
a remedy or remedial activities, as defined in section 3746.01 118
of the Revised Code, and any costs incurred during the 119
qualifying period in performing both a phase I and phase II 120
property assessment, as defined in the rules adopted under 121
section 3746.04 of the Revised Code, provided that the 122
performance of the phase I and phase II property assessment 123
resulted in the implementation of the remedy or remedial 124
activities. 125

(4) "Inner city area" means, in a municipal corporation 126
that has a population of at least one hundred thousand and does 127
not meet the criteria of a labor surplus area or a distressed 128
area, targeted investment areas established by the municipal 129
corporation within its boundaries that are comprised of the most 130
recent census block tracts that individually have at least 131
twenty per cent of their population at or below the state 132
poverty level or other census block tracts contiguous to such 133

census block tracts.	134
(5) "Labor surplus area" means an area designated as a labor surplus area by the United States department of labor.	135 136
(6) "Official poverty line" has the same meaning as in division (A) of section 3923.51 of the Revised Code.	137 138
(7) "Partner" includes a member of a limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state if the limited liability company is not treated as a corporation for purposes of Chapter 5733. of the Revised Code and is not classified as an association taxable as a corporation for federal income tax purposes.	139 140 141 142 143 144
(8) "Partnership" includes a limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state if the limited liability company is not treated as a corporation for purposes of Chapter 5733. of the Revised Code and is not classified as an association taxable as a corporation for federal income tax purposes.	145 146 147 148 149 150
(9) "Qualifying period" means the period that begins July 1, 1996, and ends June 30, 1999.	151 152
(10) "S corporation" means a corporation that has made an election under subchapter S of chapter one of subtitle A of the Internal Revenue Code for its taxable year under the Internal Revenue Code;	153 154 155 156
(11) "Situational distress area" means a county or a municipal corporation that has experienced or is experiencing a closing or downsizing of a major employer that will adversely affect the economy of the county or municipal corporation. In order for a county or municipal corporation to be designated as a situational distress area, the governing body of the county or	157 158 159 160 161 162

municipal corporation shall submit a petition to the director of development in the form prescribed by the director. A county or municipal corporation may be designated as a situational distress area for a period not exceeding thirty-six months.

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

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

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

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

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

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

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

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

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

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

Code.	190
(B) (1) A taxpayer, partnership, or S corporation that has	191
been issued, under section 3746.12 of the Revised Code, a	192
covenant not to sue for a site by the director of environmental	193
protection during the qualifying period may apply to the	194
director of development, in the manner prescribed by the	195
director, to enter into an agreement under which the applicant	196
agrees to economically redevelop the site in a manner that will	197
create employment opportunities and a credit will be granted to	198
the applicant against the tax imposed by section 5733.06 or	199
5747.02 of the Revised Code. The application shall state the	200
eligible costs associated with a voluntary action incurred by	201
the applicant. The application shall be accompanied by proof, in	202
a form prescribed by the director of development, that the	203
covenant not to sue has been issued.	204
The applicant shall request the certified professional	205
that submitted the no further action letter for the eligible	206
site under section 3746.11 of the Revised Code to submit an	207
affidavit to the director of development verifying the eligible	208
costs associated with the voluntary action at that site.	209
The director shall review the applications in the order	210
they are received. If the director determines that the applicant	211
meets the requirements of this section, the director may enter	212
into an agreement granting a credit against the tax imposed by	213
section 5733.06 or 5747.02 of the Revised Code. In making the	214
determination, the director may consider the extent to which	215
political subdivisions and other units of government will	216
cooperate with the applicant to redevelop the eligible site. The	217
agreement shall state the amount of the tax credit and the	218
reporting requirements described in division (F) of this	219

section. 220

(2) The maximum annual amount of credits the director of 221
development may grant under such agreements shall be as follows: 222

1996 \$5,000,000 223

1997 \$10,000,000 224

1998 \$10,000,000 225

1999 \$5,000,000 226

For any year in which the director of development does not 227
grant tax credits under this section equal to the maximum annual 228
amount, the amount not granted for that year shall be added to 229
the maximum annual amount that may be granted for the following 230
year. However, the director shall not grant any tax credits 231
under this section after June 30, 1999. 232

(C) (1) If the covenant not to sue was issued in connection 233
with a site that is not located in an eligible area, the credit 234
amount is equal to the lesser of five hundred thousand dollars 235
or ten per cent of the eligible costs associated with a 236
voluntary action incurred by the taxpayer, partnership, or S 237
corporation. 238

(2) If a covenant not to sue was issued in connection with 239
a site that is located in an eligible area, the credit amount is 240
equal to the lesser of seven hundred fifty thousand dollars or 241
fifteen per cent of the eligible costs associated with a 242
voluntary action incurred by the taxpayer, partnership, or S 243
corporation. 244

(3) A taxpayer, partnership, or S corporation that has 245
been issued covenants not to sue under section 3746.12 of the 246
Revised Code for more than one site may apply to the director of 247

development to enter into more than one agreement granting a 248
credit against the tax imposed by section 5733.06 or 5747.02 of 249
the Revised Code. 250

(4) For each year for which a taxpayer, partnership, or S 251
corporation has been granted a credit under an agreement entered 252
into under this section, the director of development shall issue 253
a certificate to the taxpayer, partnership, or S corporation 254
indicating the amount of the credit the taxpayer, the partners 255
of the partnership, or the shareholders of the S corporation may 256
claim for that year, not including any amount that may be 257
carried forward from previous years under section 5733.34 ~~or~~ 258
~~5747.32~~ of the Revised Code. 259

(D) (1) Each agreement entered into under this section 260
shall incorporate a commitment by the taxpayer, partnership, or 261
S corporation not to permit the use of an eligible site to cause 262
the relocation of employment positions to that site from 263
elsewhere in this state, except as otherwise provided in 264
division (D) (2) of this section. The commitment shall be binding 265
on the taxpayer, partnership, or S corporation for the lesser of 266
five years from the date the agreement is entered into or the 267
number of years the taxpayer, partnership, or S corporation is 268
entitled to claim the tax credit under the agreement. 269

(2) An eligible site may be the site of employment 270
positions relocated from elsewhere in this state if the director 271
of development determines both of the following: 272

(a) That the site from which the employment positions 273
would be relocated is inadequate to meet market and industry 274
conditions, expansion plans, consolidation plans, or other 275
business considerations affecting the relocating employer; 276

(b) That the governing body of the county, township, or 277
municipal corporation from which the employment positions would 278
be relocated has been notified of the possible relocation. 279

For purposes of this section, the movement of an 280
employment position from one political subdivision to another 281
political subdivision shall be considered a relocation of an 282
employment position, but the transfer of an individual employee 283
from one political subdivision to another political subdivision 284
shall not be considered a relocation of an employment position 285
as long as the individual's employment position in the first 286
political subdivision is refilled. 287

(E) A taxpayer, partnership, or S corporation that has 288
entered into an agreement granting a credit against the tax 289
imposed by section 5733.06 or 5747.02 of the Revised Code that 290
subsequently recovers in a lawsuit or settlement of a lawsuit at 291
least seventy-five per cent of the eligible costs associated 292
with a voluntary action shall not claim any credit amount 293
remaining, including any amounts carried forward from prior 294
years, beginning with the taxable year in which the judgment in 295
the lawsuit is entered or the settlement is finally agreed to. 296

Any amount of credit that a taxpayer, partnership, or S 297
corporation may not claim by reason of this division shall not 298
be considered to have been granted for the purpose of 299
determining the total amount of credits that may be issued under 300
division (B) (2) of this section. 301

(F) Each year for which a taxpayer, partnership, or S 302
corporation claims a credit under section 5733.34 ~~or 5747.32~~ of 303
the Revised Code, the taxpayer, partnership, or S corporation 304
shall report the following to the director of development: 305

(1) The status of all cost recovery litigation described	306
in division (E) of this section to which it was a party during	307
the previous year;	308
(2) Confirmation that the covenant not to sue has not been	309
revoked or has not been voided;	310
(3) Confirmation that the taxpayer, partnership, or S	311
corporation has not permitted the eligible site to be used in	312
such a manner as to cause the relocation of employment positions	313
from elsewhere in this state in violation of the commitment	314
required under division (D) of this section;	315
(4) Any other information the director of development	316
requires to perform the director's duties under this section.	317
(G) The director of development shall annually certify, by	318
the first day of January of each year during the qualifying	319
period, the eligible areas for the calendar year that includes	320
that first day of January.	321
(H) The director of development, in accordance with	322
Chapter 119. of the Revised Code, shall adopt rules necessary to	323
implement this section, including rules prescribing forms	324
required for administering this section.	325
Sec. 122.172. (A) As used in this section, "tax liability"	326
means the tax owed under section 5733.06 or 5747.02 of the	327
Revised Code after allowance of all nonrefundable credits and	328
prior to the allowance of all refundable credits. The tax owed	329
under section 5733.06 of the Revised Code shall take into	330
account any adjustments to such tax required by division (G) of	331
section 5733.01 of the Revised Code that apply prior to	332
allowance of refundable credits.	333
(B) (1) The director of development shall administer the	334

manufacturing equipment grant program to provide grants for new 335
manufacturing machinery and equipment qualifying for the grant 336
under section 122.173 of the Revised Code. Except as provided in 337
division (C) of this section, the grants apply to the taxes 338
imposed by sections 5733.06 and 5747.02 of the Revised Code for 339
taxable years ending on or after July 1, 2005. 340

(2) To claim a grant, a taxpayer satisfying the 341
requirements of section 122.173 of the Revised Code shall 342
complete a grant request form, as prescribed by the director in 343
consultation with the tax commissioner, and shall file the form 344
with the tax return for the taxable year for which the grant is 345
claimed. In no event shall the grant reduce a taxpayer's tax 346
liability below the minimum tax owed for the taxable year. The 347
grant request form shall provide the information required to 348
allow the grant for the taxable year and is subject to audit by 349
the director and the commissioner. Any portion of the grant in 350
excess of the taxpayer's tax liability shall not be refundable 351
but may be carried forward as provided in section 122.173 of the 352
Revised Code. Upon the director's request, the commissioner 353
shall provide completed grant request forms filed under this 354
section to the director in a mutually agreed upon format. 355

(C) If a taxpayer is required to repay any credit allowed 356
under section 5733.33 ~~or 5747.31~~ of the Revised Code for a 357
taxable year ending prior to July 1, 2005, for a reason not 358
specified in Chapter 5733. or 5747. of the Revised Code, a grant 359
shall be available for that taxable year under section 122.173 360
of the Revised Code to the extent provided in that section. 361

(D) Any tax liability under section 5733.06 or 5747.02 of 362
the Revised Code that is underpaid as the result of an improper 363
claim for a grant under this section may be assessed by the tax 364

commissioner in the manner provided by section 5733.11 or 365
5747.11 of the Revised Code. 366

Sec. 122.173. (A) As used in this section: 367

(1) "Manufacturing machinery and equipment" means engines 368
and machinery, and tools and implements, of every kind used, or 369
designed to be used, in refining and manufacturing. 370

"Manufacturing machinery and equipment" does not include 371
property acquired after December 31, 1999, that is used: 372

(a) For the transmission and distribution of electricity; 373

(b) For the generation of electricity, if fifty per cent 374
or more of the electricity that the property generates is 375
consumed, during the one-hundred-twenty-month period commencing 376
with the date the property is placed in service, by persons that 377
are not related members to the person who generates the 378
electricity. 379

(2) "New manufacturing machinery and equipment" means 380
manufacturing machinery and equipment, the original use in this 381
state of which commences with the taxpayer or with a partnership 382
of which the taxpayer is a partner. "New manufacturing machinery 383
and equipment" does not include property acquired after December 384
31, 1999, that is used: 385

(a) For the transmission and distribution of electricity; 386

(b) For the generation of electricity, if fifty per cent 387
or more of the electricity that the property generates is 388
consumed, during the one-hundred-twenty-month period commencing 389
with the date the property is placed in service, by persons that 390
are not related members to the person who generates the 391
electricity. 392

(3) (a) "Purchase" has the same meaning as in section	393
179(d) (2) of the Internal Revenue Code.	394
(b) For purposes of this section, any property that is not	395
manufactured or assembled primarily by the taxpayer is	396
considered purchased at the time the agreement to acquire the	397
property becomes binding. Any property that is manufactured or	398
assembled primarily by the taxpayer is considered purchased at	399
the time the taxpayer places the property in service in the	400
county for which the taxpayer will calculate the county excess	401
amount.	402
(c) Notwithstanding section 179(d) of the Internal Revenue	403
Code, a taxpayer's direct or indirect acquisition of new	404
manufacturing machinery and equipment is not purchased on or	405
after July 1, 1995, if the taxpayer, or a person whose	406
relationship to the taxpayer is described in subparagraphs (A),	407
(B), or (C) of section 179(d) (2) of the Internal Revenue Code,	408
had directly or indirectly entered into a binding agreement to	409
acquire the property at any time prior to July 1, 1995.	410
(4) "Qualifying period" means the period that begins July	411
1, 1995, and ends June 30, 2005.	412
(5) "County average new manufacturing machinery and	413
equipment investment" means either of the following:	414
(a) The average annual cost of new manufacturing machinery	415
and equipment purchased for use in the county during baseline	416
years, in the case of a taxpayer that was in existence for more	417
than one year during baseline years.	418
(b) Zero, in the case of a taxpayer that was not in	419
existence for more than one year during baseline years.	420
(6) "Partnership" includes a limited liability company	421

formed under Chapter 1705. of the Revised Code or under the laws 422
of any other state, provided that the company is not classified 423
for federal income tax purposes as an association taxable as a 424
corporation. 425

(7) "Partner" includes a member of a limited liability 426
company formed under Chapter 1705. of the Revised Code or under 427
the laws of any other state, provided that the company is not 428
classified for federal income tax purposes as an association 429
taxable as a corporation. 430

(8) "Distressed area" means either a municipal corporation 431
that has a population of at least fifty thousand or a county 432
that meets two of the following criteria of economic distress, 433
or a municipal corporation the majority of the population of 434
which is situated in such a county: 435

(a) Its average rate of unemployment, during the most 436
recent five-year period for which data are available, is equal 437
to at least one hundred twenty-five per cent of the average rate 438
of unemployment for the United States for the same period; 439

(b) It has a per capita income equal to or below eighty 440
per cent of the median county per capita income of the United 441
States as determined by the most recently available figures from 442
the United States census bureau; 443

(c) (i) In the case of a municipal corporation, at least 444
twenty per cent of the residents have a total income for the 445
most recent census year that is below the official poverty line; 446

(ii) In the case of a county, in intercensal years, the 447
county has a ratio of transfer payment income to total county 448
income equal to or greater than twenty-five per cent. 449

(9) "Eligible area" means a distressed area, a labor 450

surplus area, an inner city area, or a situational distress area. 451
452

(10) "Inner city area" means, in a municipal corporation 453
that has a population of at least one hundred thousand and does 454
not meet the criteria of a labor surplus area or a distressed 455
area, targeted investment areas established by the municipal 456
corporation within its boundaries that are comprised of the most 457
recent census block tracts that individually have at least 458
twenty per cent of their population at or below the state 459
poverty level or other census block tracts contiguous to such 460
census block tracts. 461

(11) "Labor surplus area" means an area designated as a 462
labor surplus area by the United States department of labor. 463

(12) "Official poverty line" has the same meaning as in 464
division (A) of section 3923.51 of the Revised Code. 465

(13) "Situational distress area" means a county or a 466
municipal corporation that has experienced or is experiencing a 467
closing or downsizing of a major employer that will adversely 468
affect the county's or municipal corporation's economy. In order 469
to be designated as a situational distress area, for a period 470
not to exceed thirty-six months, the county or municipal 471
corporation may petition the director of development. The 472
petition shall include written documentation that demonstrates 473
all of the following adverse effects on the local economy: 474

(a) The number of jobs lost by the closing or downsizing; 475

(b) The impact that the job loss has on the county's or 476
municipal corporation's unemployment rate as measured by the 477
state director of job and family services; 478

(c) The annual payroll associated with the job loss; 479

(d) The amount of state and local taxes associated with	480
the job loss;	481
(e) The impact that the closing or downsizing has on	482
suppliers located in the county or municipal corporation.	483
(14) "Cost" has the same meaning and limitation as in	484
section 179(d) (3) of the Internal Revenue Code.	485
(15) "Baseline years" means:	486
(a) Calendar years 1992, 1993, and 1994, with regard to a	487
grant claimed for the purchase during calendar year 1995, 1996,	488
1997, or 1998 of new manufacturing machinery and equipment;	489
(b) Calendar years 1993, 1994, and 1995, with regard to a	490
grant claimed for the purchase during calendar year 1999 of new	491
manufacturing machinery and equipment;	492
(c) Calendar years 1994, 1995, and 1996, with regard to a	493
grant claimed for the purchase during calendar year 2000 of new	494
manufacturing machinery and equipment;	495
(d) Calendar years 1995, 1996, and 1997, with regard to a	496
grant claimed for the purchase during calendar year 2001 of new	497
manufacturing machinery and equipment;	498
(e) Calendar years 1996, 1997, and 1998, with regard to a	499
grant claimed for the purchase during calendar year 2002 of new	500
manufacturing machinery and equipment;	501
(f) Calendar years 1997, 1998, and 1999, with regard to a	502
grant claimed for the purchase during calendar year 2003 of new	503
manufacturing machinery and equipment;	504
(g) Calendar years 1998, 1999, and 2000, with regard to a	505
grant claimed for the purchase during calendar year 2004 of new	506

manufacturing machinery and equipment;	507
(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.	508 509 510 511
(16) "Related member" has the same meaning as in section 5733.042 of the Revised Code.	512 513
(17) "Qualifying controlled group" has the same meaning as in section 5733.04 of the Revised Code.	514 515
(18) "Tax liability" has the same meaning as in section 122.172 of the Revised Code.	516 517
(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.	518 519 520 521 522 523 524
(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.	525 526 527 528 529 530 531 532
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.	533 534 535

(b) Division (B) (2) (a) of this section does not apply if 536
the taxpayer claiming the grant applies for and is issued a 537
waiver of the requirement of that division. A taxpayer may apply 538
to the director of development for such a waiver in the manner 539
prescribed by the director, and the director may issue such a 540
waiver if the director determines that granting the grant is 541
necessary to increase or retain employees in this state, and 542
that the grant has not caused relocation of manufacturing 543
machinery and equipment among counties within this state for the 544
primary purpose of qualifying for the grant. 545

(C) (1) Except as otherwise provided in division (C) (2) and 546
division (I) of this section, the grant amount is equal to seven 547
and one-half per cent of the excess of the cost of the new 548
manufacturing machinery and equipment purchased during the 549
calendar year for use in a county over the county average new 550
manufacturing machinery and equipment investment for that 551
county. 552

(2) Subject to division (I) of this section, as used in 553
division (C) (2) of this section, "county excess" means the 554
taxpayer's excess cost for a county as computed under division 555
(C) (1) of this section. 556

Subject to division (I) of this section, a taxpayer with a 557
county excess, whose purchases included purchases for use in any 558
eligible area in the county, the grant amount is equal to 559
thirteen and one-half per cent of the cost of the new 560
manufacturing machinery and equipment purchased during the 561
calendar year for use in the eligible areas in the county, 562
provided that the cost subject to the thirteen and one-half per 563
cent rate shall not exceed the county excess. If the county 564
excess is greater than the cost of the new manufacturing 565

machinery and equipment purchased during the calendar year for 566
use in eligible areas in the county, the grant amount also shall 567
include an amount equal to seven and one-half per cent of the 568
amount of the difference. 569

(3) If a taxpayer is allowed a grant for purchases of new 570
manufacturing machinery and equipment in more than one county or 571
eligible area, it shall aggregate the amount of those grants 572
each year. 573

(4) Except as provided in division (J) of this section, 574
the taxpayer shall claim one-seventh of the grant amount for the 575
taxable year ending in the calendar year in which the new 576
manufacturing machinery and equipment is purchased for use in 577
the county by the taxpayer or partnership. One-seventh of the 578
taxpayer grant amount is allowed for each of the six ensuing 579
taxable years. Except for carried-forward amounts, the taxpayer 580
is not allowed any grant amount remaining if the new 581
manufacturing machinery and equipment is sold by the taxpayer or 582
partnership or is transferred by the taxpayer or partnership out 583
of the county before the end of the seven-year period unless, at 584
the time of the sale or transfer, the new manufacturing 585
machinery and equipment has been fully depreciated for federal 586
income tax purposes. 587

(5) (a) A taxpayer that acquires manufacturing machinery 588
and equipment as a result of a merger with the taxpayer with 589
whom commenced the original use in this state of the 590
manufacturing machinery and equipment, or with a taxpayer that 591
was a partner in a partnership with whom commenced the original 592
use in this state of the manufacturing machinery and equipment, 593
is entitled to any remaining or carried-forward grant amounts to 594
which the taxpayer was entitled. 595

(b) A taxpayer that enters into an agreement under 596
division (C) (3) of section 5709.62 of the Revised Code and that 597
acquires manufacturing machinery or equipment as a result of 598
purchasing a large manufacturing facility, as defined in section 599
5709.61 of the Revised Code, from another taxpayer with whom 600
commenced the original use in this state of the manufacturing 601
machinery or equipment, and that operates the large 602
manufacturing facility so purchased, is entitled to any 603
remaining or carried-forward grant amounts to which the other 604
taxpayer who sold the facility would have been entitled under 605
this section had the other taxpayer not sold the manufacturing 606
facility or equipment. 607

(c) New manufacturing machinery and equipment is not 608
considered sold if a pass-through entity transfers to another 609
pass-through entity substantially all of its assets as part of a 610
plan of reorganization under which substantially all gain and 611
loss is not recognized by the pass-through entity that is 612
transferring the new manufacturing machinery and equipment to 613
the transferee and under which the transferee's basis in the new 614
manufacturing machinery and equipment is determined, in whole or 615
in part, by reference to the basis of the pass-through entity 616
that transferred the new manufacturing machinery and equipment 617
to the transferee. 618

(d) Division (C) (5) of this section applies only if the 619
acquiring taxpayer or transferee does not sell the new 620
manufacturing machinery and equipment or transfer the new 621
manufacturing machinery and equipment out of the county before 622
the end of the seven-year period to which division (C) (4) of 623
this section refers. 624

(e) Division (C) (5) (b) of this section applies only to the 625

extent that the taxpayer that sold the manufacturing machinery 626
or equipment, upon request, timely provides to the tax 627
commissioner any information that the tax commissioner considers 628
to be necessary to ascertain any remaining or carried-forward 629
amounts to which the taxpayer that sold the facility would have 630
been entitled under this section had the taxpayer not sold the 631
manufacturing machinery or equipment. Nothing in division (C) (5) 632
(b) or (e) of this section shall be construed to allow a 633
taxpayer to claim any grant amount with respect to the acquired 634
manufacturing machinery or equipment that is greater than the 635
amount that would have been available to the other taxpayer that 636
sold the manufacturing machinery or equipment had the other 637
taxpayer not sold the manufacturing machinery or equipment. 638

(D) The taxpayer shall claim the grant allowed by this 639
section in the manner provided by section 122.172 of the Revised 640
Code. Any portion of the grant in excess of the taxpayer's tax 641
liability for the taxable year shall not be refundable but may 642
be carried forward for the next three consecutive taxable years. 643

(E) A taxpayer purchasing new manufacturing machinery and 644
equipment and intending to claim the grant shall file, with the 645
director of development, a notice of intent to claim the grant 646
on a form prescribed by the director of development. The 647
director of development shall inform the tax commissioner of the 648
notice of intent to claim the grant. No grant may be claimed 649
under this section for any manufacturing machinery and equipment 650
with respect to which a notice was not filed by the date of a 651
timely filed return, including extensions, for the taxable year 652
that includes September 30, 2005, but a notice filed on or 653
before such date under division (E) of section 5733.33 of the 654
Revised Code of the intent to claim the credit under that 655
section ~~or section 5747.31 of the Revised Code~~ also shall be 656

considered a notice of the intent to claim a grant under this 657
section. 658

(F) The director of development shall annually certify, by 659
the first day of January of each year during the qualifying 660
period, the eligible areas for the tax grant for the calendar 661
year that includes that first day of January. The director shall 662
send a copy of the certification to the tax commissioner. 663

(G) New manufacturing machinery and equipment for which a 664
taxpayer claims the credit under section 5733.31~~7~~ or 5733.311~~7~~ 665
~~5747.26, or 5747.261~~ of the Revised Code shall not be considered 666
new manufacturing machinery and equipment for purposes of the 667
grant under this section. 668

(H) (1) Notwithstanding sections 5733.11 and 5747.13 of the 669
Revised Code, but subject to division (H) (2) of this section, 670
the tax commissioner may issue an assessment against a person 671
with respect to a grant claimed under this section for new 672
manufacturing machinery and equipment described in division (A) 673
(1) (b) or (2) (b) of this section, if the machinery or equipment 674
subsequently does not qualify for the grant. 675

(2) Division (H) (1) of this section shall not apply after 676
the twenty-fourth month following the last day of the period 677
described in divisions (A) (1) (b) and (2) (b) of this section. 678

(I) Notwithstanding any other provision of this section to 679
the contrary, in the case of a qualifying controlled group, the 680
grant available under this section to a taxpayer or taxpayers in 681
the qualifying controlled group shall be computed as if all 682
corporations in the group were a single corporation. The grant 683
shall be allocated to such a taxpayer or taxpayers in the group 684
in any amount elected for the taxable year by the group. The 685

election shall be revocable and amendable during the period 686
described in division (B) of section 5733.12 of the Revised 687
Code. 688

This division applies to all purchases of new 689
manufacturing machinery and equipment made on or after January 690
1, 2001, and to all baseline years used to compute any grant 691
attributable to such purchases; provided, that this division may 692
be applied solely at the election of the qualifying controlled 693
group with respect to all purchases of new manufacturing 694
machinery and equipment made before that date, and to all 695
baseline years used to compute any grant attributable to such 696
purchases. The qualifying controlled group at any time may elect 697
to apply this division to purchases made prior to January 1, 698
2001, subject to the following: 699

(1) The election is irrevocable; 700

(2) The election need not accompany a timely filed report, 701
but the election may accompany a subsequently filed but timely 702
application for refund, a subsequently filed but timely amended 703
report, or a subsequently filed but timely petition for 704
reassessment. 705

(J) Except as provided in division (B) of section 122.172 706
of the Revised Code, no grant under this section may be claimed 707
for any taxable year for which a credit is allowed under section 708
5733.33 ~~or 5747.31~~ of the Revised Code. If the tax imposed by 709
section 5733.06 of the Revised Code for which a grant is allowed 710
under this section has been prorated under division (G) (2) of 711
section 5733.01 of the Revised Code, the grant shall be prorated 712
by the same percentage as the tax. 713

Sec. 5709.65. (A) An enterprise issued a certificate under 714

section 5709.64 of the Revised Code shall be entitled to the 715
following tax incentives: 716

(1) With the exception of improvements to land or tangible 717
personal property constituting or used in the retail portion, if 718
any, of a facility, any improvement to land or tangible personal 719
property at a facility for which a certificate is issued, first 720
used in business at the facility as the result of a project, 721
shall not be considered an asset of a corporate enterprise in 722
determining the value of its issued and outstanding stock under 723
division (A) of section 5733.05 of the Revised Code at the end 724
of the taxable year that includes the certificate's date of 725
issuance. 726

(2) With the exception of the original cost of 727
improvements to land or tangible personal property constituting 728
or used in the retail portion, if any, of a facility, the 729
original cost of any improvement to land or tangible personal 730
property at the facility for which the certificate is issued, 731
first used in business at the facility as a result of a project, 732
shall be excluded from the numerator upon computation of the 733
property factor of a corporate enterprise under division (B) (2) 734
(a) of section 5733.05 of the Revised Code, or of a noncorporate 735
enterprise under division (A) of section 5747.21 of the Revised 736
Code, for the taxable year that includes the certificate's date 737
of issuance. 738

As used in divisions (A) (1) and (2) of this section, the 739
"retail portion" of a facility is that part of a facility used 740
primarily for making retail sales as defined in division (O) of 741
section 5739.01 of the Revised Code. 742

(3) Compensation paid to new employees described under 743
divisions (A) (2) (a) to (e) of section 5709.64 of the Revised 744

Code at the facility for which the certificate is issued, who 745
are hired as a result of a project, shall be excluded from the 746
numerator upon computation of the payroll factor of a corporate 747
enterprise under division (B) (2) (b) of section 5733.05 of the 748
Revised Code, or of a noncorporate enterprise under division (B) 749
of section 5747.21 of the Revised Code, for the taxable year 750
that includes the certificate's date of issuance. 751

(4) An enterprise that reimburses its new employees 752
described under divisions (A) (2) (a) to (e) of section 5709.64 of 753
the Revised Code for all or part of the cost of day-care 754
services necessary to enable them to be employed at a facility 755
for which a certificate is issued shall be entitled to a credit 756
equal to the amounts so reimbursed, up to a maximum of three 757
hundred dollars for each child or dependent receiving the 758
services, for the taxable year in which reimbursement is made, 759
against the tax imposed by section 5733.06 of the Revised Code 760
on a corporate enterprise, or by against the aggregate amount of 761
tax imposed on the owners of a noncorporate enterprise under 762
section 5747.02 of the Revised Code on the owners of a 763
noncorporate enterprise, for the taxable year that includes the 764
certificate's date of issuance. Only reimbursements of amounts 765
paid by new employees to day-care centers licensed by the 766
department of job and family services for day-care services 767
provided during the first twenty-four months of employment as a 768
new employee may be applied toward the credit provided under 769
this division. Any enterprise claiming this credit shall 770
maintain records verifying that the credit is claimed only for 771
reimbursement of amounts expended by new employees for such 772
services. 773

(5) For each new employee described in divisions (A) (2) (a) 774
to (e) of section 5709.64 of the Revised Code who completes a 775

training program and is subsequently employed by an enterprise 776
for at least ninety days, if the enterprise pays or reimburses 777
all or part of the cost of the employee's participation in the 778
training program, it may claim a credit equal to the amount paid 779
or reimbursed or one thousand dollars, whichever is less, in the 780
taxable year in which the employee completes the ninety days of 781
subsequent employment, against the tax imposed on a corporate 782
enterprise by section 5733.06 of the Revised Code, or against 783
the aggregate amount of tax imposed on the owners of a 784
noncorporate enterprise ~~by~~ under section 5747.02 of the Revised 785
Code. Only one credit shall be allowed with respect to any 786
individual. Attendance at a qualified training program under 787
this section does not bar an otherwise eligible individual from 788
receipt of benefits under Chapter 4141. of the Revised Code. 789

(B) None of the items set forth in divisions (A) (2) and 790
(3) of this section shall be considered in making any allocation 791
or apportionment under division (B) (2) (d) of section 5733.05 or 792
division (D) of section 5747.21 of the Revised Code. 793

(C) All credits provided under this section to a 794
noncorporate enterprise shall be divided pro rata among the 795
owners of the enterprise subject to the tax imposed by section 796
5747.02 of the Revised Code, based upon their proportionate 797
ownership interests in the enterprise. The enterprise shall file 798
with the tax commissioner, on a form prescribed by the 799
commissioner, a statement showing the total available credit and 800
the portion thereof attributed to each owner. The statement 801
shall identify each owner by name and social security number and 802
shall be filed with the tax commissioner by the date prescribed 803
by the commissioner, which shall be no earlier than the 804
fifteenth day of the month following the close of the 805
enterprise's taxable year for which the credit is claimed. 806

(D) All state income tax or corporation franchise tax 807
credits provided under this section shall be claimed in the 808
order required under section 5733.98 or 5747.98 of the Revised 809
Code. The credits, to the extent they exceed the taxpayer's 810
aggregate tax liability for the taxable year after allowance for 811
any other credits that precede the credits under this section in 812
that order, shall be carried forward to the next succeeding 813
taxable year or years until fully utilized. 814

Sec. 5709.66. (A) If an enterprise has been granted an 815
incentive for the current calendar year under an agreement 816
entered into pursuant to section 5709.62 or 5709.63 of the 817
Revised Code and satisfies both of the requirements described in 818
divisions (A) (1) and (2) of this section at the time of 819
application, it may apply to the director of development, on a 820
form prescribed by the director, for the employee tax credit 821
certificate under division (B) of this section. 822

(1) The enterprise has established, expanded, renovated, 823
or occupied a facility pursuant to an agreement under section 824
5709.62 or 5709.63 of the Revised Code in a zone that is 825
certified by the director of development as having one of the 826
characteristics described in divisions (A) (1) (a) or (b) and at 827
least one of the characteristics described in divisions (A) (1) 828
(c) to (h) of section 5709.61 of the Revised Code. 829

(2) The enterprise or any predecessor enterprise has not 830
closed or reduced employment at any place of business in this 831
state within the twelve months preceding application unless the 832
enterprise, since the date the agreement was formally approved 833
by the legislative authority, has hired new employees equal in 834
number to not less than fifty per cent of the total number of 835
employees employed by the enterprise at other locations in this 836

state on that date. The legislative authority of any municipal 837
corporation or county that concludes that an enterprise or any 838
predecessor enterprise has closed or reduced employment at a 839
place of business in that municipal corporation or county may 840
appeal to the director to determine whether the enterprise or 841
any predecessor enterprise has done so. Upon receiving such an 842
appeal, the director shall investigate the allegations and 843
determine whether the enterprise satisfies the requirement of 844
division (A) (2) of this section before proceeding under division 845
(B) of this section. 846

Within sixty days after receiving an application under 847
this section, the director shall review, investigate, and verify 848
the application and determine whether the enterprise is eligible 849
for the employee tax credit certificate under division (B) of 850
this section. The application shall contain such information and 851
documents as the director requires, by rule, to ascertain 852
whether the enterprise is eligible for the certificate. On 853
finding that the enterprise is eligible, the director shall 854
proceed under division (B) of this section. 855

On determining that an enterprise is not eligible for the 856
certificate under division (B) of this section, the director 857
shall send notice of this determination, specifying the reasons 858
for it, by certified mail, to the applicant, the board of county 859
commissioners, and the chief executive of the municipal 860
corporation in which the facility to which the certificate would 861
have been given is located. Within thirty days after receiving 862
such a notice, an enterprise may request, in writing, a hearing 863
before the director for the purpose of reviewing the application 864
and the reasons for the determination. Within sixty days after 865
receiving a request for a hearing, the director shall afford one 866
and, within thirty days after the hearing, shall issue a 867

redetermination of the enterprise's eligibility for the 868
incentives. If the enterprise is found to be eligible, the 869
director shall proceed under division (B) of this section. If 870
the enterprise is found to be ineligible, the director shall 871
send notice of this finding, by certified mail, to the 872
applicant, the board of commissioners of the county or the chief 873
executive of the municipal corporation in which the facility to 874
which the certificate would have been given is located. The 875
director's redetermination that an enterprise is ineligible may 876
be appealed to the board of tax appeals under section 5717.02 of 877
the Revised Code. 878

(B) (1) If the director determines an enterprise to be 879
eligible under division (A) of this section, the director shall 880
determine if the enterprise is entitled to an employee tax 881
credit certificate. An enterprise is entitled to an employee tax 882
credit certificate for each eligible employee the enterprise 883
hires. A taxpayer who is issued an employee tax credit 884
certificate under this section may claim a nonrefundable credit 885
of one thousand dollars against the ~~tax imposed by taxpayer's~~ 886
aggregate tax liability under either section 5733.06 or 5747.02 887
of the Revised Code for each taxable year of the agreement 888
entered into under section 5709.62 or 5709.63 of the Revised 889
Code in which an eligible employee is employed for the 890
taxpayer's full taxable year. If the eligible employee is 891
employed for less than the taxpayer's full taxable year, the 892
taxpayer may claim a reduced credit against the aggregate amount 893
of tax imposed by due under either section 5733.06 or 5747.02 of 894
the Revised Code. The reduced credit shall be computed by 895
dividing the total number of days in the taxable year into one 896
thousand dollars and multiplying the quotient by the number of 897
days the eligible employee was employed in the taxable year. For 898

purposes of the computation, the eligible employee shall be 899
deemed to have been employed for each day of the taxable year 900
commencing on the date of employment or ending on the date of 901
termination of employment. 902

The credit provided under this division to a noncorporate 903
enterprise or an enterprise that is an S corporation as defined 904
in section 1361 of the Internal Revenue Code shall be divided 905
pro rata among the owners or shareholders of the enterprise 906
subject to the tax imposed by section 5747.02 of the Revised 907
Code, based on their proportionate ownership interests in the 908
enterprise. The enterprise shall file with the tax commissioner, 909
on a form prescribed by the tax commissioner, a statement 910
showing the total available credit and the portion of that 911
credit attributed to each owner or shareholder. The statement 912
shall identify each owner or shareholder by name and social 913
security number and shall be filed with the tax commissioner by 914
the date prescribed by the tax commissioner, which shall be no 915
earlier than the fifteenth day of the month following the close 916
of the enterprise's taxable year for which the credit is 917
claimed. 918

The taxpayer shall claim the credit in the order required 919
under section 5733.98 or 5747.98 of the Revised Code. If the 920
credit provided under this division exceeds the taxpayer's tax 921
liability for the taxable year after allowance for any other 922
credits that precede the credit under this section in that 923
order, the credit may be carried forward for the next three 924
succeeding taxable years, but the amount of any excess credit 925
allowed in any such year shall be deducted from the balance 926
carried forward to the succeeding taxable year. 927

(2) As used in this division: 928

(a) "Eligible employee" means a new employee at a facility 929
who, at the time the employee was hired to work at the facility, 930
was a participant of the Ohio works first program under Chapter 931
5107. of the Revised Code or the prevention, retention, and 932
contingency program under Chapter 5108. of the Revised Code or a 933
recipient of general assistance under former Chapter 5113. of 934
the Revised Code and resided for at least one year in the county 935
in which the facility is located. "Eligible employee" does not 936
include any employee of the enterprise who is a new employee, as 937
defined under section 122.17 of the Revised Code, on the basis 938
of whom the enterprise has claimed a credit under that section. 939

(b) "Taxable year" has the same meaning as in section 940
5733.04 or 5747.01 of the Revised Code, as applicable to the 941
enterprise claiming the credit. 942

Sec. 5709.92. (A) As used in this section: 943

(1) "School district" means a city, local, or exempted 944
village school district. 945

(2) "Joint vocational school district" means a joint 946
vocational school district created under section 3311.16 of the 947
Revised Code, and includes a cooperative education school 948
district created under section 3311.52 or 3311.521 of the 949
Revised Code and a county school financing district created 950
under section 3311.50 of the Revised Code. 951

(3) "Total resources" means the sum of the amounts 952
described in divisions (A) (3) (a) to (g) of this section less any 953
reduction required under division (C) ~~(2)~~ (3) (a) of this section. 954

(a) The state education aid for fiscal year 2015; 955

(b) The sum of the payments received in fiscal year 2015 956
for current expense levy losses under division (C) (3) of section 957

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."	987
(b) "State education aid" for a joint vocational district	988
means the amount computed for the district under section 3317.16	989
of the Revised Code after any amounts are added or subtracted	990
under Section 263.250 of Am. Sub. H.B. 59 of the 130th general	991
assembly, entitled "TRANSITIONAL AID FOR JOINT VOCATIONAL SCHOOL	992
DISTRICTS."	993
(5) "Taxes charged and payable" means taxes charged and	994
payable after the reduction required by section 319.301 of the	995
Revised Code but before the reductions required by sections	996
319.302 and 323.152 of the Revised Code.	997
(6) "Capacity quintile" means the capacity measure	998
quintiles determined under division (B) of this section.	999
(7) "Threshold per cent" means the following:	1000
(a) For a school district in the lowest capacity quintile,	1001
one per cent for fiscal year 2016 and two per cent for fiscal	1002
year 2017 and each year thereafter, the sum of the prior year's	1003
threshold per cent plus one percentage point.	1004
(b) For a school district in the second lowest capacity	1005
quintile, one and one-fourth per cent for fiscal year 2016 and	1006
two and one-half per cent for fiscal year 2017 and each year	1007
thereafter, the sum of the prior year's threshold per cent plus	1008
one and one-fourth percentage points.	1009
(c) For a school district in the third lowest capacity	1010
quintile, one and one-half per cent for fiscal year 2016 and	1011
three per cent for fiscal year 2017 and each year thereafter,	1012
the sum of the prior year's threshold per cent plus one and one	1013
half percentage points.	1014

(d) For a school district in the second highest capacity 1015
quintile, one and three-fourths per cent for fiscal year 2016~~+~~ 1016
and three and one-half per cent for fiscal year 2017 ~~and each~~ 1017
~~year thereafter, the sum of the prior year's threshold per cent~~ 1018
~~plus one and three-fourths percentage points.~~ 1019

(e) For a school district in the highest capacity 1020
quintile, two per cent for fiscal year 2016~~+~~ and four per cent 1021
for fiscal year 2017 ~~and each year thereafter, the sum of the~~ 1022
~~prior year's threshold per cent plus two percentage points.~~ 1023

(f) For a joint vocational school district, two per cent 1024
for fiscal year 2016~~+~~ and four per cent for fiscal year 2017 ~~and~~ 1025
~~thereafter, the sum of the prior year's threshold per cent plus~~ 1026
~~two percentage points.~~ 1027

(8) "Current expense allocation" means the sum of the 1028
payments received by a school district or joint vocational 1029
school district in fiscal year 2015 for current expense levy 1030
losses under division (C) (3) of section 5727.85 and division (C) 1031
(12) of section 5751.21 of the Revised Code as they existed at 1032
that time, less any reduction required under division (C) ~~(2)~~ (3) 1033
(b) of this section. 1034

(9) "Non-current expense allocation" means the sum of the 1035
payments received by a school district or joint vocational 1036
school district in fiscal year 2015 for levy losses under 1037
division (C) (3) (c) of section 5727.85 and division (C) (12) (c) of 1038
section 5751.21 of the Revised Code, as they existed at that 1039
time, and levy losses in fiscal year 2015 under division (H) of 1040
section 5727.84 of the Revised Code as that section existed at 1041
that time attributable to levies for and payments received for 1042
losses on levies intended to generate money for maintenance of 1043
classroom facilities. 1044

(10) "Operating TPP fixed-sum levy losses" means the sum 1045
of payments received by a school district in fiscal year 2015 1046
for levy losses under division (E) of section 5751.21 of the 1047
Revised Code, excluding levy losses for debt purposes. 1048

(11) "Operating S.B. 3 fixed-sum levy losses" means the 1049
sum of payments received by the school district in fiscal year 1050
2015 for levy losses under division (H) of section 5727.84 of 1051
the Revised Code, excluding levy losses for debt purposes. 1052

(12) "TPP fixed-sum debt levy losses" means the sum of 1053
payments received by a school district in fiscal year 2015 for 1054
levy losses under division (E) of section 5751.21 of the Revised 1055
Code for debt purposes. 1056

(13) "S.B. 3 fixed-sum debt levy losses" means the sum of 1057
payments received by the school district in fiscal year 2015 for 1058
levy losses under division (H) of section 5727.84 of the Revised 1059
Code for debt purposes. 1060

(14) "Qualifying levies" means qualifying levies described 1061
in section 5751.20 of the Revised Code as that section was in 1062
effect before July 1, 2015. 1063

(15) "Total taxable value" has the same meaning as in 1064
section 3317.02 of the Revised Code. 1065

(B) The department of education shall rank all school 1066
districts in the order of districts' capacity measures 1067
determined under section 3317.018 of the Revised Code from 1068
lowest to highest, and divide such ranking into quintiles, with 1069
the first quintile containing the twenty per cent of school 1070
districts having the lowest capacity measure and the fifth 1071
quintile containing the twenty per cent of school districts 1072
having the highest capacity measure. This calculation and 1073

ranking shall be performed once, in fiscal year 2016,~~and used~~ 1074
~~for subsequent years for the purpose of division (A) (7) of this~~ 1075
~~section.~~ 1076

(C) (1) In fiscal year 2016, payments shall be made to 1077
school districts and joint vocational school districts equal to 1078
the sum of the amounts described in divisions (C) (1) (a) or (b) 1079
and (C) (1) (c) of this section. In fiscal year 2017~~and~~ 1080
~~subsequent fiscal years,~~ payments shall be made to school 1081
districts and joint vocational school districts equal to the 1082
amount described in division (C) (1) (a) or (b) of this section. 1083

(a) If the ratio of the current expense allocation to 1084
total resources is equal to or less than the district's 1085
threshold per cent, zero; 1086

(b) If the ratio of the current expense allocation to 1087
total resources is greater than the district's threshold per 1088
cent, the difference between the current expense allocation and 1089
the product of the threshold percentage and total resources; 1090

(c) For fiscal year 2016, the product of the non-current 1091
expense allocation multiplied by fifty per cent. 1092

(2) In fiscal year 2018 and subsequent fiscal years, 1093
payments shall be made to school districts and joint vocational 1094
school districts equal to the difference obtained by subtracting 1095
the amount described in division (C) (2) (b) of this section from 1096
the amount described in division (C) (2) (a) of this section, 1097
provided that such amount is greater than zero. 1098

(a) The sum of the payments received by the district under 1099
division (C) (1) (b) or (C) (2) of this section for the immediately 1100
preceding fiscal year; 1101

(b) One-sixteenth of one per cent of the average of the 1102

total taxable value of the district for tax years 2014, 2015, 1103
and 2016. 1104

(3)(a) "Total resources" used to compute payments under 1105
division (C) (1) of this section shall be reduced to the extent 1106
that payments distributed in fiscal year 2015 were attributable 1107
to levies no longer charged and payable for tax year 2014. 1108

(b) "Current expense allocation" used to compute payments 1109
under division (C) (1) of this section shall be reduced to the 1110
extent that the payments distributed in fiscal year 2015 were 1111
attributable to levies no longer charged and payable for tax 1112
year 2014. 1113

~~(3)~~(4) The department of education shall report to each 1114
school district and joint vocational school district the 1115
apportionment of the payments under division (C) (1) of this 1116
section among the district's funds based on qualifying levies. 1117

(D) (1) ~~payments~~ Payments in the following amounts shall be 1118
made to school districts and joint vocational school districts 1119
in tax years 2016 through 2021: 1120

(a) In tax year 2016, the sum of the district's operating 1121
TPP fixed-sum levy losses and operating S.B. 3 fixed-sum levy 1122
losses. 1123

(b) In tax year 2017, the sum of the district's operating 1124
TPP fixed-sum levy losses and eighty per cent of operating S.B. 1125
3 fixed-sum levy losses. 1126

(c) In tax year 2018, the sum of eighty per cent of the 1127
district's operating TPP fixed-sum levy losses and sixty per 1128
cent of its operating S.B. 3 fixed-sum levy losses. 1129

(d) In tax year 2019, the sum of sixty per cent of the 1130

district's operating TPP fixed-sum levy losses and forty per 1131
cent of its operating S.B. 3 fixed-sum levy losses. 1132

(e) In tax year 2020, the sum of forty per cent of the 1133
district's operating TPP fixed-sum levy losses and twenty per 1134
cent of its operating S.B. 3 fixed-sum levy losses. 1135

(f) In tax year 2021, twenty per cent of the district's 1136
operating TPP fixed-sum levy losses. 1137

No payment shall be made under division (D) (1) of this 1138
section after tax year 2021. 1139

~~(3)~~ (2) Amounts are payable under division (D) of this 1140
section for fixed-sum levy losses only to the extent of such 1141
losses for qualifying levies that remain in effect for the 1142
current tax year. For this purpose, a qualifying levy levied 1143
under section 5705.194 or 5705.213 of the Revised Code remains 1144
in effect for the current tax year only if a tax levied under 1145
either of those sections is charged and payable for the current 1146
tax year for an annual sum at least equal to the annual sum 1147
levied by the board of education for tax year 2004 under those 1148
sections less the amount of the payment under this division. 1149

(E) (1) For fixed-sum levies for debt purposes, payments 1150
shall be made to school districts and joint vocational school 1151
districts equal to one hundred per cent of the district's fixed- 1152
sum levy loss determined under division (E) of section 5751.20 1153
and division (H) of section 5727.84 of the Revised Code as in 1154
effect before July 1, 2015, and paid in tax year 2014. No 1155
payment shall be made for qualifying levies that are no longer 1156
charged and payable. 1157

(2) Beginning in 2016, by the thirty-first day of January 1158
of each year, the tax commissioner shall review the calculation 1159

of fixed-sum levy loss for debt purposes determined under 1160
division (E) of section 5751.20 and division (H) of section 1161
5727.84 of the Revised Code as in effect before July 1, 2015. If 1162
the commissioner determines that a fixed-sum levy that had been 1163
scheduled to be reimbursed in the current year is no longer 1164
charged and payable, a revised calculation for that year and all 1165
subsequent years shall be made. 1166

(F) (1) For taxes levied within the ten-mill limitation for 1167
debt purposes in tax year 1998 in the case of electric company 1168
tax value losses, and in tax year 1999 in the case of natural 1169
gas company tax value losses, payments shall be made to school 1170
districts and joint vocational school districts equal to one 1171
hundred per cent of the loss computed under division (D) of 1172
section 5727.85 of the Revised Code as in effect before July 1, 1173
2015, as if the tax were a fixed-rate levy, but those payments 1174
shall extend through fiscal year 2016. 1175

(2) For taxes levied within the ten-mill limitation for 1176
debt purposes in tax year 2005, payments shall be made to school 1177
districts and joint vocational school districts equal to one 1178
hundred per cent of the loss computed under division (D) of 1179
section 5751.21 of the Revised Code as in effect before July 1, 1180
2015, as if the tax were a fixed-rate levy, but those payments 1181
shall extend through fiscal year 2018. 1182

(G) If all the territory of a school district or joint 1183
vocational school district is merged with another district, or 1184
if a part of the territory of a school district or joint 1185
vocational school district is transferred to an existing or 1186
newly created district, the department of education, in 1187
consultation with the tax commissioner, shall adjust the 1188
payments made under this section as follows: 1189

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

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

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

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

commissioner, shall make an equitable division of the 1220
reimbursements for those losses. 1221

(H) The payments required by divisions (C), (D), (E), and 1222
(F) of this section shall be distributed periodically to each 1223
school and joint vocational school district by the department of 1224
education unless otherwise provided for. Except as provided in 1225
division (D) of this section, if a levy that is a qualifying 1226
levy is not charged and payable in any year after 2014, payments 1227
to the school district or joint vocational school district shall 1228
be reduced to the extent that the payments distributed in fiscal 1229
year 2015 were attributable to the levy loss of that levy. 1230

Sec. 5733.33. (A) As used in this section: 1231

(1) "Manufacturing machinery and equipment" means engines 1232
and machinery, and tools and implements, of every kind used, or 1233
designed to be used, in refining and manufacturing. 1234

"Manufacturing machinery and equipment" does not include 1235
property acquired after December 31, 1999, that is used: 1236

(a) For the transmission and distribution of electricity; 1237

(b) For the generation of electricity, if fifty per cent 1238
or more of the electricity that the property generates is 1239
consumed, during the one-hundred-twenty-month period commencing 1240
with the date the property is placed in service, by persons that 1241
are not related members to the person who generates the 1242
electricity. 1243

(2) "New manufacturing machinery and equipment" means 1244
manufacturing machinery and equipment, the original use in this 1245
state of which commences with the taxpayer or with a partnership 1246
of which the taxpayer is a partner. "New manufacturing machinery 1247
and equipment" does not include property acquired after December 1248

31, 1999, that is used:	1249
(a) For the transmission and distribution of electricity;	1250
(b) For the generation of electricity, if fifty per cent	1251
or more of the electricity that the property generates is	1252
consumed, during the one-hundred-twenty-month period commencing	1253
with the date the property is placed in service, by persons that	1254
are not related members to the person who generates the	1255
electricity.	1256
(3) (a) "Purchase" has the same meaning as in section	1257
179(d) (2) of the Internal Revenue Code.	1258
(b) For purposes of this section, any property that is not	1259
manufactured or assembled primarily by the taxpayer is	1260
considered purchased at the time the agreement to acquire the	1261
property becomes binding. Any property that is manufactured or	1262
assembled primarily by the taxpayer is considered purchased at	1263
the time the taxpayer places the property in service in the	1264
county for which the taxpayer will calculate the county excess	1265
amount.	1266
(c) Notwithstanding section 179(d) of the Internal Revenue	1267
Code, a taxpayer's direct or indirect acquisition of new	1268
manufacturing machinery and equipment is not purchased on or	1269
after July 1, 1995, if the taxpayer, or a person whose	1270
relationship to the taxpayer is described in subparagraphs (A),	1271
(B), or (C) of section 179(d) (2) of the Internal Revenue Code,	1272
had directly or indirectly entered into a binding agreement to	1273
acquire the property at any time prior to July 1, 1995.	1274
(4) "Qualifying period" means the period that begins July	1275
1, 1995, and ends June 30, 2005.	1276
(5) "County average new manufacturing machinery and	1277

equipment investment" means either of the following:	1278
(a) The average annual cost of new manufacturing machinery	1279
and equipment purchased for use in the county during baseline	1280
years, in the case of a taxpayer that was in existence for more	1281
than one year during baseline years.	1282
(b) Zero, in the case of a taxpayer that was not in	1283
existence for more than one year during baseline years.	1284
(6) "Partnership" includes a limited liability company	1285
formed under Chapter 1705. of the Revised Code or under the laws	1286
of any other state, provided that the company is not classified	1287
for federal income tax purposes as an association taxable as a	1288
corporation.	1289
(7) "Partner" includes a member of a limited liability	1290
company formed under Chapter 1705. of the Revised Code or under	1291
the laws of any other state, provided that the company is not	1292
classified for federal income tax purposes as an association	1293
taxable as a corporation.	1294
(8) "Distressed area" means either a municipal corporation	1295
that has a population of at least fifty thousand or a county	1296
that meets two of the following criteria of economic distress,	1297
or a municipal corporation the majority of the population of	1298
which is situated in such a county:	1299
(a) Its average rate of unemployment, during the most	1300
recent five-year period for which data are available, is equal	1301
to at least one hundred twenty-five per cent of the average rate	1302
of unemployment for the United States for the same period;	1303
(b) It has a per capita income equal to or below eighty	1304
per cent of the median county per capita income of the United	1305
States as determined by the most recently available figures from	1306

the United States census bureau; 1307

(c) (i) In the case of a municipal corporation, at least 1308
twenty per cent of the residents have a total income for the 1309
most recent census year that is below the official poverty line; 1310

(ii) In the case of a county, in intercensal years, the 1311
county has a ratio of transfer payment income to total county 1312
income equal to or greater than twenty-five per cent. 1313

(9) "Eligible area" means a distressed area, a labor 1314
surplus area, an inner city area, or a situational distress 1315
area. 1316

(10) "Inner city area" means, in a municipal corporation 1317
that has a population of at least one hundred thousand and does 1318
not meet the criteria of a labor surplus area or a distressed 1319
area, targeted investment areas established by the municipal 1320
corporation within its boundaries that are comprised of the most 1321
recent census block tracts that individually have at least 1322
twenty per cent of their population at or below the state 1323
poverty level or other census block tracts contiguous to such 1324
census block tracts. 1325

(11) "Labor surplus area" means an area designated as a 1326
labor surplus area by the United States department of labor. 1327

(12) "Official poverty line" has the same meaning as in 1328
division (A) of section 3923.51 of the Revised Code. 1329

(13) "Situational distress area" means a county or a 1330
municipal corporation that has experienced or is experiencing a 1331
closing or downsizing of a major employer, that will adversely 1332
affect the county's or municipal corporation's economy. In order 1333
to be designated as a situational distress area for a period not 1334
to exceed thirty-six months, the county or municipal corporation 1335

may petition the director of development. The petition shall 1336
include written documentation that demonstrates all of the 1337
following adverse effects on the local economy: 1338

(a) The number of jobs lost by the closing or downsizing; 1339

(b) The impact that the job loss has on the county's or 1340
municipal corporation's unemployment rate as measured by the 1341
state director of job and family services; 1342

(c) The annual payroll associated with the job loss; 1343

(d) The amount of state and local taxes associated with 1344
the job loss; 1345

(e) The impact that the closing or downsizing has on the 1346
suppliers located in the county or municipal corporation. 1347

(14) "Cost" has the same meaning and limitation as in 1348
section 179(d)(3) of the Internal Revenue Code. 1349

(15) "Baseline years" means: 1350

(a) Calendar years 1992, 1993, and 1994, with regard to a 1351
credit claimed for the purchase during calendar year 1995, 1996, 1352
1997, or 1998 of new manufacturing machinery and equipment; 1353

(b) Calendar years 1993, 1994, and 1995, with regard to a 1354
credit claimed for the purchase during calendar year 1999 of new 1355
manufacturing machinery and equipment; 1356

(c) Calendar years 1994, 1995, and 1996, with regard to a 1357
credit claimed for the purchase during calendar year 2000 of new 1358
manufacturing machinery and equipment; 1359

(d) Calendar years 1995, 1996, and 1997, with regard to a 1360
credit claimed for the purchase during calendar year 2001 of new 1361
manufacturing machinery and equipment; 1362

(e) Calendar years 1996, 1997, and 1998, with regard to a 1363
credit claimed for the purchase during calendar year 2002 of new 1364
manufacturing machinery and equipment; 1365

(f) Calendar years 1997, 1998, and 1999, with regard to a 1366
credit claimed for the purchase during calendar year 2003 of new 1367
manufacturing machinery and equipment; 1368

(g) Calendar years 1998, 1999, and 2000, with regard to a 1369
credit claimed for the purchase during calendar year 2004 of new 1370
manufacturing machinery and equipment; 1371

(h) Calendar years 1999, 2000, and 2001, with regard to a 1372
credit claimed for the purchase on or after January 1, 2005, and 1373
on or before June 30, 2005, of new manufacturing machinery and 1374
equipment. 1375

(16) "Related member" has the same meaning as in section 1376
5733.042 of the Revised Code. 1377

(B) (1) Subject to division (I) of this section, a 1378
nonrefundable credit is allowed against the tax imposed by 1379
section 5733.06 of the Revised Code for a taxpayer that 1380
purchases new manufacturing machinery and equipment during the 1381
qualifying period, provided that the new manufacturing machinery 1382
and equipment are installed in this state no later than June 30, 1383
2006. No credit shall be allowed under this section ~~or section~~ 1384
~~5747.31 of the Revised Code~~ for taxable years ending on or after 1385
July 1, 2005. The elimination of the credit for those taxable 1386
years includes the elimination of any remaining one-sevenths of 1387
credit amounts for which a portion was allowed for prior taxable 1388
years and the elimination of any credit carry-forward, but the 1389
purchases on which the credits were based remain subject to 1390
grants under section 122.173 of the Revised Code for those 1391

remaining one-seventh amounts or carry-forward amounts. 1392

(2) (a) Except as otherwise provided in division (B) (2) (b) 1393
of this section, a credit may be claimed under this section in 1394
excess of one million dollars only if the cost of all 1395
manufacturing machinery and equipment owned in this state by the 1396
taxpayer claiming the credit on the last day of the calendar 1397
year exceeds the cost of all manufacturing machinery and 1398
equipment owned in this state by the taxpayer on the first day 1399
of that calendar year. 1400

As used in division (B) (2) (a) of this section, "calendar 1401
year" means the calendar year in which the machinery and 1402
equipment for which the credit is claimed was purchased. 1403

(b) Division (B) (2) (a) of this section does not apply if 1404
the taxpayer claiming the credit applies for and is issued a 1405
waiver of the requirement of that division. A taxpayer may apply 1406
to the director of development for such a waiver in the manner 1407
prescribed by the director, and the director may issue such a 1408
waiver if the director determines that granting the credit is 1409
necessary to increase or retain employees in this state, and 1410
that the credit has not caused relocation of manufacturing 1411
machinery and equipment among counties within this state for the 1412
primary purpose of qualifying for the credit. 1413

(C) (1) Except as otherwise provided in division (C) (2) and 1414
division (I) of this section, the credit amount is equal to 1415
seven and one-half per cent of the excess of the cost of the new 1416
manufacturing machinery and equipment purchased during the 1417
calendar year for use in a county over the county average new 1418
manufacturing machinery and equipment investment for that 1419
county. 1420

(2) Subject to division (I) of this section, as used in 1421
division (C)(2) of this section "county excess" means the 1422
taxpayer's excess cost for a county as computed under division 1423
(C)(1) of this section. 1424

Subject to division (I) of this section, a taxpayer with a 1425
county excess, whose purchases included purchases for use in any 1426
eligible area in the county, the credit amount is equal to 1427
thirteen and one-half per cent of the cost of the new 1428
manufacturing machinery and equipment purchased during the 1429
calendar year for use in the eligible areas in the county, 1430
provided that the cost subject to the thirteen and one-half per 1431
cent rate shall not exceed the county excess. If the county 1432
excess is greater than the cost of the new manufacturing 1433
machinery and equipment purchased during the calendar year for 1434
use in eligible areas in the county, the credit amount also 1435
shall include an amount equal to seven and one-half per cent of 1436
the amount of the difference. 1437

(3) If a taxpayer is allowed a credit for purchases of new 1438
manufacturing machinery and equipment in more than one county or 1439
eligible area, it shall aggregate the amount of those credits 1440
each year. 1441

(4) The taxpayer shall claim one-seventh of the credit 1442
amount for the tax year immediately following the calendar year 1443
in which the new manufacturing machinery and equipment is 1444
purchased for use in the county by the taxpayer or partnership. 1445
One-seventh of the taxpayer credit amount is allowed for each of 1446
the six ensuing tax years. Except for carried-forward amounts, 1447
the taxpayer is not allowed any credit amount remaining if the 1448
new manufacturing machinery and equipment is sold by the 1449
taxpayer or partnership or is transferred by the taxpayer or 1450

partnership out of the county before the end of the seven-year 1451
period unless, at the time of the sale or transfer, the new 1452
manufacturing machinery and equipment has been fully depreciated 1453
for federal income tax purposes. 1454

(5) (a) A taxpayer that acquires manufacturing machinery 1455
and equipment as a result of a merger with the taxpayer with 1456
whom commenced the original use in this state of the 1457
manufacturing machinery and equipment, or with a taxpayer that 1458
was a partner in a partnership with whom commenced the original 1459
use in this state of the manufacturing machinery and equipment, 1460
is entitled to any remaining or carried-forward credit amounts 1461
to which the taxpayer was entitled. 1462

(b) A taxpayer that enters into an agreement under 1463
division (C) (3) of section 5709.62 of the Revised Code and that 1464
acquires manufacturing machinery or equipment as a result of 1465
purchasing a large manufacturing facility, as defined in section 1466
5709.61 of the Revised Code, from another taxpayer with whom 1467
commenced the original use in this state of the manufacturing 1468
machinery or equipment, and that operates the large 1469
manufacturing facility so purchased, is entitled to any 1470
remaining or carried-forward credit amounts to which the other 1471
taxpayer who sold the facility would have been entitled under 1472
this section had the other taxpayer not sold the manufacturing 1473
facility or equipment. 1474

(c) New manufacturing machinery and equipment is not 1475
considered sold if a pass-through entity transfers to another 1476
pass-through entity substantially all of its assets as part of a 1477
plan of reorganization under which substantially all gain and 1478
loss is not recognized by the pass-through entity that is 1479
transferring the new manufacturing machinery and equipment to 1480

the transferee and under which the transferee's basis in the new 1481
manufacturing machinery and equipment is determined, in whole or 1482
in part, by reference to the basis of the pass-through entity 1483
which transferred the new manufacturing machinery and equipment 1484
to the transferee. 1485

(d) Division (C) (5) of this section shall apply only if 1486
the acquiring taxpayer or transferee does not sell the new 1487
manufacturing machinery and equipment or transfer the new 1488
manufacturing machinery and equipment out of the county before 1489
the end of the seven-year period to which division (C) (4) of 1490
this section refers. 1491

(e) Division (C) (5) (b) of this section applies only to the 1492
extent that the taxpayer that sold the manufacturing machinery 1493
or equipment, upon request, timely provides to the tax 1494
commissioner any information that the tax commissioner considers 1495
to be necessary to ascertain any remaining or carried-forward 1496
amounts to which the taxpayer that sold the facility would have 1497
been entitled under this section had the taxpayer not sold the 1498
manufacturing machinery or equipment. Nothing in division (C) (5) 1499
(b) or (e) of this section shall be construed to allow a 1500
taxpayer to claim any credit amount with respect to the acquired 1501
manufacturing machinery or equipment that is greater than the 1502
amount that would have been available to the other taxpayer that 1503
sold the manufacturing machinery or equipment had the other 1504
taxpayer not sold the manufacturing machinery or equipment. 1505

(D) The taxpayer shall claim the credit in the order 1506
required under section 5733.98 of the Revised Code. Each year, 1507
any credit amount in excess of the tax due under section 5733.06 1508
of the Revised Code after allowing for any other credits that 1509
precede the credit under this section in that order may be 1510

carried forward for three tax years. 1511

(E) A taxpayer purchasing new manufacturing machinery and 1512
equipment and intending to claim the credit shall file, with the 1513
department of development, a notice of intent to claim the 1514
credit on a form prescribed by the department of development. 1515
The department of development shall inform the tax commissioner 1516
of the notice of intent to claim the credit. No credit may be 1517
claimed under this section for any manufacturing machinery and 1518
equipment with respect to which a notice was not filed by the 1519
date of a timely filed return, including extensions, for the 1520
taxable year that includes September 30, 2005. 1521

(F) The director of development shall annually certify, by 1522
the first day of January of each year during the qualifying 1523
period, the eligible areas for the tax credit for the calendar 1524
year that includes that first day of January. The director shall 1525
send a copy of the certification to the tax commissioner. 1526

(G) New manufacturing machinery and equipment for which a 1527
taxpayer claims the credit under section 5733.31~~7~~ or 5733.311~~7~~— 1528
~~5747.26, or 5747.261~~ of the Revised Code shall not be considered 1529
new manufacturing machinery and equipment for purposes of the 1530
credit under this section. 1531

(H) (1) Notwithstanding sections 5733.11 and 5747.13 of the 1532
Revised Code, but subject to division (H) (2) of this section, 1533
the tax commissioner may issue an assessment against a person 1534
with respect to a credit claimed under this section for new 1535
manufacturing machinery and equipment described in division (A) 1536
(1) (b) or (2) (b) of this section, if the machinery or equipment 1537
subsequently does not qualify for the credit. 1538

(2) Division (H) (1) of this section shall not apply after 1539

the twenty-fourth month following the last day of the period 1540
described in divisions (A) (1) (b) and (2) (b) of this section. 1541

(I) Notwithstanding any other provision of this section to 1542
the contrary, in the case of a qualifying controlled group, the 1543
credit available under this section to a taxpayer or taxpayers 1544
in the qualifying controlled group shall be computed as if all 1545
corporations in the group were a single corporation. The credit 1546
shall be allocated to such a taxpayer or taxpayers in the group 1547
in any amount elected for the taxable year by the group. Such 1548
election shall be revocable and amendable during the period 1549
described in division (B) of section 5733.12 of the Revised 1550
Code. 1551

This division applies to all purchases of new 1552
manufacturing machinery and equipment made on or after January 1553
1, 2001, and to all baseline years used to compute any credit 1554
attributable to such purchases; provided, that this division may 1555
be applied solely at the election of the qualifying controlled 1556
group with respect to all purchases of new manufacturing 1557
machinery and equipment made before that date, and to all 1558
baseline years used to compute any credit attributable to such 1559
purchases. The qualifying controlled group at any time may elect 1560
to apply this division to purchases made prior to January 1, 1561
2001, subject to the following: 1562

(1) The election is irrevocable; 1563

(2) The election need not accompany a timely filed report, 1564
but the election may accompany a subsequently filed but timely 1565
application for refund, a subsequently filed but timely amended 1566
report, or a subsequently filed but timely petition for 1567
reassessment. 1568

Sec. 5733.42. (A) As used in this section:	1569
(1) "Eligible training program" means a program to provide	1570
job skills to eligible employees who are unable effectively to	1571
function on the job due to skill deficiencies or who would	1572
otherwise be displaced because of their skill deficiencies or	1573
inability to use new technology, or to provide job skills to	1574
eligible employees that enable them to perform other job duties	1575
for the taxpayer. Eligible training programs do not include	1576
executive, management, or personal enrichment training programs,	1577
or training programs intended exclusively for personal career	1578
development.	1579
(2) "Eligible employee" means an individual who is	1580
employed in this state by a taxpayer and has been so employed by	1581
the same taxpayer for at least one hundred eighty consecutive	1582
days before the day an application for the credit is filed under	1583
this section. "Eligible employee" does not include any employee	1584
for which a credit is claimed pursuant to division (A)(5) of	1585
section 5709.65 of the Revised Code for all or any part of the	1586
same year, an employee who is not a full-time employee, or	1587
executive or managerial personnel, except for the immediate	1588
supervisors of nonexecutive, nonmanagerial personnel.	1589
(3) "Eligible training costs" means:	1590
(a) Direct instructional costs, such as instructor	1591
salaries, materials and supplies, textbooks and manuals,	1592
videotapes, and other instructional media and training equipment	1593
used exclusively for the purpose of training eligible employees;	1594
(b) Wages paid to eligible employees for time devoted	1595
exclusively to an eligible training program during normal paid	1596
working hours.	1597

(4) "Full-time employee" means an individual who is 1598
employed for consideration for at least thirty-five hours per 1599
week, or who renders any other standard of service generally 1600
accepted by custom or specified by contract as full-time 1601
employment. 1602

(5) "Partnership" includes a limited liability company 1603
formed under Chapter 1705. of the Revised Code or under the laws 1604
of another state, provided that the company is not classified 1605
for federal income tax purposes as an association taxable as a 1606
corporation. 1607

(B) There is hereby allowed a nonrefundable credit against 1608
the tax imposed by section 5733.06 of the Revised Code for 1609
taxpayers for which a tax credit certificate is issued under 1610
division (C) of this section. The credit may be claimed for tax 1611
years 2004, 2005, 2006, 2007, and 2008. The amount of the credit 1612
for tax year 2004 shall equal one-half of the average of the 1613
eligible training costs paid or incurred by the taxpayer during 1614
calendar years 1999, 2000, and 2001, not to exceed one thousand 1615
dollars for each eligible employee on account of whom eligible 1616
training costs were paid or incurred by the taxpayer during 1617
those calendar years. The amount of the credit for tax year 2005 1618
shall equal one-half of the average of the eligible training 1619
costs paid or incurred by the taxpayer during calendar years 1620
2002, 2003, and 2004, not to exceed one thousand dollars for 1621
each eligible employee on account of whom eligible training 1622
costs were paid or incurred by the taxpayer during those 1623
calendar years. The amount of the credit for tax year 2006 shall 1624
equal one-half of the average of the eligible training costs 1625
paid or incurred by the taxpayer during calendar years 2003, 1626
2004, and 2005, not to exceed one thousand dollars for each 1627
eligible employee on account of whom eligible training costs 1628

were paid or incurred by the taxpayer during those calendar 1629
years. The amount of the credit for tax year 2007 shall equal 1630
one-half of the average of the eligible training costs paid or 1631
incurred by the taxpayer during calendar years 2004, 2005, and 1632
2006, not to exceed one thousand dollars for each eligible 1633
employee on account of whom eligible training costs were paid or 1634
incurred by the taxpayer during those calendar years. The amount 1635
of the credit for tax year 2008 shall equal one-half of the 1636
average of the eligible training costs paid or incurred by the 1637
taxpayer during calendar years 2005, 2006, and 2007, not to 1638
exceed one thousand dollars for each eligible employee on 1639
account of whom eligible training costs were paid or incurred by 1640
the taxpayer during those calendar years. 1641

The credit claimed by a taxpayer each tax year shall not 1642
exceed one hundred thousand dollars. 1643

(C) A taxpayer who proposes to conduct an eligible 1644
training program may apply to the director of job and family 1645
services for a tax credit certificate under this section. The 1646
taxpayer may apply for such a certificate for tax years 2004, 1647
2005, 2006, 2007, and 2008 subject to division (L) of this 1648
section. The director shall prescribe the form of the 1649
application, which shall require a detailed description of the 1650
proposed training program. The director may require applicants 1651
to remit an application fee with each application filed with the 1652
director. The fee shall not exceed the reasonable and necessary 1653
expenses incurred by the director in receiving, reviewing, and 1654
approving such applications and issuing tax credit certificates. 1655
Proceeds from fees shall be used solely for the purpose of 1656
receiving, reviewing, and approving such applications and 1657
issuing such certificates. 1658

After receipt of an application, the director shall 1659
authorize a credit under this section by issuing a tax credit 1660
certificate, in the form prescribed by the director, if the 1661
director determines all of the following: 1662

(1) The proposed training program is an eligible training 1663
program under this section; 1664

(2) The proposed training program is economically sound 1665
and will benefit the people of this state by improving workforce 1666
skills and strengthening the economy of this state; 1667

(3) Receiving the tax credit is a major factor in the 1668
taxpayer's decision to go forward with the training program; 1669

(4) Authorization of the credit is consistent with 1670
division (H) of this section. 1671

The credit also is allowed for a taxpayer that is a 1672
partner in a partnership that pays or incurs eligible training 1673
costs. Such a taxpayer shall determine the taxpayer's credit 1674
amount in the manner prescribed by division (K) of this section. 1675

(D) If the director of job and family services denies an 1676
application for a tax credit certificate, the director shall 1677
send notice of the denial and the reason for denial to the 1678
applicant by certified mail, return receipt requested. If the 1679
director determines that an authorized training program, as 1680
actually conducted, fails to meet the requirements of this 1681
section or to comply with any condition set forth in the 1682
authorization, the director may reduce the amount of the tax 1683
credit previously granted. If the director reduces a tax credit, 1684
the director shall send notice of the reduction and the reason 1685
for the reduction to the taxpayer by certified mail, return 1686
receipt requested, and shall certify the reduction to the tax 1687

commissioner or, in the case of the reduction of a credit 1688
claimed by an insurance company, the superintendent of 1689
insurance. The tax commissioner or superintendent of insurance 1690
shall reduce the credit that may be claimed by the taxpayer 1691
accordingly. Within sixty days after receiving a notice of 1692
denial or notice of reduction of the tax credit, an applicant or 1693
taxpayer may request, in writing, a hearing before the director 1694
to review the denial or reduction. Within sixty days after 1695
receiving a request that is filed within the prescribed time, 1696
the director shall hold such a hearing at a location to be 1697
determined by the director. Within thirty days after the hearing 1698
is adjourned, the director shall issue a redetermination 1699
affirming, reversing, or modifying the denial or reduction of 1700
the tax credit and send notice of the redetermination to the 1701
applicant or taxpayer by certified mail, return receipt 1702
requested, and shall issue a notice of the redetermination to 1703
the tax commissioner or superintendent of insurance. If an 1704
applicant or taxpayer is aggrieved by the director's 1705
redetermination, the applicant or taxpayer may appeal the 1706
redetermination to the board of tax appeals in the manner 1707
prescribed by section 5717.02 of the Revised Code. 1708

(E) A taxpayer to which a tax credit certificate is issued 1709
shall retain records indicating the eligible training costs it 1710
pays or incurs for the eligible training program for which the 1711
certificate is issued for four years following the end of the 1712
tax year for which the credit is claimed. Such records shall be 1713
open to inspection by the director of job and family services 1714
upon the director's request during business hours. 1715

Financial statements and other information submitted by an 1716
applicant to the director of job and family services for a tax 1717
credit under this section, and any information taken for any 1718

purpose from such statements or information, are not public 1719
records subject to section 149.43 of the Revised Code. However, 1720
the director of job and family services, the tax commissioner, 1721
or superintendent of insurance may make use of the statements 1722
and other information for purposes of issuing public reports or 1723
in connection with court proceedings concerning tax credits 1724
allowed under this section and sections 5725.31~~7~~ and 5729.07~~7~~ 1725
and ~~5747.39~~ of the Revised Code. 1726

(F) The director of job and family services, in accordance 1727
with Chapter 119. of the Revised Code, shall adopt rules 1728
necessary to implement this section and sections 5725.31~~7~~ and 1729
5729.07~~7~~ and ~~5747.39~~ of the Revised Code. The rules shall be 1730
adopted after consultation with the tax commissioner and the 1731
superintendent of insurance. The rules shall require that if a 1732
taxpayer to which a tax credit certificate is issued under any 1733
of those sections permanently relocates or transfers employees 1734
trained under the tax credit certificate to another state or 1735
country within two years of receiving the certificate, the 1736
taxpayer shall repay the total amount of the tax credit received 1737
by the taxpayer for any employees permanently relocated or 1738
transferred. At the time the director gives public notice under 1739
division (A) of section 119.03 of the Revised Code of the 1740
adoption of the rules, the director shall submit copies of the 1741
proposed rules to the chairpersons and ranking minority members 1742
of the standing committees in the senate and the house of 1743
representatives to which legislation on economic development 1744
matters are customarily referred. 1745

(G) On or before the thirtieth day of September of 2001, 1746
2003, 2004, 2005, 2006, 2007, and 2008 the director of job and 1747
family services shall submit a report to the governor, the 1748
president of the senate, and the speaker of the house of 1749

representatives on the tax credit program under this section and 1750
sections 5725.31, and 5729.07, ~~and 5747.39~~ of the Revised Code. 1751
The report shall include information on the number of training 1752
programs that were authorized under those sections during the 1753
preceding calendar year, a description of each authorized 1754
training program, the dollar amounts of the credits granted, and 1755
an estimate of the impact of the credits on the economy of this 1756
state. 1757

(H) The aggregate amount of credits authorized under this 1758
section and sections 5725.31, and 5729.07, ~~and 5747.39~~ of the 1759
Revised Code shall not exceed twenty million dollars per 1760
calendar year. No more than ten million dollars in credits per 1761
calendar year shall be authorized for persons engaged primarily 1762
in manufacturing. No less than five million dollars in credits 1763
per calendar year shall be set aside for persons engaged 1764
primarily in activities other than manufacturing and having 1765
fewer than five hundred employees. Subject to such limits, the 1766
director of job and family services shall adopt a rule under 1767
division (F) of this section that establishes criteria and 1768
procedures for distribution of the credits. 1769

(I) A nonrefundable credit allowed under this section 1770
shall be claimed in the order required under section 5733.98 of 1771
the Revised Code. 1772

(J) The taxpayer may carry forward any credit amount in 1773
excess of its tax due after allowing for any other credits that 1774
precede the credit under this section in the order required 1775
under section 5733.98 of the Revised Code. The excess credit may 1776
be carried forward for three years following the tax year for 1777
which it is first claimed under this section. 1778

(K) A taxpayer that is a partner in a partnership on the 1779

last day of the third calendar year of the three-year period 1780
during which the partnership pays or incurs eligible training 1781
costs may claim a credit under this section for the tax year 1782
immediately following that calendar year. The amount of a 1783
partner's credit equals the partner's interest in the 1784
partnership on the last day of such calendar year multiplied by 1785
the credit available to the partnership as computed by the 1786
partnership. 1787

(L) The director of job and family services shall not 1788
authorize any credits under this section and sections 5725.31~~7~~ 1789
and 5729.07~~7~~ and 5747.39 of the Revised Code for eligible 1790
training costs paid or incurred after December 31, 2007. 1791

Sec. 5733.98. (A) To provide a uniform procedure for 1792
calculating the amount of tax imposed by section 5733.06 of the 1793
Revised Code that is due under this chapter, a taxpayer shall 1794
claim any credits to which it is entitled in the following 1795
order, except as otherwise provided in section 5733.058 of the 1796
Revised Code: 1797

(1) For tax year 2005, the credit for taxes paid by a 1798
qualifying pass-through entity allowed under section 5733.0611 1799
of the Revised Code; 1800

(2) The credit allowed for financial institutions under 1801
section 5733.45 of the Revised Code; 1802

(3) The credit for qualifying affiliated groups under 1803
section 5733.068 of the Revised Code; 1804

(4) The subsidiary corporation credit under section 1805
5733.067 of the Revised Code; 1806

(5) The savings and loan assessment credit under section 1807
5733.063 of the Revised Code; 1808

(6) The credit for recycling and litter prevention	1809
donations under section 5733.064 of the Revised Code;	1810
(7) The credit for employers that enter into agreements	1811
with child day-care centers under section 5733.36 of the Revised	1812
Code;	1813
(8) The credit for employers that reimburse employee child	1814
care expenses under section 5733.38 of the Revised Code;	1815
(9) The credit for maintaining railroad active grade	1816
crossing warning devices under section 5733.43 of the Revised	1817
Code;	1818
(10) The credit for purchases of lights and reflectors	1819
under section 5733.44 of the Revised Code;	1820
(11) The nonrefundable job retention credit under division	1821
(B) of section 5733.0610 of the Revised Code;	1822
(12) The credit for tax years 2008 and 2009 for selling	1823
alternative fuel under section 5733.48 of the Revised Code;	1824
(13) The second credit for purchases of new manufacturing	1825
machinery and equipment under section 5733.33 of the Revised	1826
Code;	1827
(14) <u>(13)</u> The job training credit under section 5733.42 of	1828
the Revised Code;	1829
(15) <u>(14)</u> The credit for qualified research expenses under	1830
section 5733.351 of the Revised Code;	1831
(16) <u>(15)</u> The enterprise zone credit under section 5709.66	1832
of the Revised Code;	1833
(17) <u>(16)</u> The credit for the eligible costs associated	1834
with a voluntary action under section 5733.34 of the Revised	1835

Code;	1836
(18) <u>(17)</u> The credit for employers that establish on-site child day-care centers under section 5733.37 of the Revised Code;	1837 1838 1839
(19) <u>(18)</u> The ethanol plant investment credit under section 5733.46 of the Revised Code;	1840 1841
(20) <u>(19)</u> The credit for purchases of qualifying grape production property under section 5733.32 of the Revised Code;	1842 1843
(21) <u>(20)</u> The export sales credit under section 5733.069 of the Revised Code;	1844 1845
(22) <u>(21)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	1846 1847
(23) <u>(22)</u> The credit for using Ohio coal under section 5733.39 of the Revised Code;	1848 1849
(24) <u>(23)</u> The credit for purchases of qualified low-income community investments under section 5733.58 of the Revised Code;	1850 1851
(25) <u>(24)</u> The credit for small telephone companies under section 5733.57 of the Revised Code;	1852 1853
(26) <u>(25)</u> The credit for eligible nonrecurring 9-1-1 charges under section 5733.55 of the Revised Code;	1854 1855
(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;	1856 1857 1858
(28) <u>(27)</u> The research and development credit under section 5733.352 of the Revised Code;	1859 1860
(29) <u>(28)</u> For tax years 2006 and subsequent tax years, the credit for taxes paid by a qualifying pass-through entity	1861 1862

allowed under section 5733.0611 of the Revised Code; 1863

~~(30)~~ (29) The refundable credit for rehabilitating a 1864
historic building under section 5733.47 of the Revised Code; 1865

~~(31)~~ (30) The refundable jobs creation credit or job 1866
retention credit under division (A) of section 5733.0610 of the 1867
Revised Code; 1868

~~(32)~~ (31) The refundable credit for tax withheld under 1869
division (B) (2) of section 5747.062 of the Revised Code; 1870

~~(33)~~ (32) The refundable credit under section 5733.49 of 1871
the Revised Code for losses on loans made to the Ohio venture 1872
capital program under sections 150.01 to 150.10 of the Revised 1873
Code; 1874

~~(34)~~ (33) For tax years 2006, 2007, and 2008, the 1875
refundable credit allowable under division (B) of section 1876
5733.56 of the Revised Code; 1877

~~(35)~~ (34) The refundable motion picture production credit 1878
under section 5733.59 of the Revised Code. 1879

(B) For any credit except the refundable credits 1880
enumerated in this section, the amount of the credit for a tax 1881
year shall not exceed the tax due after allowing for any other 1882
credit that precedes it in the order required under this 1883
section. Any excess amount of a particular credit may be carried 1884
forward if authorized under the section creating that credit. 1885

Sec. 5747.01. Except as otherwise expressly provided or 1886
clearly appearing from the context, any term used in this 1887
chapter that is not otherwise defined in this section has the 1888
same meaning as when used in a comparable context in the laws of 1889
the United States relating to federal income taxes or if not 1890

used in a comparable context in those laws, has the same meaning 1891
as in section 5733.40 of the Revised Code. Any reference in this 1892
chapter to the Internal Revenue Code includes other laws of the 1893
United States relating to federal income taxes. 1894

As used in this chapter: 1895

(A) "Adjusted gross income" or "Ohio adjusted gross 1896
income" means federal adjusted gross income, as defined and used 1897
in the Internal Revenue Code, adjusted as provided in this 1898
section: 1899

(1) Add interest or dividends on obligations or securities 1900
of any state or of any political subdivision or authority of any 1901
state, other than this state and its subdivisions and 1902
authorities. 1903

(2) Add interest or dividends on obligations of any 1904
authority, commission, instrumentality, territory, or possession 1905
of the United States to the extent that the interest or 1906
dividends are exempt from federal income taxes but not from 1907
state income taxes. 1908

(3) Deduct interest or dividends on obligations of the 1909
United States and its territories and possessions or of any 1910
authority, commission, or instrumentality of the United States 1911
to the extent that the interest or dividends are included in 1912
federal adjusted gross income but exempt from state income taxes 1913
under the laws of the United States. 1914

(4) Deduct disability and survivor's benefits to the 1915
extent included in federal adjusted gross income. 1916

(5) Deduct benefits under Title II of the Social Security 1917
Act and tier 1 railroad retirement benefits to the extent 1918
included in federal adjusted gross income under section 86 of 1919

the Internal Revenue Code. 1920

(6) In the case of a taxpayer who is a beneficiary of a 1921
trust that makes an accumulation distribution as defined in 1922
section 665 of the Internal Revenue Code, add, for the 1923
beneficiary's taxable years beginning before 2002, the portion, 1924
if any, of such distribution that does not exceed the 1925
undistributed net income of the trust for the three taxable 1926
years preceding the taxable year in which the distribution is 1927
made to the extent that the portion was not included in the 1928
trust's taxable income for any of the trust's taxable years 1929
beginning in 2002 or thereafter. "Undistributed net income of a 1930
trust" means the taxable income of the trust increased by (a) (i) 1931
the additions to adjusted gross income required under division 1932
(A) of this section and (ii) the personal exemptions allowed to 1933
the trust pursuant to section 642(b) of the Internal Revenue 1934
Code, and decreased by (b) (i) the deductions to adjusted gross 1935
income required under division (A) of this section, (ii) the 1936
amount of federal income taxes attributable to such income, and 1937
(iii) the amount of taxable income that has been included in the 1938
adjusted gross income of a beneficiary by reason of a prior 1939
accumulation distribution. Any undistributed net income included 1940
in the adjusted gross income of a beneficiary shall reduce the 1941
undistributed net income of the trust commencing with the 1942
earliest years of the accumulation period. 1943

(7) Deduct the amount of wages and salaries, if any, not 1944
otherwise allowable as a deduction but that would have been 1945
allowable as a deduction in computing federal adjusted gross 1946
income for the taxable year, had the targeted jobs credit 1947
allowed and determined under sections 38, 51, and 52 of the 1948
Internal Revenue Code not been in effect. 1949

(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.

(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.

(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.

(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

during the taxable year. 1980

(b) Deduct, to the extent not otherwise deducted or 1981
excluded in computing federal or Ohio adjusted gross income 1982
during the taxable year, the amount the taxpayer paid during the 1983
taxable year, not compensated for by any insurance or otherwise, 1984
for medical care of the taxpayer, the taxpayer's spouse, and 1985
dependents, to the extent the expenses exceed seven and one-half 1986
per cent of the taxpayer's federal adjusted gross income. 1987

(c) Deduct, to the extent not otherwise deducted or 1988
excluded in computing federal or Ohio adjusted gross income, any 1989
amount included in federal adjusted gross income under section 1990
105 or not excluded under section 106 of the Internal Revenue 1991
Code solely because it relates to an accident and health plan 1992
for a person who otherwise would be a "qualifying relative" and 1993
thus a "dependent" under section 152 of the Internal Revenue 1994
Code but for the fact that the person fails to meet the income 1995
and support limitations under section 152(d)(1)(B) and (C) of 1996
the Internal Revenue Code. 1997

(d) For purposes of division (A)(11) of this section, 1998
"medical care" has the meaning given in section 213 of the 1999
Internal Revenue Code, subject to the special rules, 2000
limitations, and exclusions set forth therein, and "qualified 2001
long-term care" has the same meaning given in section 7702B(c) 2002
of the Internal Revenue Code. Solely for purposes of divisions 2003
(A)(11)(a) and (c) of this section, "dependent" includes a 2004
person who otherwise would be a "qualifying relative" and thus a 2005
"dependent" under section 152 of the Internal Revenue Code but 2006
for the fact that the person fails to meet the income and 2007
support limitations under section 152(d)(1)(B) and (C) of the 2008
Internal Revenue Code. 2009

(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 2039
otherwise deducted or excluded for the current or any other 2040
taxable year from the taxpayer's federal adjusted gross income. 2041

(15) (a) Add an amount equal to the funds withdrawn from a 2042
medical savings account during the taxable year, and the net 2043
investment earnings on those funds, when the funds withdrawn 2044
were used for any purpose other than to reimburse an account 2045
holder for, or to pay, eligible medical expenses, in accordance 2046
with section 3924.66 of the Revised Code; 2047

(b) Add the amounts distributed from a medical savings 2048
account under division (A) (2) of section 3924.68 of the Revised 2049
Code during the taxable year. 2050

(16) Add any amount claimed as a credit under section 2051
5747.059 or 5747.65 of the Revised Code to the extent that such 2052
amount satisfies either of the following: 2053

(a) The amount was deducted or excluded from the 2054
computation of the taxpayer's federal adjusted gross income as 2055
required to be reported for the taxpayer's taxable year under 2056
the Internal Revenue Code; 2057

(b) The amount resulted in a reduction of the taxpayer's 2058
federal adjusted gross income as required to be reported for any 2059
of the taxpayer's taxable years under the Internal Revenue Code. 2060

(17) Deduct the amount contributed by the taxpayer to an 2061
individual development account program established by a county 2062
department of job and family services pursuant to sections 2063
329.11 to 329.14 of the Revised Code for the purpose of matching 2064
funds deposited by program participants. On request of the tax 2065
commissioner, the taxpayer shall provide any information that, 2066
in the tax commissioner's opinion, is necessary to establish the 2067

amount deducted under division (A)(17) of this section. 2068

(18) Beginning in taxable year 2001 but not for any 2069
taxable year beginning after December 31, 2005, if the taxpayer 2070
is married and files a joint return and the combined federal 2071
adjusted gross income of the taxpayer and the taxpayer's spouse 2072
for the taxable year does not exceed one hundred thousand 2073
dollars, or if the taxpayer is single and has a federal adjusted 2074
gross income for the taxable year not exceeding fifty thousand 2075
dollars, deduct amounts paid during the taxable year for 2076
qualified tuition and fees paid to an eligible institution for 2077
the taxpayer, the taxpayer's spouse, or any dependent of the 2078
taxpayer, who is a resident of this state and is enrolled in or 2079
attending a program that culminates in a degree or diploma at an 2080
eligible institution. The deduction may be claimed only to the 2081
extent that qualified tuition and fees are not otherwise 2082
deducted or excluded for any taxable year from federal or Ohio 2083
adjusted gross income. The deduction may not be claimed for 2084
educational expenses for which the taxpayer claims a credit 2085
under section 5747.27 of the Revised Code. 2086

(19) Add any reimbursement received during the taxable 2087
year of any amount the taxpayer deducted under division (A)(18) 2088
of this section in any previous taxable year to the extent the 2089
amount is not otherwise included in Ohio adjusted gross income. 2090

(20)(a)(i) Subject to divisions (A)(20)(a)(iii), (iv), and 2091
(v) of this section, add five-sixths of the amount of 2092
depreciation expense allowed by subsection (k) of section 168 of 2093
the Internal Revenue Code, including the taxpayer's 2094
proportionate or distributive share of the amount of 2095
depreciation expense allowed by that subsection to a pass- 2096
through entity in which the taxpayer has a direct or indirect 2097

ownership interest. 2098

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) 2099
of this section, add five-sixths of the amount of qualifying 2100
section 179 depreciation expense, including the taxpayer's 2101
proportionate or distributive share of the amount of qualifying 2102
section 179 depreciation expense allowed to any pass-through 2103
entity in which the taxpayer has a direct or indirect ownership 2104
interest. 2105

(iii) Subject to division (A) (20) (a) (v) of this section, 2106
for taxable years beginning in 2012 or thereafter, if the 2107
increase in income taxes withheld by the taxpayer is equal to or 2108
greater than ten per cent of income taxes withheld by the 2109
taxpayer during the taxpayer's immediately preceding taxable 2110
year, "two-thirds" shall be substituted for "five-sixths" for 2111
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 2112

(iv) Subject to division (A) (20) (a) (v) of this section, 2113
for taxable years beginning in 2012 or thereafter, a taxpayer is 2114
not required to add an amount under division (A) (20) of this 2115
section if the increase in income taxes withheld by the taxpayer 2116
and by any pass-through entity in which the taxpayer has a 2117
direct or indirect ownership interest is equal to or greater 2118
than the sum of (I) the amount of qualifying section 179 2119
depreciation expense and (II) the amount of depreciation expense 2120
allowed to the taxpayer by subsection (k) of section 168 of the 2121
Internal Revenue Code, and including the taxpayer's 2122
proportionate or distributive shares of such amounts allowed to 2123
any such pass-through entities. 2124

(v) If a taxpayer directly or indirectly incurs a net 2125
operating loss for the taxable year for federal income tax 2126
purposes, to the extent such loss resulted from depreciation 2127

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 2157
withheld and remitted under sections 5747.06 and 5747.07 of the 2158
Revised Code by an employer during the employer's taxable year. 2159

(ii) "Increase in income taxes withheld" means the amount 2160
by which the amount of income taxes withheld by an employer 2161
during the employer's current taxable year exceeds the amount of 2162
income taxes withheld by that employer during the employer's 2163
immediately preceding taxable year. 2164

(iii) "Qualifying section 179 depreciation expense" means 2165
the difference between (I) the amount of depreciation expense 2166
directly or indirectly allowed to a taxpayer under section 179 2167
of the Internal Revised Code, and (II) the amount of 2168
depreciation expense directly or indirectly allowed to the 2169
taxpayer under section 179 of the Internal Revenue Code as that 2170
section existed on December 31, 2002. 2171

(21) (a) If the taxpayer was required to add an amount 2172
under division (A) (20) (a) of this section for a taxable year, 2173
deduct one of the following: 2174

(i) One-fifth of the amount so added for each of the five 2175
succeeding taxable years if the amount so added was five-sixths 2176
of qualifying section 179 depreciation expense or depreciation 2177
expense allowed by subsection (k) of section 168 of the Internal 2178
Revenue Code; 2179

(ii) One-half of the amount so added for each of the two 2180
succeeding taxable years if the amount so added was two-thirds 2181
of such depreciation expense; 2182

(iii) One-sixth of the amount so added for each of the six 2183
succeeding taxable years if the entire amount of such 2184
depreciation expense was so added. 2185

(b) If the amount deducted under division (A) (21) (a) of 2186
this section is attributable to an add-back allocated under 2187
division (A) (20) (c) of this section, the amount deducted shall 2188
be situated to the same location. Otherwise, the add-back shall 2189
be apportioned using the apportionment factors for the taxable 2190
year in which the deduction is taken, subject to one or more of 2191
the four alternative methods of apportionment enumerated in 2192
section 5747.21 of the Revised Code. 2193

(c) No deduction is available under division (A) (21) (a) of 2194
this section with regard to any depreciation allowed by section 2195
168(k) of the Internal Revenue Code and by the qualifying 2196
section 179 depreciation expense amount to the extent that such 2197
depreciation results in or increases a federal net operating 2198
loss carryback or carryforward. If no such deduction is 2199
available for a taxable year, the taxpayer may carry forward the 2200
amount not deducted in such taxable year to the next taxable 2201
year and add that amount to any deduction otherwise available 2202
under division (A) (21) (a) of this section for that next taxable 2203
year. The carryforward of amounts not so deducted shall continue 2204
until the entire addition required by division (A) (20) (a) of 2205
this section has been deducted. 2206

(d) No refund shall be allowed as a result of adjustments 2207
made by division (A) (21) of this section. 2208

(22) Deduct, to the extent not otherwise deducted or 2209
excluded in computing federal or Ohio adjusted gross income for 2210
the taxable year, the amount the taxpayer received during the 2211
taxable year as reimbursement for life insurance premiums under 2212
section 5919.31 of the Revised Code. 2213

(23) Deduct, to the extent not otherwise deducted or 2214
excluded in computing federal or Ohio adjusted gross income for 2215

the taxable year, the amount the taxpayer received during the 2216
taxable year as a death benefit paid by the adjutant general 2217
under section 5919.33 of the Revised Code. 2218

(24) Deduct, to the extent included in federal adjusted 2219
gross income and not otherwise allowable as a deduction or 2220
exclusion in computing federal or Ohio adjusted gross income for 2221
the taxable year, military pay and allowances received by the 2222
taxpayer during the taxable year for active duty service in the 2223
United States army, air force, navy, marine corps, or coast 2224
guard or reserve components thereof or the national guard. The 2225
deduction may not be claimed for military pay and allowances 2226
received by the taxpayer while the taxpayer is stationed in this 2227
state. 2228

(25) Deduct, to the extent not otherwise allowable as a 2229
deduction or exclusion in computing federal or Ohio adjusted 2230
gross income for the taxable year and not otherwise compensated 2231
for by any other source, the amount of qualified organ donation 2232
expenses incurred by the taxpayer during the taxable year, not 2233
to exceed ten thousand dollars. A taxpayer may deduct qualified 2234
organ donation expenses only once for all taxable years 2235
beginning with taxable years beginning in 2007. 2236

For the purposes of division (A) (25) of this section: 2237

(a) "Human organ" means all or any portion of a human 2238
liver, pancreas, kidney, intestine, or lung, and any portion of 2239
human bone marrow. 2240

(b) "Qualified organ donation expenses" means travel 2241
expenses, lodging expenses, and wages and salary forgone by a 2242
taxpayer in connection with the taxpayer's donation, while 2243
living, of one or more of the taxpayer's human organs to another 2244

human being. 2245

(26) Deduct, to the extent not otherwise deducted or 2246
excluded in computing federal or Ohio adjusted gross income for 2247
the taxable year, amounts received by the taxpayer as retired 2248
personnel pay for service in the uniformed services or reserve 2249
components thereof, or the national guard, or received by the 2250
surviving spouse or former spouse of such a taxpayer under the 2251
survivor benefit plan on account of such a taxpayer's death. If 2252
the taxpayer receives income on account of retirement paid under 2253
the federal civil service retirement system or federal employees 2254
retirement system, or under any successor retirement program 2255
enacted by the congress of the United States that is established 2256
and maintained for retired employees of the United States 2257
government, and such retirement income is based, in whole or in 2258
part, on credit for the taxpayer's uniformed service, the 2259
deduction allowed under this division shall include only that 2260
portion of such retirement income that is attributable to the 2261
taxpayer's uniformed service, to the extent that portion of such 2262
retirement income is otherwise included in federal adjusted 2263
gross income and is not otherwise deducted under this section. 2264
Any amount deducted under division (A) (26) of this section is 2265
not included in a taxpayer's adjusted gross income for the 2266
purposes of section 5747.055 of the Revised Code. No amount may 2267
be deducted under division (A) (26) of this section on the basis 2268
of which a credit was claimed under section 5747.055 of the 2269
Revised Code. 2270

(27) Deduct, to the extent not otherwise deducted or 2271
excluded in computing federal or Ohio adjusted gross income for 2272
the taxable year, the amount the taxpayer received during the 2273
taxable year from the military injury relief fund created in 2274
section 5902.05 of the Revised Code. 2275

(28) Deduct, to the extent not otherwise deducted or 2276
excluded in computing federal or Ohio adjusted gross income for 2277
the taxable year, the amount the taxpayer received as a veterans 2278
bonus during the taxable year from the Ohio department of 2279
veterans services as authorized by Section 2r of Article VIII, 2280
Ohio Constitution. 2281

(29) Deduct, to the extent not otherwise deducted or 2282
excluded in computing federal or Ohio adjusted gross income for 2283
the taxable year, any income derived from a transfer agreement 2284
or from the enterprise transferred under that agreement under 2285
section 4313.02 of the Revised Code. 2286

(30) Deduct, to the extent not otherwise deducted or 2287
excluded in computing federal or Ohio adjusted gross income for 2288
the taxable year, Ohio college opportunity or federal Pell grant 2289
amounts received by the taxpayer or the taxpayer's spouse or 2290
dependent pursuant to section 3333.122 of the Revised Code or 20 2291
U.S.C. 1070a, et seq., and used to pay room or board furnished 2292
by the educational institution for which the grant was awarded 2293
at the institution's facilities, including meal plans 2294
administered by the institution. For the purposes of this 2295
division, receipt of a grant includes the distribution of a 2296
grant directly to an educational institution and the crediting 2297
of the grant to the enrollee's account with the institution. 2298

~~(31) Deduct all business income~~ (a) For taxable years 2299
beginning in 2015, deduct from the portion of an individual's 2300
adjusted gross income that is business income, to the extent not 2301
otherwise deducted or excluded in computing federal or Ohio 2302
adjusted gross income for the taxable year, the lesser of the 2303
following amounts: 2304

(i) Seventy-five per cent of the individual's business 2305

income; 2306

(ii) Ninety-three thousand seven hundred fifty dollars for 2307
each spouse if spouses file separate returns under section 2308
5747.08 of the Revised Code or one hundred eighty-seven thousand 2309
five hundred dollars for all other individuals. 2310

(b) For taxable years beginning in 2016 or thereafter, 2311
deduct from the portion of an individual's adjusted gross income 2312
that is business income, to the extent not otherwise deducted or 2313
excluded in computing federal adjusted gross income for the 2314
taxable year, one hundred twenty-five thousand dollars for each 2315
spouse if spouses file separate returns under section 5747.08 of 2316
the Revised Code or two hundred fifty thousand dollars for all 2317
other individuals. 2318

(B) "Business income" means income, including gain or 2319
loss, arising from transactions, activities, and sources in the 2320
regular course of a trade or business and includes income, gain, 2321
or loss from real property, tangible property, and intangible 2322
property if the acquisition, rental, management, and disposition 2323
of the property constitute integral parts of the regular course 2324
of a trade or business operation. "Business income" includes 2325
income, including gain or loss, from a partial or complete 2326
liquidation of a business, including, but not limited to, gain 2327
or loss from the sale or other disposition of goodwill. 2328

(C) "Nonbusiness income" means all income other than 2329
business income and may include, but is not limited to, 2330
compensation, rents and royalties from real or tangible personal 2331
property, capital gains, interest, dividends and distributions, 2332
patent or copyright royalties, or lottery winnings, prizes, and 2333
awards. 2334

(D) "Compensation" means any form of remuneration paid to an employee for personal services.	2335 2336
(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.	2337 2338 2339
(F) "Fiscal year" means an accounting period of twelve months ending on the last day of any month other than December.	2340 2341
(G) "Individual" means any natural person.	2342
(H) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.	2343 2344
(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:	2345 2346 2347
(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code;	2348 2349
(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.	2350 2351 2352 2353
(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.	2354 2355 2356
For the purposes of division (I) (3) of this section:	2357
(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,	2358 2359 2360 2361

that were transferred, or caused to be transferred, directly or 2362
indirectly, to the trust by any of the following: 2363

(i) A person, a court, or a governmental entity or 2364
instrumentality on account of the death of a decedent, but only 2365
if the trust is described in division (I) (3) (e) (i) or (ii) of 2366
this section; 2367

(ii) A person who was domiciled in this state for the 2368
purposes of this chapter when the person directly or indirectly 2369
transferred assets to an irrevocable trust, but only if at least 2370
one of the trust's qualifying beneficiaries is domiciled in this 2371
state for the purposes of this chapter during all or some 2372
portion of the trust's current taxable year; 2373

(iii) A person who was domiciled in this state for the 2374
purposes of this chapter when the trust document or instrument 2375
or part of the trust document or instrument became irrevocable, 2376
but only if at least one of the trust's qualifying beneficiaries 2377
is a resident domiciled in this state for the purposes of this 2378
chapter during all or some portion of the trust's current 2379
taxable year. If a trust document or instrument became 2380
irrevocable upon the death of a person who at the time of death 2381
was domiciled in this state for purposes of this chapter, that 2382
person is a person described in division (I) (3) (a) (iii) of this 2383
section. 2384

(b) A trust is irrevocable to the extent that the 2385
transferor is not considered to be the owner of the net assets 2386
of the trust under sections 671 to 678 of the Internal Revenue 2387
Code. 2388

(c) With respect to a trust other than a charitable lead 2389
trust, "qualifying beneficiary" has the same meaning as 2390

"potential current beneficiary" as defined in section 1361(e) (2) 2391
of the Internal Revenue Code, and with respect to a charitable 2392
lead trust "qualifying beneficiary" is any current, future, or 2393
contingent beneficiary, but with respect to any trust 2394
"qualifying beneficiary" excludes a person or a governmental 2395
entity or instrumentality to any of which a contribution would 2396
qualify for the charitable deduction under section 170 of the 2397
Internal Revenue Code. 2398

(d) For the purposes of division (I) (3) (a) of this 2399
section, the extent to which a trust consists directly or 2400
indirectly, in whole or in part, of assets, net of any related 2401
liabilities, that were transferred directly or indirectly, in 2402
whole or part, to the trust by any of the sources enumerated in 2403
that division shall be ascertained by multiplying the fair 2404
market value of the trust's assets, net of related liabilities, 2405
by the qualifying ratio, which shall be computed as follows: 2406

(i) The first time the trust receives assets, the 2407
numerator of the qualifying ratio is the fair market value of 2408
those assets at that time, net of any related liabilities, from 2409
sources enumerated in division (I) (3) (a) of this section. The 2410
denominator of the qualifying ratio is the fair market value of 2411
all the trust's assets at that time, net of any related 2412
liabilities. 2413

(ii) Each subsequent time the trust receives assets, a 2414
revised qualifying ratio shall be computed. The numerator of the 2415
revised qualifying ratio is the sum of (1) the fair market value 2416
of the trust's assets immediately prior to the subsequent 2417
transfer, net of any related liabilities, multiplied by the 2418
qualifying ratio last computed without regard to the subsequent 2419
transfer, and (2) the fair market value of the subsequently 2420

transferred assets at the time transferred, net of any related 2421
liabilities, from sources enumerated in division (I) (3) (a) of 2422
this section. The denominator of the revised qualifying ratio is 2423
the fair market value of all the trust's assets immediately 2424
after the subsequent transfer, net of any related liabilities. 2425

(iii) Whether a transfer to the trust is by or from any of 2426
the sources enumerated in division (I) (3) (a) of this section 2427
shall be ascertained without regard to the domicile of the 2428
trust's beneficiaries. 2429

(e) For the purposes of division (I) (3) (a) (i) of this 2430
section: 2431

(i) A trust is described in division (I) (3) (e) (i) of this 2432
section if the trust is a testamentary trust and the testator of 2433
that testamentary trust was domiciled in this state at the time 2434
of the testator's death for purposes of the taxes levied under 2435
Chapter 5731. of the Revised Code. 2436

(ii) A trust is described in division (I) (3) (e) (ii) of 2437
this section if the transfer is a qualifying transfer described 2438
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 2439
trust is an irrevocable inter vivos trust, and at least one of 2440
the trust's qualifying beneficiaries is domiciled in this state 2441
for purposes of this chapter during all or some portion of the 2442
trust's current taxable year. 2443

(f) For the purposes of division (I) (3) (e) (ii) of this 2444
section, a "qualifying transfer" is a transfer of assets, net of 2445
any related liabilities, directly or indirectly to a trust, if 2446
the transfer is described in any of the following: 2447

(i) The transfer is made to a trust, created by the 2448
decedent before the decedent's death and while the decedent was 2449

domiciled in this state for the purposes of this chapter, and, 2450
prior to the death of the decedent, the trust became irrevocable 2451
while the decedent was domiciled in this state for the purposes 2452
of this chapter. 2453

(ii) The transfer is made to a trust to which the 2454
decedent, prior to the decedent's death, had directly or 2455
indirectly transferred assets, net of any related liabilities, 2456
while the decedent was domiciled in this state for the purposes 2457
of this chapter, and prior to the death of the decedent the 2458
trust became irrevocable while the decedent was domiciled in 2459
this state for the purposes of this chapter. 2460

(iii) The transfer is made on account of a contractual 2461
relationship existing directly or indirectly between the 2462
transferor and either the decedent or the estate of the decedent 2463
at any time prior to the date of the decedent's death, and the 2464
decedent was domiciled in this state at the time of death for 2465
purposes of the taxes levied under Chapter 5731. of the Revised 2466
Code. 2467

(iv) The transfer is made to a trust on account of a 2468
contractual relationship existing directly or indirectly between 2469
the transferor and another person who at the time of the 2470
decedent's death was domiciled in this state for purposes of 2471
this chapter. 2472

(v) The transfer is made to a trust on account of the will 2473
of a testator who was domiciled in this state at the time of the 2474
testator's death for purposes of the taxes levied under Chapter 2475
5731. of the Revised Code. 2476

(vi) The transfer is made to a trust created by or caused 2477
to be created by a court, and the trust was directly or 2478

indirectly created in connection with or as a result of the 2479
death of an individual who, for purposes of the taxes levied 2480
under Chapter 5731. of the Revised Code, was domiciled in this 2481
state at the time of the individual's death. 2482

(g) The tax commissioner may adopt rules to ascertain the 2483
part of a trust residing in this state. 2484

(J) "Nonresident" means an individual or estate that is 2485
not a resident. An individual who is a resident for only part of 2486
a taxable year is a nonresident for the remainder of that 2487
taxable year. 2488

(K) "Pass-through entity" has the same meaning as in 2489
section 5733.04 of the Revised Code. 2490

(L) "Return" means the notifications and reports required 2491
to be filed pursuant to this chapter for the purpose of 2492
reporting the tax due and includes declarations of estimated tax 2493
when so required. 2494

(M) "Taxable year" means the calendar year or the 2495
taxpayer's fiscal year ending during the calendar year, or 2496
fractional part thereof, upon which the adjusted gross income is 2497
calculated pursuant to this chapter. 2498

(N) "Taxpayer" means any person subject to the tax imposed 2499
by section 5747.02 of the Revised Code or any pass-through 2500
entity that makes the election under division (D) of section 2501
5747.08 of the Revised Code. 2502

(O) "Dependents" means dependents as defined in the 2503
Internal Revenue Code and as claimed in the taxpayer's federal 2504
income tax return for the taxable year or which the taxpayer 2505
would have been permitted to claim had the taxpayer filed a 2506
federal income tax return. 2507

(P) "Principal county of employment" means, in the case of 2508
a nonresident, the county within the state in which a taxpayer 2509
performs services for an employer or, if those services are 2510
performed in more than one county, the county in which the major 2511
portion of the services are performed. 2512

(Q) As used in sections 5747.50 to 5747.55 of the Revised 2513
Code: 2514

(1) "Subdivision" means any county, municipal corporation, 2515
park district, or township. 2516

(2) "Essential local government purposes" includes all 2517
functions that any subdivision is required by general law to 2518
exercise, including like functions that are exercised under a 2519
charter adopted pursuant to the Ohio Constitution. 2520

(R) "Overpayment" means any amount already paid that 2521
exceeds the figure determined to be the correct amount of the 2522
tax. 2523

(S) "Taxable income" or "Ohio taxable income" applies only 2524
to estates and trusts, and means federal taxable income, as 2525
defined and used in the Internal Revenue Code, adjusted as 2526
follows: 2527

(1) Add interest or dividends, net of ordinary, necessary, 2528
and reasonable expenses not deducted in computing federal 2529
taxable income, on obligations or securities of any state or of 2530
any political subdivision or authority of any state, other than 2531
this state and its subdivisions and authorities, but only to the 2532
extent that such net amount is not otherwise includible in Ohio 2533
taxable income and is described in either division (S) (1) (a) or 2534
(b) of this section: 2535

(a) The net amount is not attributable to the S portion of 2536

an electing small business trust and has not been distributed to	2537
beneficiaries for the taxable year;	2538
(b) The net amount is attributable to the S portion of an	2539
electing small business trust for the taxable year.	2540
(2) Add interest or dividends, net of ordinary, necessary,	2541
and reasonable expenses not deducted in computing federal	2542
taxable income, on obligations of any authority, commission,	2543
instrumentality, territory, or possession of the United States	2544
to the extent that the interest or dividends are exempt from	2545
federal income taxes but not from state income taxes, but only	2546
to the extent that such net amount is not otherwise includible	2547
in Ohio taxable income and is described in either division (S)	2548
(1) (a) or (b) of this section;	2549
(3) Add the amount of personal exemption allowed to the	2550
estate pursuant to section 642(b) of the Internal Revenue Code;	2551
(4) Deduct interest or dividends, net of related expenses	2552
deducted in computing federal taxable income, on obligations of	2553
the United States and its territories and possessions or of any	2554
authority, commission, or instrumentality of the United States	2555
to the extent that the interest or dividends are exempt from	2556
state taxes under the laws of the United States, but only to the	2557
extent that such amount is included in federal taxable income	2558
and is described in either division (S) (1) (a) or (b) of this	2559
section;	2560
(5) Deduct the amount of wages and salaries, if any, not	2561
otherwise allowable as a deduction but that would have been	2562
allowable as a deduction in computing federal taxable income for	2563
the taxable year, had the targeted jobs credit allowed under	2564
sections 38, 51, and 52 of the Internal Revenue Code not been in	2565

effect, but only to the extent such amount relates either to 2566
income included in federal taxable income for the taxable year 2567
or to income of the S portion of an electing small business 2568
trust for the taxable year; 2569

(6) Deduct any interest or interest equivalent, net of 2570
related expenses deducted in computing federal taxable income, 2571
on public obligations and purchase obligations, but only to the 2572
extent that such net amount relates either to income included in 2573
federal taxable income for the taxable year or to income of the 2574
S portion of an electing small business trust for the taxable 2575
year; 2576

(7) Add any loss or deduct any gain resulting from sale, 2577
exchange, or other disposition of public obligations to the 2578
extent that such loss has been deducted or such gain has been 2579
included in computing either federal taxable income or income of 2580
the S portion of an electing small business trust for the 2581
taxable year; 2582

(8) Except in the case of the final return of an estate, 2583
add any amount deducted by the taxpayer on both its Ohio estate 2584
tax return pursuant to section 5731.14 of the Revised Code, and 2585
on its federal income tax return in determining federal taxable 2586
income; 2587

(9) (a) Deduct any amount included in federal taxable 2588
income solely because the amount represents a reimbursement or 2589
refund of expenses that in a previous year the decedent had 2590
deducted as an itemized deduction pursuant to section 63 of the 2591
Internal Revenue Code and applicable treasury regulations. The 2592
deduction otherwise allowed under division (S) (9) (a) of this 2593
section shall be reduced to the extent the reimbursement is 2594
attributable to an amount the taxpayer or decedent deducted 2595

under this section in any taxable year.	2596
(b) Add any amount not otherwise included in Ohio taxable	2597
income for any taxable year to the extent that the amount is	2598
attributable to the recovery during the taxable year of any	2599
amount deducted or excluded in computing federal or Ohio taxable	2600
income in any taxable year, but only to the extent such amount	2601
has not been distributed to beneficiaries for the taxable year.	2602
(10) Deduct any portion of the deduction described in	2603
section 1341(a)(2) of the Internal Revenue Code, for repaying	2604
previously reported income received under a claim of right, that	2605
meets both of the following requirements:	2606
(a) It is allowable for repayment of an item that was	2607
included in the taxpayer's taxable income or the decedent's	2608
adjusted gross income for a prior taxable year and did not	2609
qualify for a credit under division (A) or (B) of section	2610
5747.05 of the Revised Code for that year.	2611
(b) It does not otherwise reduce the taxpayer's taxable	2612
income or the decedent's adjusted gross income for the current	2613
or any other taxable year.	2614
(11) Add any amount claimed as a credit under section	2615
5747.059 or 5747.65 of the Revised Code to the extent that the	2616
amount satisfies either of the following:	2617
(a) The amount was deducted or excluded from the	2618
computation of the taxpayer's federal taxable income as required	2619
to be reported for the taxpayer's taxable year under the	2620
Internal Revenue Code;	2621
(b) The amount resulted in a reduction in the taxpayer's	2622
federal taxable income as required to be reported for any of the	2623
taxpayer's taxable years under the Internal Revenue Code.	2624

(12) Deduct any amount, net of related expenses deducted 2625
in computing federal taxable income, that a trust is required to 2626
report as farm income on its federal income tax return, but only 2627
if the assets of the trust include at least ten acres of land 2628
satisfying the definition of "land devoted exclusively to 2629
agricultural use" under section 5713.30 of the Revised Code, 2630
regardless of whether the land is valued for tax purposes as 2631
such land under sections 5713.30 to 5713.38 of the Revised Code. 2632
If the trust is a pass-through entity investor, section 5747.231 2633
of the Revised Code applies in ascertaining if the trust is 2634
eligible to claim the deduction provided by division (S) (12) of 2635
this section in connection with the pass-through entity's farm 2636
income. 2637

Except for farm income attributable to the S portion of an 2638
electing small business trust, the deduction provided by 2639
division (S) (12) of this section is allowed only to the extent 2640
that the trust has not distributed such farm income. Division 2641
(S) (12) of this section applies only to taxable years of a trust 2642
beginning in 2002 or thereafter. 2643

(13) Add the net amount of income described in section 2644
641(c) of the Internal Revenue Code to the extent that amount is 2645
not included in federal taxable income. 2646

(14) Add or deduct the amount the taxpayer would be 2647
required to add or deduct under division (A) (20) or (21) of this 2648
section if the taxpayer's Ohio taxable income were computed in 2649
the same manner as an individual's Ohio adjusted gross income is 2650
computed under this section. In the case of a trust, division 2651
(S) (14) of this section applies only to any of the trust's 2652
taxable years beginning in 2002 or thereafter. 2653

(T) "School district income" and "school district income 2654

tax" have the same meanings as in section 5748.01 of the Revised Code. 2655
2656

(U) As used in divisions (A) (8), (A) (9), (S) (6), and (S) (7) of this section, "public obligations," "purchase obligations," and "interest or interest equivalent" have the same meanings as in section 5709.76 of the Revised Code. 2657
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(V) "Limited liability company" means any limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state. 2661
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2663

(W) "Pass-through entity investor" means any person who, during any portion of a taxable year of a pass-through entity, is a partner, member, shareholder, or equity investor in that pass-through entity. 2664
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2667

(X) "Banking day" has the same meaning as in section 1304.01 of the Revised Code. 2668
2669

(Y) "Month" means a calendar month. 2670

(Z) "Quarter" means the first three months, the second three months, the third three months, or the last three months of the taxpayer's taxable year. 2671
2672
2673

(AA) (1) "Eligible institution" means a state university or state institution of higher education as defined in section 3345.011 of the Revised Code, or a private, nonprofit college, university, or other post-secondary institution located in this state that possesses a certificate of authorization issued by the chancellor of higher education pursuant to Chapter 1713. of the Revised Code or a certificate of registration issued by the state board of career colleges and schools under Chapter 3332. of the Revised Code. 2674
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(2) "Qualified tuition and fees" means tuition and fees 2683
imposed by an eligible institution as a condition of enrollment 2684
or attendance, not exceeding two thousand five hundred dollars 2685
in each of the individual's first two years of post-secondary 2686
education. If the individual is a part-time student, "qualified 2687
tuition and fees" includes tuition and fees paid for the 2688
academic equivalent of the first two years of post-secondary 2689
education during a maximum of five taxable years, not exceeding 2690
a total of five thousand dollars. "Qualified tuition and fees" 2691
does not include: 2692

(a) Expenses for any course or activity involving sports, 2693
games, or hobbies unless the course or activity is part of the 2694
individual's degree or diploma program; 2695

(b) The cost of books, room and board, student activity 2696
fees, athletic fees, insurance expenses, or other expenses 2697
unrelated to the individual's academic course of instruction; 2698

(c) Tuition, fees, or other expenses paid or reimbursed 2699
through an employer, scholarship, grant in aid, or other 2700
educational benefit program. 2701

(BB) (1) "Modified business income" means the business 2702
income included in a trust's Ohio taxable income after such 2703
taxable income is first reduced by the qualifying trust amount, 2704
if any. 2705

(2) "Qualifying trust amount" of a trust means capital 2706
gains and losses from the sale, exchange, or other disposition 2707
of equity or ownership interests in, or debt obligations of, a 2708
qualifying investee to the extent included in the trust's Ohio 2709
taxable income, but only if the following requirements are 2710
satisfied: 2711

(a) The book value of the qualifying investee's physical 2712
assets in this state and everywhere, as of the last day of the 2713
qualifying investee's fiscal or calendar year ending immediately 2714
prior to the date on which the trust recognizes the gain or 2715
loss, is available to the trust. 2716

(b) The requirements of section 5747.011 of the Revised 2717
Code are satisfied for the trust's taxable year in which the 2718
trust recognizes the gain or loss. 2719

Any gain or loss that is not a qualifying trust amount is 2720
modified business income, qualifying investment income, or 2721
modified nonbusiness income, as the case may be. 2722

(3) "Modified nonbusiness income" means a trust's Ohio 2723
taxable income other than modified business income, other than 2724
the qualifying trust amount, and other than qualifying 2725
investment income, as defined in section 5747.012 of the Revised 2726
Code, to the extent such qualifying investment income is not 2727
otherwise part of modified business income. 2728

(4) "Modified Ohio taxable income" applies only to trusts, 2729
and means the sum of the amounts described in divisions (BB) (4) 2730
(a) to (c) of this section: 2731

(a) The fraction, calculated under section 5747.013, and 2732
applying section 5747.231 of the Revised Code, multiplied by the 2733
sum of the following amounts: 2734

(i) The trust's modified business income; 2735

(ii) The trust's qualifying investment income, as defined 2736
in section 5747.012 of the Revised Code, but only to the extent 2737
the qualifying investment income does not otherwise constitute 2738
modified business income and does not otherwise constitute a 2739
qualifying trust amount. 2740

(b) The qualifying trust amount multiplied by a fraction, 2741
the numerator of which is the sum of the book value of the 2742
qualifying investee's physical assets in this state on the last 2743
day of the qualifying investee's fiscal or calendar year ending 2744
immediately prior to the day on which the trust recognizes the 2745
qualifying trust amount, and the denominator of which is the sum 2746
of the book value of the qualifying investee's total physical 2747
assets everywhere on the last day of the qualifying investee's 2748
fiscal or calendar year ending immediately prior to the day on 2749
which the trust recognizes the qualifying trust amount. If, for 2750
a taxable year, the trust recognizes a qualifying trust amount 2751
with respect to more than one qualifying investee, the amount 2752
described in division (BB) (4) (b) of this section shall equal the 2753
sum of the products so computed for each such qualifying 2754
investee. 2755

(c) (i) With respect to a trust or portion of a trust that 2756
is a resident as ascertained in accordance with division (I) (3) 2757
(d) of this section, its modified nonbusiness income. 2758

(ii) With respect to a trust or portion of a trust that is 2759
not a resident as ascertained in accordance with division (I) (3) 2760
(d) of this section, the amount of its modified nonbusiness 2761
income satisfying the descriptions in divisions (B) (2) to (5) of 2762
section 5747.20 of the Revised Code, except as otherwise 2763
provided in division (BB) (4) (c) (ii) of this section. With 2764
respect to a trust or portion of a trust that is not a resident 2765
as ascertained in accordance with division (I) (3) (d) of this 2766
section, the trust's portion of modified nonbusiness income 2767
recognized from the sale, exchange, or other disposition of a 2768
debt interest in or equity interest in a section 5747.212 2769
entity, as defined in section 5747.212 of the Revised Code, 2770
without regard to division (A) of that section, shall not be 2771

allocated to this state in accordance with section 5747.20 of 2772
the Revised Code but shall be apportioned to this state in 2773
accordance with division (B) of section 5747.212 of the Revised 2774
Code without regard to division (A) of that section. 2775

If the allocation and apportionment of a trust's income 2776
under divisions (BB) (4) (a) and (c) of this section do not fairly 2777
represent the modified Ohio taxable income of the trust in this 2778
state, the alternative methods described in division (C) of 2779
section 5747.21 of the Revised Code may be applied in the manner 2780
and to the same extent provided in that section. 2781

(5) (a) Except as set forth in division (BB) (5) (b) of this 2782
section, "qualifying investee" means a person in which a trust 2783
has an equity or ownership interest, or a person or unit of 2784
government the debt obligations of either of which are owned by 2785
a trust. For the purposes of division (BB) (2) (a) of this section 2786
and for the purpose of computing the fraction described in 2787
division (BB) (4) (b) of this section, all of the following apply: 2788

(i) If the qualifying investee is a member of a qualifying 2789
controlled group on the last day of the qualifying investee's 2790
fiscal or calendar year ending immediately prior to the date on 2791
which the trust recognizes the gain or loss, then "qualifying 2792
investee" includes all persons in the qualifying controlled 2793
group on such last day. 2794

(ii) If the qualifying investee, or if the qualifying 2795
investee and any members of the qualifying controlled group of 2796
which the qualifying investee is a member on the last day of the 2797
qualifying investee's fiscal or calendar year ending immediately 2798
prior to the date on which the trust recognizes the gain or 2799
loss, separately or cumulatively own, directly or indirectly, on 2800
the last day of the qualifying investee's fiscal or calendar 2801

year ending immediately prior to the date on which the trust 2802
recognizes the qualifying trust amount, more than fifty per cent 2803
of the equity of a pass-through entity, then the qualifying 2804
investee and the other members are deemed to own the 2805
proportionate share of the pass-through entity's physical assets 2806
which the pass-through entity directly or indirectly owns on the 2807
last day of the pass-through entity's calendar or fiscal year 2808
ending within or with the last day of the qualifying investee's 2809
fiscal or calendar year ending immediately prior to the date on 2810
which the trust recognizes the qualifying trust amount. 2811

(iii) For the purposes of division (BB) (5) (a) (iii) of this 2812
section, "upper level pass-through entity" means a pass-through 2813
entity directly or indirectly owning any equity of another pass- 2814
through entity, and "lower level pass-through entity" means that 2815
other pass-through entity. 2816

An upper level pass-through entity, whether or not it is 2817
also a qualifying investee, is deemed to own, on the last day of 2818
the upper level pass-through entity's calendar or fiscal year, 2819
the proportionate share of the lower level pass-through entity's 2820
physical assets that the lower level pass-through entity 2821
directly or indirectly owns on the last day of the lower level 2822
pass-through entity's calendar or fiscal year ending within or 2823
with the last day of the upper level pass-through entity's 2824
fiscal or calendar year. If the upper level pass-through entity 2825
directly and indirectly owns less than fifty per cent of the 2826
equity of the lower level pass-through entity on each day of the 2827
upper level pass-through entity's calendar or fiscal year in 2828
which or with which ends the calendar or fiscal year of the 2829
lower level pass-through entity and if, based upon clear and 2830
convincing evidence, complete information about the location and 2831
cost of the physical assets of the lower pass-through entity is 2832

not available to the upper level pass-through entity, then 2833
solely for purposes of ascertaining if a gain or loss 2834
constitutes a qualifying trust amount, the upper level pass- 2835
through entity shall be deemed as owning no equity of the lower 2836
level pass-through entity for each day during the upper level 2837
pass-through entity's calendar or fiscal year in which or with 2838
which ends the lower level pass-through entity's calendar or 2839
fiscal year. Nothing in division (BB) (5) (a) (iii) of this section 2840
shall be construed to provide for any deduction or exclusion in 2841
computing any trust's Ohio taxable income. 2842

(b) With respect to a trust that is not a resident for the 2843
taxable year and with respect to a part of a trust that is not a 2844
resident for the taxable year, "qualifying investee" for that 2845
taxable year does not include a C corporation if both of the 2846
following apply: 2847

(i) During the taxable year the trust or part of the trust 2848
recognizes a gain or loss from the sale, exchange, or other 2849
disposition of equity or ownership interests in, or debt 2850
obligations of, the C corporation. 2851

(ii) Such gain or loss constitutes nonbusiness income. 2852

(6) "Available" means information is such that a person is 2853
able to learn of the information by the due date plus 2854
extensions, if any, for filing the return for the taxable year 2855
in which the trust recognizes the gain or loss. 2856

(CC) "Qualifying controlled group" has the same meaning as 2857
in section 5733.04 of the Revised Code. 2858

(DD) "Related member" has the same meaning as in section 2859
5733.042 of the Revised Code. 2860

(EE) (1) For the purposes of division (EE) of this section: 2861

(a) "Qualifying person" means any person other than a	2862
qualifying corporation.	2863
(b) "Qualifying corporation" means any person classified	2864
for federal income tax purposes as an association taxable as a	2865
corporation, except either of the following:	2866
(i) A corporation that has made an election under	2867
subchapter S, chapter one, subtitle A, of the Internal Revenue	2868
Code for its taxable year ending within, or on the last day of,	2869
the investor's taxable year;	2870
(ii) A subsidiary that is wholly owned by any corporation	2871
that has made an election under subchapter S, chapter one,	2872
subtitle A of the Internal Revenue Code for its taxable year	2873
ending within, or on the last day of, the investor's taxable	2874
year.	2875
(2) For the purposes of this chapter, unless expressly	2876
stated otherwise, no qualifying person indirectly owns any asset	2877
directly or indirectly owned by any qualifying corporation.	2878
(FF) For purposes of this chapter and Chapter 5751. of the	2879
Revised Code:	2880
(1) "Trust" does not include a qualified pre-income tax	2881
trust.	2882
(2) A "qualified pre-income tax trust" is any pre-income	2883
tax trust that makes a qualifying pre-income tax trust election	2884
as described in division (FF)(3) of this section.	2885
(3) A "qualifying pre-income tax trust election" is an	2886
election by a pre-income tax trust to subject to the tax imposed	2887
by section 5751.02 of the Revised Code the pre-income tax trust	2888
and all pass-through entities of which the trust owns or	2889

controls, directly, indirectly, or constructively through 2890
related interests, five per cent or more of the ownership or 2891
equity interests. The trustee shall notify the tax commissioner 2892
in writing of the election on or before April 15, 2006. The 2893
election, if timely made, shall be effective on and after 2894
January 1, 2006, and shall apply for all tax periods and tax 2895
years until revoked by the trustee of the trust. 2896

(4) A "pre-income tax trust" is a trust that satisfies all 2897
of the following requirements: 2898

(a) The document or instrument creating the trust was 2899
executed by the grantor before January 1, 1972; 2900

(b) The trust became irrevocable upon the creation of the 2901
trust; and 2902

(c) The grantor was domiciled in this state at the time 2903
the trust was created. 2904

(GG) "Uniformed services" has the same meaning as in 10 2905
U.S.C. 101. 2906

(HH) "Taxable business income" means the amount by which 2907
an individual's business income reduced by deductions from 2908
business income and by one of the following amounts, provided 2909
that "taxable business income" shall not be less than zero: 2910

~~(1) For taxable years beginning in 2015, the lesser of~~ 2911
~~seventy five per cent of Ohio business income or (a) ninety~~ 2912
~~three thousand seven hundred fifty dollars for each spouse if~~ 2913
~~spouses file separate returns under section 5747.08 of the~~ 2914
~~Revised Code or (b) one hundred eighty seven thousand five~~ 2915
~~hundred dollars for all other taxpayers;~~ 2916

~~(2) For taxable years beginning in 2016 and thereafter,~~ 2917

~~one hundred twenty five thousand dollars for each spouse if~~ 2918
~~spouses file separate returns under section 5747.08 of the~~ 2919
~~Revised Code or two hundred fifty thousand dollars for all other~~ 2920
~~individuals~~ that is included in federal adjusted gross income 2921
exceeds the amount of business income the individual is 2922
authorized to deduct under division (A) (31) of this section for 2923
the taxable year. 2924

Sec. 5747.02. (A) For the purpose of providing revenue for 2925
the support of schools and local government functions, to 2926
provide relief to property taxpayers, to provide revenue for the 2927
general revenue fund, and to meet the expenses of administering 2928
the tax levied by this chapter, there is hereby levied on every 2929
individual, trust, and estate residing in or earning or 2930
receiving income in this state, on every individual, trust, and 2931
estate earning or receiving lottery winnings, prizes, or awards 2932
pursuant to Chapter 3770. of the Revised Code, on every 2933
individual, trust, and estate earning or receiving winnings on 2934
casino gaming, and on every individual, trust, and estate 2935
otherwise having nexus with or in this state under the 2936
Constitution of the United States, an annual tax measured as 2937
prescribed in divisions (A) (1) to (4) of this section. 2938

(1) In the case of trusts, the tax imposed by this section 2939
shall be measured by modified Ohio taxable income under division 2940
(D) of this section and levied at the same rates prescribed in 2941
division (A) (3) of this section for individuals. 2942

(2) In the case of estates, the tax imposed by this 2943
section shall be measured by Ohio taxable income and levied at 2944
the same rates prescribed in division (A) (3) of this section for 2945
individuals. 2946

(3) In the case of individuals, for taxable years 2947

beginning in 2015 or thereafter, the tax imposed by this section 2948
on income other than taxable business income shall be measured 2949
by Ohio adjusted gross income, less taxable business income and 2950
less an exemption for the taxpayer, the taxpayer's spouse, and 2951
each dependent as provided in section 5747.025 of the Revised 2952
Code. The tax imposed on the balance thus obtained is hereby 2953
levied as follows: 2954

OHIO ADJUSTED GROSS		2955
<u> INCOME LESS TAXABLE BUSINESS</u>		2956
<u> INCOME AND EXEMPTIONS</u>		2957
(INDIVIDUALS)		2958
OR		2959
MODIFIED OHIO		2960
TAXABLE INCOME (TRUSTS)		2961
OR		2962
OHIO TAXABLE INCOME (ESTATES)	TAX	2963
\$5,000 or less	.495%	2964
More than \$5,000 but	\$24.75 plus .990% of the amount	2965
not more than \$10,000	in excess of \$5,000	2966
More than \$10,000 but	\$74.25 plus 1.980% of the amount	2967
not more than \$15,000	in excess of \$10,000	2968
More than \$15,000 but	\$173.25 plus 2.476% of the amount	2969
not more than \$20,000	in excess of \$15,000	2970
More than \$20,000 but	\$297.05 plus 2.969% of the amount	2971
not more than \$40,000	in excess of \$20,000	2972
More than \$40,000 but	\$890.85 plus 3.465% of the amount	2973
not more than \$80,000	in excess of \$40,000	2974
More than \$80,000 but	\$2,276.85 plus 3.960% of the amount	2975
not more than \$100,000	in excess of \$80,000	2976

More than \$100,000 but	\$3,068.85 plus 4.597% of the amount	2977
not more than \$200,000	in excess of \$100,000	2978
More than \$200,000	\$7,665.85 plus 4.997% of the amount	2979
	in excess of \$200,000	2980

(4)(a) In the case of individuals, for taxable years 2981
beginning in 2015, the tax imposed by this section on taxable 2982
business income shall be measured by taxable business income 2983
less any amount allowed under division (A) (4) (c) of this 2984
section. The tax imposed on the balance thus obtained is hereby 2985
levied as follows: 2986

TAXABLE BUSINESS INCOME 2987

LESS ALLOWED EXEMPTION AMOUNT TAX 2988

\$5,000 or less .495% 2989

More than \$5,000 but \$24.75 plus .990% of 2990
not more than \$10,000 the amount 2991

_____ in excess of \$5,000 2992

More than \$10,000 but \$74.25 plus 1.980% of 2993
not more than \$15,000 the amount 2994

_____ in excess of \$10,000 2995

More than \$15,000 but \$173.25 plus 2.476% 2996
not more than \$20,000 of the amount 2997

_____ in excess of \$15,000 2998

More than \$20,000 but \$297.05 plus 2.969% 2999
not more than \$40,000 of the amount 3000

_____ in excess of \$20,000 3001

More than \$40,000 _____ \$890.85 plus 3% of 3002
_____ the amount in 3003
_____ excess of \$40,000 3004

(b) In the case of individuals, for taxable years 3005
beginning in ~~2015-2016~~ or thereafter, the tax imposed by this 3006
section on taxable business income shall equal three per cent of 3007
the result obtained by subtracting any amount allowed under 3008
division (A) (4) (c) of this section from the taxpayer's 3009
individual's taxable business income. 3010

(c) If the exemptions allowed to an individual under 3011
division (A) (3) of this section exceed the taxpayer's Ohio 3012
adjusted gross income less taxable business income, the excess 3013
shall be deducted from taxable business income before computing 3014
the tax under division (A) (4) (a) or (b) of this section. 3015

Except as otherwise provided in this division, in August 3016
of each year, the tax commissioner shall make a new adjustment 3017
to the income amounts prescribed in division (A) (3) of this 3018
section by multiplying the percentage increase in the gross 3019
domestic product deflator computed that year under section 3020
5747.025 of the Revised Code by each of the income amounts 3021
resulting from the adjustment under this division in the 3022
preceding year, adding the resulting product to the 3023
corresponding income amount resulting from the adjustment in the 3024
preceding year, and rounding the resulting sum to the nearest 3025
multiple of fifty dollars. The tax commissioner also shall 3026
recompute each of the tax dollar amounts to the extent necessary 3027
to reflect the new adjustment of the income amounts. The rates 3028
of taxation shall not be adjusted. 3029

The adjusted amounts apply to taxable years beginning in 3030

the calendar year in which the adjustments are made and to 3031
taxable years beginning in each ensuing calendar year until a 3032
calendar year in which a new adjustment is made pursuant to this 3033
division. The tax commissioner shall not make a new adjustment 3034
in any year in which the amount resulting from the adjustment 3035
would be less than the amount resulting from the adjustment in 3036
the preceding year. The commissioner shall not make a new 3037
adjustment for taxable years beginning in 2013, 2014, or 2015. 3038

(B) If the director of budget and management makes a 3039
certification to the tax commissioner under division (B) of 3040
section 131.44 of the Revised Code, the amount of tax as 3041
determined under divisions (A) (1) to (3) of this section shall 3042
be reduced by the percentage prescribed in that certification 3043
for taxable years beginning in the calendar year in which that 3044
certification is made. 3045

(C) The levy of this tax on income does not prevent a 3046
municipal corporation, a joint economic development zone created 3047
under section 715.691, or a joint economic development district 3048
created under section 715.70 or 715.71 or sections 715.72 to 3049
715.81 of the Revised Code from levying a tax on income. 3050

(D) This division applies only to taxable years of a trust 3051
beginning in 2002 or thereafter. 3052

(1) The tax imposed by this section on a trust shall be 3053
computed by multiplying the Ohio modified taxable income of the 3054
trust by the rates prescribed by division (A) of this section. 3055

(2) A resident trust may claim a credit against the tax 3056
computed under division (D) of this section equal to the lesser 3057
of (1) the tax paid to another state or the District of Columbia 3058
on the resident trust's modified nonbusiness income, other than 3059

the portion of the resident trust's nonbusiness income that is 3060
qualifying investment income as defined in section 5747.012 of 3061
the Revised Code, or (2) the effective tax rate, based on 3062
modified Ohio taxable income, multiplied by the resident trust's 3063
modified nonbusiness income other than the portion of the 3064
resident trust's nonbusiness income that is qualifying 3065
investment income. The credit applies before any other 3066
applicable credits. 3067

(3) The credits enumerated in ~~division~~divisions (A) (1) ~~or~~ 3068
~~(2)~~ to (10) and (A) (19) to (21) of section 5747.98 of the 3069
Revised Code do not apply to a trust subject to division (D) of 3070
this section. Any credits enumerated in ~~division (A) (3) or (4)~~ 3071
other divisions of section 5747.98 of the Revised Code apply to 3072
a trust subject to division (D) of this section. To the extent 3073
that the trust distributes income for the taxable year for which 3074
a credit is available to the trust, the credit shall be shared 3075
by the trust and its beneficiaries. The tax commissioner and the 3076
trust shall be guided by applicable regulations of the United 3077
States treasury regarding the sharing of credits. 3078

(E) For the purposes of this section, "trust" means any 3079
trust described in Subchapter J of Chapter 1 of the Internal 3080
Revenue Code, excluding trusts that are not irrevocable as 3081
defined in division (I) (3) (b) of section 5747.01 of the Revised 3082
Code and that have no modified Ohio taxable income for the 3083
taxable year, charitable remainder trusts, qualified funeral 3084
trusts and preneed funeral contract trusts established pursuant 3085
to sections 4717.31 to 4717.38 of the Revised Code that are not 3086
qualified funeral trusts, endowment and perpetual care trusts, 3087
qualified settlement trusts and funds, designated settlement 3088
trusts and funds, and trusts exempted from taxation under 3089
section 501(a) of the Internal Revenue Code. 3090

Sec. 5747.05. As used in this section, "income tax" 3091
includes both a tax on net income and a tax measured by net 3092
income. 3093

The following credits shall be allowed against the 3094
aggregate income tax liability imposed by section 5747.02 of the 3095
Revised Code on individuals and estates: 3096

(A) (1) The amount of tax otherwise due under section 3097
5747.02 of the Revised Code on such portion of the combined 3098
adjusted gross income and business income of any nonresident 3099
taxpayer that is not allocable or apportionable to this state 3100
pursuant to sections 5747.20 to 5747.23 of the Revised Code. The 3101
credit provided under this division shall not exceed the total 3102
tax due under section 5747.02 of the Revised Code. 3103

(2) The tax commissioner may enter into an agreement with 3104
the taxing authorities of any state or of the District of 3105
Columbia that imposes an income tax to provide that compensation 3106
paid in this state to a nonresident taxpayer shall not be 3107
subject to the tax levied in section 5747.02 of the Revised Code 3108
so long as compensation paid in such other state or in the 3109
District of Columbia to a resident taxpayer shall likewise not 3110
be subject to the income tax of such other state or of the 3111
District of Columbia. 3112

(B) The lesser of division (B) (1) or (2) of this section: 3113

(1) The aggregate amount of tax otherwise due under 3114
section 5747.02 of the Revised Code on such portion of the 3115
combined adjusted gross income and business income of a resident 3116
taxpayer that in another state or in the District of Columbia is 3117
subjected to an income tax. The credit provided under division 3118
(B) (1) of this section shall not exceed the total tax due under 3119

section 5747.02 of the Revised Code. 3120

(2) The amount of income tax liability to another state or 3121
the District of Columbia on the portion of the combined adjusted 3122
gross income and business income of a resident taxpayer that in 3123
another state or in the District of Columbia is subjected to an 3124
income tax. The credit provided under division (B) (2) of this 3125
section shall not exceed the total amount of tax otherwise due 3126
under section 5747.02 of the Revised Code. 3127

(3) If the credit provided under division (B) of this 3128
section is affected by a change in either the portion of the 3129
combined adjusted gross income and business income of a resident 3130
taxpayer subjected to an income tax in another state or the 3131
District of Columbia or the amount of income tax liability that 3132
has been paid to another state or the District of Columbia, the 3133
taxpayer shall report the change to the tax commissioner within 3134
sixty days of the change in such form as the commissioner 3135
requires. 3136

(a) In the case of an underpayment, the report shall be 3137
accompanied by payment of any additional tax due as a result of 3138
the reduction in credit together with interest on the additional 3139
tax and is a return subject to assessment under section 5747.13 3140
of the Revised Code solely for the purpose of assessing any 3141
additional tax due under this division, together with any 3142
applicable penalty and interest. It shall not reopen the 3143
computation of the taxpayer's tax liability under this chapter 3144
from a previously filed return no longer subject to assessment 3145
except to the extent that such liability is affected by an 3146
adjustment to the credit allowed by division (B) of this 3147
section. 3148

(b) In the case of an overpayment, an application for 3149

refund may be filed under this division within the sixty-day 3150
period prescribed for filing the report even if it is beyond the 3151
period prescribed in section 5747.11 of the Revised Code if it 3152
otherwise conforms to the requirements of such section. An 3153
application filed under this division shall only claim refund of 3154
overpayments resulting from an adjustment to the credit allowed 3155
by division (B) of this section unless it is also filed within 3156
the time prescribed in section 5747.11 of the Revised Code. It 3157
shall not reopen the computation of the taxpayer's tax liability 3158
except to the extent that such liability is affected by an 3159
adjustment to the credit allowed by division (B) of this 3160
section. 3161

(4) No credit shall be allowed under division (B) of this 3162
section: 3163

(a) For income tax paid or accrued to another state or to 3164
the District of Columbia if the taxpayer, when computing federal 3165
adjusted gross income, has directly or indirectly deducted, or 3166
was required to directly or indirectly deduct, the amount of 3167
that income tax; 3168

(b) For compensation that is not subject to the income tax 3169
of another state or the District of Columbia as the result of an 3170
agreement entered into by the tax commissioner under division 3171
(A) (3) of this section; or 3172

(c) For income tax paid or accrued to another state or the 3173
District of Columbia if the taxpayer fails to furnish such proof 3174
as the tax commissioner shall require that such income tax 3175
liability has been paid. 3176

(C) An individual who is a resident for part of a taxable 3177
year and a nonresident for the remainder of the taxable year is 3178

allowed the credits under divisions (A) and (B) of this section 3179
in accordance with rules prescribed by the tax commissioner. In 3180
no event shall the same income be subject to both credits. 3181

(D) The credit allowed under division (A) of this section 3182
shall be calculated based upon the amount of tax due under 3183
section 5747.02 of the Revised Code after subtracting any other 3184
credits that precede the credit under that division in the order 3185
required under section 5747.98 of the Revised Code. The credit 3186
allowed under division (B) of this section shall be calculated 3187
based upon the amount of tax due under section 5747.02 of the 3188
Revised Code after subtracting any other credits that precede 3189
the credit under that division in the order required under 3190
section 5747.98 of the Revised Code. 3191

(E) (1) On a joint return filed by a husband and wife, each 3192
of whom had adjusted gross income of at least five hundred 3193
dollars, exclusive of interest, dividends and distributions, 3194
royalties, rent, and capital gains, a credit equal to the 3195
~~percentage shown in the table contained in this division of the~~ 3196
~~amount of tax due after allowing for any other credit that~~ 3197
~~precedes the credit under this division in the order required~~ 3198
~~under section 5747.98 of the Revised Code.~~ 3199

~~(2) The credit to which a taxpayer is entitled under this~~ 3200
~~division in any taxable year is lesser of six hundred fifty~~ 3201
~~dollars or the percentage shown in column B that corresponds~~ 3202
with the taxpayer's adjusted gross income, less exemptions for 3203
the taxable year, of the total amount of tax due after allowing 3204
for any other credit that precedes this credit as required under 3205
section 5747.98 of the Revised Code: 3206

A.	B.	3207
IF THE ADJUSTED GROSS INCOME,	THE CREDIT FOR THE TAXABLE	3208

LESS EXEMPTIONS, FOR THE	YEAR IS:	3209
TAX YEAR IS:		3210
\$25,000 or less	20%	3211
More than \$25,000 but not more than \$50,000	15%	3212 3213
More than \$50,000 but not more than \$75,000	10%	3214 3215
More than \$75,000	5%	3216
(3) The credit allowed under this division shall not exceed six hundred fifty dollars in any taxable year.		3217 3218
(4)-(2) The credit shall be claimed in the order required under section 5747.98 of the Revised Code.		3219 3220
(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.		3221 3222 3223
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.		3224 3225 3226
For taxable years ending on or after January 1, 1988, in In addition to all other credits allowed by this chapter, a credit shall be allowed against <u>the a taxpayer's aggregate tax imposed by liability under</u> 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		3227 3228 3229 3230 3231 3232 3233 3234 3235 3236 3237

that, ~~for taxable years beginning on or after January 1, 1997,~~ 3238
the amount of the credit for a taxpayer with adjusted gross 3239
income of less than twenty thousand dollars shall equal the 3240
federal credit for which the taxpayer is eligible, in any case 3241
without regard to any limitation imposed by section 26 of the 3242
Internal Revenue Code, 26 U.S.C.A. 26. 3243

The credit allowed by this section shall be claimed in the 3244
order required under section 5747.98 of the Revised Code. 3245

Sec. 5747.055. (A) As used in this section "retirement 3246
income" means retirement benefits, annuities, or distributions 3247
that are made from or pursuant to a pension, retirement, or 3248
profit-sharing plan and that: 3249

(1) In the case of an individual, are received by the 3250
individual on account of retirement and are included in the 3251
individual's adjusted gross income; 3252

(2) In the case of an estate, are payable to the estate 3253
for the benefit of the surviving spouse of the decedent and are 3254
included in the estate's taxable income. 3255

(B) A credit shall be allowed against ~~the a taxpayer's~~ 3256
aggregate tax imposed by liability under section 5747.02 of the 3257
Revised Code for taxpayers who received retirement income during 3258
the taxable year and whose adjusted gross income for the taxable 3259
year, less applicable exemptions under section 5747.025 of the 3260
Revised Code, as shown on an individual or joint annual return 3261
is less than one hundred thousand dollars. Only one such credit 3262
shall be allowed for each return, and the amount of the credit 3263
shall be computed in accordance with the following schedule: 3264

AMOUNT OF RETIREMENT INCOME RECEIVED	CREDIT FOR THE	3265
DURING THE TAXABLE YEAR	TAXABLE YEAR	3266

\$500 or less	\$ 0	3267
Over \$500 but not more than \$1,500	\$ 25	3268
Over \$1,500 but not more than \$3,000	\$ 50	3269
Over \$3,000 but not more than \$5,000	\$ 80	3270
Over \$5,000 but not more than \$8,000	\$130	3271
Over \$8,000	\$200	3272

(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 3297
expected remaining life. The product thus obtained shall be the 3298
credit under this division for the taxable year. 3299

(D) If the credit under division (C) or (E) of this 3300
section exceeds the taxpayer's aggregate tax due-liability under 3301
section 5747.02 of the Revised Code for the taxable year after 3302
allowing for any other credit that precedes that credit in the 3303
order required under section 5747.98 of the Revised Code, the 3304
taxpayer may elect to receive a credit for each subsequent 3305
taxable year. The amount of the credit for each such year shall 3306
be computed as follows: 3307

(1) Determine the amount by which the unused credit 3308
elected under division (C) or (E) of this section exceeded the 3309
total tax due for the taxable year after allowing for any 3310
preceding credit in the required order; 3311

(2) Divide the amount of such excess by one year less than 3312
the taxpayer's expected remaining life on the last day of the 3313
taxable year of the distribution for which the credit was 3314
allowed under division (C) or (E) of this section. The quotient 3315
thus obtained shall be the credit for each subsequent year. 3316

(E) If subsequent to the receipt of a lump-sum 3317
distribution and an election under division (C) of this section 3318
an individual receives another lump-sum distribution within one 3319
taxable year, and the taxpayer's adjusted gross income for the 3320
taxable year, less applicable exemptions under section 5747.025 3321
of the Revised Code, as shown on an individual or joint annual 3322
return is less than one hundred thousand dollars, the taxpayer 3323
may elect to receive a credit for that taxable year. The credit 3324
shall equal the lesser of: 3325

(1) A credit computed in the manner prescribed in division 3326
(C) of this section; 3327

(2) The amount of credit, if any, to which the taxpayer 3328
would otherwise be entitled for the taxable year under division 3329
(D) of this section times the taxpayer's expected remaining life 3330
on the last day of the taxable year. A taxpayer who elects to 3331
receive a credit under this division is not entitled to a credit 3332
under this division or division (B) or (C) of this section for 3333
any subsequent year except as provided in division (D) of this 3334
section. 3335

(F) A credit equal to fifty dollars for each return 3336
required to be filed under section 5747.08 of the Revised Code 3337
shall be allowed against ~~the a taxpayer's aggregate tax imposed~~ 3338
~~by liability under~~ section 5747.02 of the Revised Code for 3339
taxpayers sixty-five years of age or older during the taxable 3340
year whose adjusted gross income, less applicable exemptions 3341
under section 5747.025 of the Revised Code, as shown on an 3342
individual or joint annual return is less than one hundred 3343
thousand dollars for that taxable year. 3344

(G) A taxpayer sixty-five years of age or older during the 3345
taxable year who has received a lump-sum distribution from a 3346
pension, retirement, or profit-sharing plan in the taxable year, 3347
and whose adjusted gross income, less applicable exemptions 3348
under section 5747.025 of the Revised Code, as shown on an 3349
individual or joint annual return is less than one hundred 3350
thousand dollars for that taxable year may elect to receive a 3351
credit under this division in lieu of the credit to which the 3352
taxpayer is entitled under division (F) of this section. A 3353
taxpayer making such an election shall receive a credit for the 3354
taxable year against the taxpayer's aggregate tax imposed by 3355

liability under section 5747.02 of the Revised Code equal to 3356
fifty dollars times the taxpayer's expected remaining life as 3357
shown by annuity tables issued under the Internal Revenue Code 3358
and in effect for the calendar year that includes the last day 3359
of the taxable year. A taxpayer making an election under this 3360
division is not entitled to the credit authorized under this 3361
division or division (F) of this section in subsequent taxable 3362
years. 3363

(H) The credits allowed by this section shall be claimed 3364
in the order required under section 5747.98 of the Revised Code. 3365
The tax commissioner may require a taxpayer to furnish any 3366
information necessary to support a claim for credit under this 3367
section, and no credit shall be allowed unless such information 3368
is provided. 3369

Sec. 5747.056. For taxable years beginning in ~~2005-2015~~ or 3370
thereafter, a nonrefundable credit equal to eighty-eight dollars 3371
shall be allowed per return against the aggregate amount of tax 3372
~~imposed by due under~~ section 5747.02 of the Revised Code ~~for a~~ 3373
~~on an individual's return not filed by an estate or trust that~~ 3374
indicates Ohio adjusted gross income less exemptions of ten 3375
thousand dollars or less. ~~For taxable years beginning in 2005,~~ 3376
~~the credit shall equal one hundred seven dollars. For taxable~~ 3377
~~years beginning in 2006, the credit shall equal one hundred two~~ 3378
~~dollars. For taxable years beginning in 2007, the credit shall~~ 3379
~~equal ninety-eight dollars. For taxable years beginning in 2008,~~ 3380
~~2009, or 2010, the credit shall equal ninety-three dollars. For~~ 3381
~~taxable years beginning in 2011 or thereafter, the credit shall~~ 3382
~~equal eighty-eight dollars.~~ The credit shall be claimed in the 3383
order required under section 5747.98 of the Revised Code. 3384

Sec. 5747.059. (A) This section applies only to reduce ~~the~~ 3385

a taxpayer's aggregate tax imposed by liability under section 3386
5747.02 of the Revised Code. 3387

(B) There is hereby allowed a refundable credit against 3388
~~the a taxpayer's aggregate tax imposed liability~~ under section 3389
5747.02 of the Revised Code. This credit shall be equal to the 3390
taxpayer's proportionate share of the lesser of either the tax 3391
due or the tax paid under section 5733.41 or 5747.41 of the 3392
Revised Code by any qualifying entity as defined in section 3393
5733.40 of the Revised Code for the qualifying taxable year of 3394
the qualifying entity which ends in the taxable year of the 3395
taxpayer. 3396

(C) The taxpayer shall claim the credit for the taxpayer's 3397
taxable year in which ends the qualifying entity's qualifying 3398
taxable year. For purposes of making tax payments under this 3399
chapter, taxes equal to the amount of the credit shall be 3400
considered to be paid by the taxpayer to this state on the day 3401
that the qualifying entity pays to the treasurer of state the 3402
amount due pursuant to section 5733.41 and sections 5747.41 to 3403
5747.453 of the Revised Code with respect to and for the 3404
taxpayer. 3405

(D) In claiming the credit and determining the taxpayer's 3406
proportionate share of the tax due and the tax paid by any 3407
qualifying entity, the taxpayer shall follow the concepts set 3408
forth in subchapters J and K of the Internal Revenue Code. 3409

(E) The credit shall be claimed in the order required 3410
under section 5747.98 of the Revised Code. If the amount of the 3411
credit under this section exceeds the aggregate amount of tax 3412
otherwise due under section 5747.02 of the Revised Code after 3413
deduction of all other credits in that order, the taxpayer is 3414
entitled to a refund of the excess. 3415

Sec. 5747.21. (A) This section applies solely for the 3416
purposes of computing the credit allowed under division (A) of 3417
section 5747.05 of the Revised Code, and computing income 3418
taxable in this state under division (D) of section 5747.08 of 3419
the Revised Code, ~~computing the deduction under division (A) (31)~~ 3420
~~of section 5747.01 of the Revised Code, and computing the credit~~ 3421
~~allowed under section 5747.057 of the Revised Code.~~ 3422

(B) Except as otherwise provided under section 5747.212 of 3423
the Revised Code, all items of business income and business 3424
deduction shall be apportioned to this state by multiplying 3425
business income by the fraction calculated under division (B) (2) 3426
of section 5733.05 and section 5733.057 of the Revised Code as 3427
if the taxpayer's business were a corporation subject to the tax 3428
imposed by section 5733.06 of the Revised Code. 3429

(C) If the allocation and apportionment provisions of 3430
sections 5747.20 to 5747.23 of the Revised Code or of any rule 3431
adopted by the tax commissioner, do not fairly represent the 3432
extent of business activity in this state of a taxpayer or pass- 3433
through entity, the taxpayer or pass-through entity may request, 3434
which request must be in writing accompanying a timely filed 3435
return or timely filed amended return, or the tax commissioner 3436
may require, in respect of all or any part of the business 3437
activity, if reasonable, any one or more of the following: 3438

(1) Separate accounting; 3439

(2) The exclusion of one or more factors; 3440

(3) The inclusion of one or more additional factors which 3441
will fairly represent the business activity in this state; 3442

(4) The employment of any other method to effectuate an 3443
equitable allocation and apportionment of such business in this 3444

state. An alternative method will be effective only with 3445
approval of the tax commissioner. 3446

The tax commissioner may adopt rules in the manner 3447
provided by sections 5703.14 and 5747.18 of the Revised Code 3448
providing for alternative methods of calculating business income 3449
and nonbusiness income applicable to all taxpayers and pass- 3450
through entities, to classes of taxpayers and pass-through 3451
entities, or only to taxpayers and pass-through entities within 3452
a certain industry. 3453

Sec. 5747.212. (A) This section applies solely for the 3454
purpose of computing the credit allowed under division (A) of 3455
section 5747.05 of the Revised Code, ~~and~~ computing income 3456
taxable in this state under division (D) of section 5747.08 of 3457
the Revised Code, ~~and computing the credit allowed under section~~ 3458
~~5747.057 of the Revised Code.~~ 3459

(B) A taxpayer, directly or indirectly, owning at any time 3460
during the three-year period ending on the last day of the 3461
taxpayer's taxable year at least twenty per cent of the equity 3462
voting rights of a section 5747.212 entity shall apportion any 3463
income, including gain or loss, realized from each sale, 3464
exchange, or other disposition of a debt or equity interest in 3465
that entity as prescribed in this section. For such purposes, in 3466
lieu of using the method prescribed by sections 5747.20 and 3467
5747.21 of the Revised Code, the investor shall apportion the 3468
income using the average of the section 5747.212 entity's 3469
apportionment fractions otherwise applicable under section 3470
5733.05, 5733.056, or 5747.21 of the Revised Code for the 3471
current and two preceding taxable years. If the section 5747.212 3472
entity was not in business for one or more of those years, each 3473
year that the entity was not in business shall be excluded in 3474

determining the average. 3475

(C) For the purposes of this section: 3476

(1) A "section 5747.212 entity" is any qualifying person 3477
if, on at least one day of the three-year period ending on the 3478
last day of the taxpayer's taxable year, any of the following 3479
apply: 3480

(a) The qualifying person is a pass-through entity; 3481

(b) Five or fewer persons directly or indirectly own all 3482
the equity interests, with voting rights, of the qualifying 3483
person; 3484

(c) One person directly or indirectly owns at least fifty 3485
per cent of the qualifying person's equity interests with voting 3486
rights. 3487

(2) A "qualifying person" is any person other than an 3488
individual, estate, or trust. 3489

(3) "Estate" and "trust" do not include any person 3490
classified for federal income tax purposes as an association 3491
taxable as a corporation. 3492

Sec. 5747.22. (A) This section applies solely for the 3493
purposes of computing the credit allowed under division (A) of 3494
section 5747.05, of the Revised Code and computing income 3495
taxable in this state under division (D) of section 5747.08, ~~and~~ 3496
~~computing the deduction under division (A) (31) of section~~ 3497
~~5747.01~~ of the Revised Code. 3498

(B) With respect to a pass-through entity, one or more of 3499
the pass-through entity investors of which are liable for the 3500
tax imposed by section 5747.02 of the Revised Code, the business 3501
income and deductions ~~included in the adjusted gross income of~~ 3502

the pass-through entity shall be apportioned to this state in 3503
the hands of the pass-through entity investors pursuant to 3504
section 5747.21 of the Revised Code. The business income and 3505
deductions as thus apportioned to this state then shall be 3506
allocated to the pass-through entity investors in proportion to 3507
their right to share in that business income. 3508

(C) With respect to a pass-through entity described in 3509
division (B) of this section, the nonbusiness income and 3510
deductions ~~included in the adjusted gross income~~ of the pass- 3511
through entity shall be allocated to the pass-through entity 3512
investors in proportion to their right to share in the 3513
nonbusiness income, and then the pass-through entity shares 3514
shall be allocated to this state in the hands of each pass- 3515
through entity investor pursuant to section 5747.20 of the 3516
Revised Code. 3517

Sec. 5747.27. As used in this section, "displaced worker" 3518
means an individual who has lost or left ~~his~~ the individual's 3519
job due to the closing or moving of the facility at which ~~he~~ the 3520
individual was employed or the abolishment of ~~his~~ the 3521
individual's position or shift at that facility and who has not 3522
obtained another job at which ~~he~~ the individual works more than 3523
twenty hours a week. 3524

A nonrefundable credit is allowed against the aggregate 3525
tax ~~imposed liability~~ under section 5747.02 of the Revised Code 3526
~~for~~ of a displaced worker who pays for job training to enhance 3527
~~his~~ the displaced worker's ability to get a new job. The amount 3528
of the credit equals the lesser of five hundred dollars or fifty 3529
per cent of the amount the individual actually paid less any 3530
reimbursements for job training during the twelve-month period 3531
beginning when ~~he loses or leaves his job and becomes displaced~~ 3532

~~the individual became a displaced worker. However, if the worker~~ 3533
~~receives reimbursement for his job training expenses from any~~ 3534
~~source, the amount of the credit equals the lesser of five~~ 3535
~~hundred dollars or fifty per cent of the amount obtained by~~ 3536
~~subtracting the reimbursement from the amount paid for job~~ 3537
~~training during that twelve month period. The credit shall be~~ 3538
claimed for the taxable year in which the worker pays for the 3539
job training. If the twelve-month period after ~~he loses or~~ 3540
~~leaves his job~~ the individual becomes a displaced worker extends 3541
over two taxable years ~~and the worker pays for job training in~~ 3542
~~both those taxable years,~~ the worker may claim all or a portion 3543
of the credit, not to exceed five hundred dollars, for both 3544
~~those taxable years, but the aggregate amount claimed shall not~~ 3545
~~exceed five hundred dollars.~~ The displaced worker shall claim 3546
the credit in the order required under section 5747.98 of the 3547
Revised Code. The credit for a taxable year shall not exceed the 3548
displaced worker's tax liability for that year after allowing 3549
for any other credit that precedes the credit under this section 3550
in that order. 3551

Sec. 5747.28. (A) As used in this section: 3552

(1) "Qualifying property" means any property, plant, or 3553
equipment used to produce grapes in this state, and includes but 3554
is not limited to land and improvements to land, grape seeds and 3555
vines, stakes, wiring, tractors, and other machinery used in the 3556
growth, harvesting, or producing of grapes. 3557

(2) "Related member" has the same meaning as in division 3558
(A) (6) of section 5733.042 of the Revised Code, without regard 3559
to division (B) of that section. 3560

(B) A nonrefundable credit is allowed against ~~the a~~ 3561
taxpayer's aggregate tax imposed by liability under section 3562

5747.02 of the Revised Code for a taxpayer engaged in the 3563
business of producing grapes who purchases qualifying property 3564
on or after January 1, 1994. The amount of the credit equals ten 3565
per cent of the cost of purchasing and installing or 3566
constructing the qualifying property. The taxpayer shall claim 3567
the credit in the taxable year in which the qualifying property 3568
is placed in operation. The taxpayer shall claim the credit in 3569
the order required under section 5747.98 of the Revised Code. 3570
The taxpayer may carry forward for the ensuing seven taxable 3571
years any credit amount in excess of its aggregate tax due under 3572
section 5747.02 of the Revised Code in the taxable year in which 3573
the qualifying property is placed in operation after allowing 3574
for any other credits that precede the credit under this section 3575
in that order, and shall deduct the amount of the excess credit 3576
allowed in any such year from the balance carried forward to the 3577
next year. However, if the taxpayer is subject to a recapture 3578
tax under division (C) (1) of this section because ~~it~~ the 3579
taxpayer disposes of the qualifying property or ceases to use it 3580
as qualifying property during the seven-year recapture period 3581
prescribed under that division, ~~it~~ the taxpayer may claim no 3582
credit in connection with that property in the taxable year of 3583
disposal or cessation or any ensuing taxable year. 3584

(C) (1) If, within the seven-year period after qualifying 3585
property is placed in operation, the taxpayer disposes of the 3586
property or ceases to use it as qualifying property, the amount 3587
of tax otherwise imposed on the taxpayer by section 5747.02 of 3588
the Revised Code shall be increased in the taxable year in which 3589
the property is disposed of or ceases to be used as qualifying 3590
property. The amount of the increase shall equal the recapture 3591
percentage multiplied by the aggregate credit the taxpayer has 3592
been allowed under this section in all prior taxable years in 3593

connection with that property. The recapture percentage shall be 3594
determined in accordance with the following table: 3595

If the property is disposed of		3596
or ceases to be used as qualifying		3597
property within this amount of time	The recapture	3598
after being placed in operation:	percentage is:	3599
One year	100%	3600
Two years	86%	3601
Three years	72%	3602
Four years	58%	3603
Five years	44%	3604
Six years	30%	3605
Seven years	15%	3606

(2) Division (C)(1) of this section does not apply in any 3607
of the following circumstances: 3608

(a) The qualifying property is transferred to a related 3609
member and the related member continues to use the property to 3610
produce grapes in this state; 3611

(b) The qualifying property is transferred to a family 3612
member and the family member continues to use the property to 3613
produce grapes in this state; 3614

(c) There is an involuntary disposition of the qualifying 3615
property. The involuntary disposition may be due to, without 3616
limitation, a bankruptcy, a receivership, or destruction by 3617
natural forces. 3618

(D) The tax commissioner, by rule, may prescribe 3619
guidelines for taxpayers to use in determining if their property 3620
is qualifying property for the purposes of this section. 3621

Sec. 5747.29. A nonrefundable credit is allowed against 3622

~~the a taxpayer's aggregate tax imposed by liability under~~ 3623
section 5747.02 of the Revised Code for contributions of money 3624
made to the campaign committee of candidates for any of the 3625
following public offices: governor, lieutenant governor, 3626
secretary of state, auditor of state, treasurer of state, 3627
attorney general, member of the state board of education, chief 3628
justice of the supreme court, justice of the supreme court, or 3629
member of the general assembly. The amount of the credit for a 3630
taxable year equals the lesser of the combined total 3631
contributions made during the taxable year by each taxpayer 3632
filing a return required to be filed under section 5747.08 of 3633
the Revised Code or the amount of fifty dollars, in the case of 3634
an individual return, or one hundred dollars, in the case of a 3635
joint return. 3636

As used in this section: 3637

(A) "Candidate" has the same meaning as in division (C) (3) 3638
of section 3517.01 of the Revised Code, but is limited to 3639
candidates for the public offices specified in this section. 3640

(B) "Contribution" has the same meaning as in division (C) 3641
(5) of section 3517.01 of the Revised Code, but is limited to 3642
contributions of money only. 3643

The taxpayer shall claim the credit in the order required 3644
under section 5747.98 of the Revised Code. The credit for a 3645
taxable year shall not exceed the aggregate amount of tax 3646
otherwise due for that year after allowing for any other credits 3647
that precede the credit under this section in that order. 3648

Sec. 5747.331. (A) As used in this section: 3649

(1) "Borrower" means any person that receives a loan from 3650
the director of development under section 166.21 of the Revised 3651

Code, regardless of whether the borrower is subject to the tax 3652
imposed by section 5747.02 of the Revised Code. 3653

(2) "Related member" has the same meaning as in section 3654
5733.042 of the Revised Code. 3655

(3) "Qualified research and development loan payments" has 3656
the same meaning as in section 166.21 of the Revised Code. 3657

(B) Beginning with taxable years beginning in 2003, a 3658
nonrefundable credit is allowed against ~~the a taxpayer's~~ 3659
aggregate tax imposed by liability under section 5747.02 of the 3660
Revised Code equal to a borrower's qualified research and 3661
development loan payments made during the calendar year that 3662
includes the last day of the taxable year for which the credit 3663
is claimed. The amount of the credit for a taxable year shall 3664
not exceed one hundred fifty thousand dollars. No taxpayer is 3665
entitled to claim a credit under this section unless it has 3666
obtained a certificate issued by the director of development 3667
under division (D) of section 166.21 of the Revised Code and 3668
submits a copy of the certificate with its report for the 3669
taxable year. Failure to submit a copy of the certificate with 3670
the report does not invalidate a claim for a credit if the 3671
taxpayer submits a copy of the certificate within sixty days 3672
after the tax commissioner requests it. The credit shall be 3673
claimed in the order required under section 5747.98 of the 3674
Revised Code. No credit shall be allowed under this section if 3675
the credit was available against the tax imposed by Chapter 3676
5751. of the Revised Code except to the extent the credit was 3677
not applied against that tax. The credit, to the extent it 3678
exceeds the taxpayer's aggregate tax liability for the taxable 3679
year after allowance for any other credits that precede the 3680
credit under this section in that order, shall be carried 3681

forward to the next succeeding taxable year or years until fully used. 3682
3683

(C) A borrower entitled to a credit under this section may assign the credit, or a portion thereof, to any of the following: 3684
3685
3686

(1) A related member of that borrower; 3687

(2) The owner or lessee of the eligible research and development project; 3688
3689

(3) A related member of the owner or lessee of the eligible research and development project. 3690
3691

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. 3692
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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. 3699
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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 3706
3707
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any one loan shall not exceed one hundred fifty thousand 3711
dollars. 3712

Sec. 5747.37. (A) As used in this section: 3713

(1) "Minor child" means a person under eighteen years of 3714
age. 3715

(2) "Legally adopt" means to adopt a minor child pursuant 3716
to Chapter 3107. of the Revised Code, or pursuant to the laws of 3717
any other state or nation if such an adoption is recognizable 3718
under section 3107.18 of the Revised Code. For the purposes of 3719
this section, a minor child is legally adopted when the final 3720
decree or order of adoption is issued by the proper court under 3721
the laws of the state or nation under which the child is 3722
adopted, or, in the case of an interlocutory order of adoption, 3723
when the order becomes final under the laws of the state or 3724
nation. "Legally adopt" does not include the adoption of a minor 3725
child by the child's stepparent. 3726

(B) There is hereby granted a credit against ~~the tax~~ 3727
~~imposed by a taxpayer's aggregate tax liability under~~ section 3728
5747.02 of the Revised Code for the legal adoption by a taxpayer 3729
of a minor child. The ~~total~~ amount of the credit ~~applied against~~ 3730
~~the taxes imposed under divisions (A) (3) and (4) of section~~ 3731
~~5747.02 of the Revised Code~~ for each minor child legally adopted 3732
by the taxpayer shall equal the greater of the following: 3733

(1) One thousand five hundred dollars; 3734

(2) The amount of expenses incurred by the taxpayer and 3735
the taxpayer's spouse to legally adopt the child, not to exceed 3736
ten thousand dollars. For the purposes of this division, 3737
expenses incurred to legally adopt a child include expenses 3738
described in division (C) of section 3107.055 of the Revised 3739

Code. 3740

The taxpayer shall claim the credit for each child 3741
beginning with the taxable year in which the child was legally 3742
adopted. If the sum of the credit to which the taxpayer would 3743
otherwise be entitled under this section is greater than the 3744
total tax due under section 5747.02 of the Revised Code for that 3745
taxable year after allowing for any other credits that precede 3746
the credit under this section in the order required under 3747
section 5747.98 of the Revised Code, such excess shall be 3748
allowed as a credit in each of the ensuing five taxable years, 3749
but the amount of any excess credit allowed in any such taxable 3750
year shall be deducted from the balance carried forward to the 3751
ensuing taxable year. The credit shall be claimed in the order 3752
required under section 5747.98 of the Revised Code. For the 3753
purposes of making tax payments under this chapter, taxes equal 3754
to the amount of the credit shall be considered to be paid to 3755
this state on the first day of the taxable year. 3756

The taxpayer shall provide to the tax commissioner any 3757
receipts or other documentation of the expenses incurred to 3758
legally adopt the child upon the request of the tax commissioner 3759
for the purpose of division (B) (2) of this section. 3760

Sec. 5747.65. There is hereby allowed a refundable credit 3761
against ~~the tax imposed~~ a taxpayer's aggregate tax liability 3762
under section 5747.02 of the Revised Code. The amount of the 3763
credit shall equal the taxpayer's proportionate share of the 3764
lesser of either the tax due or the tax paid for the tax imposed 3765
by section 5726.02 of the Revised Code by a pass-through entity 3766
for the pass-through entity's taxable year ending in the 3767
taxpayer's taxable year. 3768

The taxpayer shall claim the credit for the taxpayer's 3769

taxable year that includes the last day of the pass-through 3770
entity's taxable year. For purposes of making tax payments under 3771
this chapter, taxes equal to the amount of the credit shall be 3772
considered to be paid by the taxpayer on the day the pass- 3773
through entity pays to the treasurer of state the amount due for 3774
the tax imposed by section 5726.02 of the Revised Code. 3775

In claiming the credit and determining the taxpayer's 3776
proportionate share of the tax due and the tax paid by a pass- 3777
through entity, the taxpayer shall follow the concepts set forth 3778
in subchapters J and K of the Internal Revenue Code. 3779

The credit shall be claimed in the order required under 3780
section 5747.98 of the Revised Code. If the amount of the credit 3781
exceeds the aggregate amount of tax otherwise due under section 3782
5747.02 of the Revised Code after deduction of all other credits 3783
in that order, the taxpayer is entitled to a refund of the 3784
excess. 3785

Sec. 5747.66. (A) Any term used in this section has the 3786
same meaning as in section 122.85 of the Revised Code. 3787

(B) There is allowed a credit against ~~the tax imposed by a~~ 3788
taxpayer's aggregate tax liability under section 5747.02 of the 3789
Revised Code for any individual who, on the last day of the 3790
individual's taxable year, is the certificate owner of a tax 3791
credit certificate issued under section 122.85 of the Revised 3792
Code. The credit shall be claimed for the taxable year that 3793
includes the date the certificate was issued by the director of 3794
development. The credit amount equals the amount stated in the 3795
certificate. The credit shall be claimed in the order required 3796
under section 5747.98 of the Revised Code. If the credit amount 3797
exceeds the aggregate amount of tax otherwise due under section 3798
5747.02 of the Revised Code after deducting all other credits in 3799

that order, the excess shall be refunded. 3800

Nothing in this section limits or disallows pass-through 3801
treatment of the credit. 3802

Sec. 5747.71. There is hereby allowed a nonrefundable 3803
credit against ~~the tax imposed by a taxpayer's aggregate tax~~ 3804
liability under section 5747.02 of the Revised Code for a 3805
taxpayer who is an "eligible individual" as defined in section 3806
32 of the Internal Revenue Code. The credit shall equal five per 3807
cent of the credit allowed on the taxpayer's federal income tax 3808
return pursuant to section 32 of the Internal Revenue Code for 3809
taxable years beginning in 2013, and ten per cent of the federal 3810
credit allowed for taxable years beginning in or after 2014. If 3811
the Ohio adjusted gross income of the taxpayer, or the taxpayer 3812
and the taxpayer's spouse if the taxpayer and the taxpayer's 3813
spouse file a joint return under section 5747.08 of the Revised 3814
Code, less applicable exemptions under section 5747.025 of the 3815
Revised Code, exceeds twenty thousand dollars, the credit 3816
authorized by this section shall not exceed fifty per cent of 3817
the aggregate amount of tax otherwise due under section 5747.02 3818
of the Revised Code after deducting any other nonrefundable 3819
credits that precede the credit allowed under this section in 3820
the order prescribed by section 5747.98 of the Revised Code 3821
except for the joint filing credit authorized under division (E) 3822
of section 5747.05 of the Revised Code. In all other cases, the 3823
credit authorized by this section shall not exceed the aggregate 3824
amount of tax otherwise due under section 5747.02 of the Revised 3825
Code after deducting any other nonrefundable credits that 3826
precede the credit allowed under this section in the order 3827
prescribed by section 5747.98 of the Revised Code. 3828

The credit shall be claimed in the order prescribed by 3829

section 5747.98 of the Revised Code. 3830

Sec. 5747.75. (A) As used in this section: 3831

(1) "Ethanol" means fermentation ethyl alcohol derived 3832
from agricultural products, including potatoes, cereal, grains, 3833
cheese whey, and sugar beets; forest products; or other 3834
renewable resources, including residue and waste generated from 3835
the production, processing, and marketing of agricultural 3836
products, forest products, and other renewable resources that 3837
meet all of the specifications in the American society for 3838
testing and materials (ASTM) specification D 4806-88 and is 3839
denatured as specified in Parts 20 and 21 of Title 27 of the 3840
Code of Federal Regulations. 3841

(2) "Certified ethanol plant" means a facility at which 3842
ethanol is produced and for which a certificate has been issued 3843
under section 901.13 of the Revised Code. 3844

(3) "Money" means United States currency, or a check, 3845
draft, or cashier's check for United States currency, payable on 3846
demand and drawn on a bank. 3847

(B) Beginning in taxable year 2002 and ending in taxable 3848
year 2012, there is hereby allowed a nonrefundable credit 3849
against ~~the tax imposed by a taxpayer's aggregate tax liability~~ 3850
under section 5747.02 of the Revised Code for a taxpayer that 3851
invests money in a certified ethanol plant. The amount of the 3852
credit equals fifty per cent of the money the taxpayer invests 3853
in the plant, but the credit amount shall not exceed five 3854
thousand dollars per taxpayer per certified ethanol plant 3855
regardless of the number of years in which the taxpayer makes 3856
investments. The credit shall be claimed for the taxable year 3857
during which the investment was made. 3858

(C) The taxpayer shall claim the credit in the order 3859
required by section 5747.98 of the Revised Code. Any credit 3860
amount in excess of the aggregate amount of tax due under 3861
section 5747.02 of the Revised Code, after allowing for any 3862
other credits preceding the credit in that order, may be carried 3863
forward for three taxable years, but the amount of the excess 3864
credit allowed in any such year shall be deducted from the 3865
balance carried forward to the next year. 3866

(D) If the taxpayer is a direct or indirect investor in a 3867
pass-through entity that has made an investment under this 3868
section, the taxpayer may claim its proportionate or 3869
distributive share of the credit allowed under this section. 3870

(E) The tax commissioner may require that the taxpayer 3871
furnish information as is necessary to support the claim for the 3872
credit under this section, and no credit shall be allowed unless 3873
the information is provided. 3874

Sec. 5747.76. (A) As used in this section, "certificate 3875
owner" has the same meaning as in section 149.311 of the Revised 3876
Code. 3877

(B) There is allowed a credit against ~~the tax imposed a~~ 3878
taxpayer's aggregate tax liability under section 5747.02 of the 3879
Revised Code for a taxpayer that is the certificate owner of a 3880
rehabilitation tax credit certificate issued under section 3881
149.311 of the Revised Code. The credit shall equal twenty-five 3882
per cent of the dollar amount indicated on the certificate, but 3883
the amount of credit allowed for any taxpayer shall not exceed 3884
five million dollars. The credit shall be claimed for the 3885
taxable year specified in the certificate and in the order 3886
required under section 5747.98 of the Revised Code. 3887

(C) Nothing in this section limits or disallows pass- 3888
through treatment of the credit if the certificate owner is a 3889
pass-through entity. If the certificate owner is a pass-through 3890
entity, the amount of the credit allowed for the pass-through 3891
entity shall not exceed five million dollars. If the certificate 3892
owner is a pass-through entity, the credit may be allocated 3893
among the entity's equity owners in proportion to their 3894
ownership interests or in such proportions or amounts as the 3895
equity owners mutually agree. 3896

(D) If the credit allowed for any taxable year exceeds the 3897
aggregate amount of tax otherwise due under section 5747.02 of 3898
the Revised Code, after allowing for any other credits preceding 3899
the credit in the order prescribed by section 5747.98 of the 3900
Revised Code, the excess shall be refunded to the taxpayer but, 3901
if any amount of the credit is refunded, the sum of the amount 3902
refunded and the amount applied to reduce the aggregate amount 3903
of tax otherwise due for that year shall not exceed three 3904
million dollars or, if the certificate owner is a pass-through 3905
entity, shall not exceed the taxpayer's distributive or 3906
proportionate share, as allocated under division (C) of this 3907
section, of three million dollars. The taxpayer may carry 3908
forward any balance of the credit in excess of the amount 3909
claimed for that year for not more than five ensuing taxable 3910
years, and shall deduct any amount claimed for any such year 3911
from the amount claimed in an ensuing year. 3912

(E) A taxpayer claiming a credit under this section shall 3913
retain the rehabilitation tax credit certificate for four years 3914
following the end of the taxable year to which the credit was 3915
applied, and shall make the certificate available for inspection 3916
by the tax commissioner upon the request of the tax commissioner 3917
during that period. 3918

Sec. 5747.80. Upon the issuance of a tax credit 3919
certificate by the Ohio venture capital authority under section 3920
150.07 of the Revised Code, a refundable credit may be claimed 3921
against ~~the tax imposed by a taxpayer's aggregate tax liability~~ 3922
under section 5747.02 of the Revised Code. The credit shall be 3923
claimed for the taxable year specified in the certificate issued 3924
by the authority and in the order required under section 5747.98 3925
of the Revised Code. 3926

Sec. 5747.81. (A) Any term used in this section that is 3927
defined in section 122.86 of the Revised Code has the same 3928
meaning as defined in that section. 3929

(B) For the purpose of encouraging new capital investment 3930
in small businesses in this state and thereby promoting the 3931
economic welfare of all Ohioans, a nonrefundable credit is 3932
allowed against ~~the tax imposed by a taxpayer's aggregate tax~~ 3933
liability under section 5747.02 of the Revised Code for a 3934
taxpayer to whom a small business investment certificate was 3935
issued under section 122.86 of the Revised Code if the taxpayer 3936
did not sell or otherwise dispose of the qualifying investment 3937
before the conclusion of the applicable holding period and if 3938
the small business enterprise on the basis of which the 3939
certificate was issued is included in the register maintained 3940
under division (D) of section 122.86 of the Revised Code. 3941

The credit shall be claimed for the taxpayer's taxable 3942
year that includes the last day of the holding period of the 3943
qualifying investment. If the certificate was issued to a pass- 3944
through entity that made the qualifying investment, a taxpayer 3945
that holds a direct or indirect equity interest in the pass- 3946
through entity on the last day of the entity's taxable year that 3947
includes the last day of the holding period may claim the 3948

taxpayer's distributive or proportionate share of the credit for 3949
the taxpayer's taxable year that includes the last day of the 3950
entity's taxable year. 3951

The credit equals the amount of the taxpayer's qualifying 3952
investment as indicated on the certificate multiplied by ten per 3953
cent. If a taxpayer claims a credit on the basis of more than 3954
one small business investment certificate issued for the same 3955
fiscal biennium, including a certificate issued to a pass- 3956
through entity in which the taxpayer owns an equity interest, 3957
the total amount of credit claimed by the taxpayer on the basis 3958
of all such certificates shall not exceed one million dollars. 3959
If a taxpayer and the taxpayer's spouse file a joint return 3960
under section 5747.08 of the Revised Code, the credit shall be 3961
computed on the basis of the total qualifying investments made 3962
by both spouses or by any pass-through entities in which either 3963
spouse owns an equity interest, but the total amount of credit 3964
claimed on the basis of all certificates issued to the spouses 3965
or to such pass-through entities for a fiscal biennium shall not 3966
exceed two million dollars. 3967

The credit shall be claimed in the order prescribed by 3968
section 5747.98 of the Revised Code. If the credit exceeds the 3969
aggregate amount of tax otherwise due for the taxable year, the 3970
excess may be carried forward and applied against the tax due 3971
for not more than seven succeeding taxable years, provided that 3972
the amount applied to the tax due for any taxable year shall be 3973
subtracted from the amount available to carry forward to 3974
succeeding years. 3975

Sec. 5747.98. (A) To provide a uniform procedure for 3976
calculating ~~the amount of tax due~~ a taxpayer's aggregate tax 3977
liability under section 5747.02 of the Revised Code, a taxpayer 3978

shall claim any credits to which the taxpayer is entitled in the following order:	3979 3980
(1) Against the tax imposed by division (A) (3) of section 5747.02 of the Revised Code:	3981 3982
(a) <u>The</u> <u>Either the</u> retirement income credit under division (B) of section 5747.055 of the Revised Code <u>or the lump sum</u> retirement income credits under divisions (C), (D), and (E) of that section;	3983 3984 3985 3986
(b) <u>The</u> <u>(2) Either the</u> senior citizen credit under division (F) of section 5747.055 of the Revised Code <u>or the lump sum distribution credit under division (G) of that section;</u>	3987 3988 3989
(c) <u>The lump sum distribution credit under division (G) of section 5747.055 of the Revised Code;</u>	3990 3991
(d) <u>(3) The</u> dependent care credit under section 5747.054 of the Revised Code;	3992 3993
(e) <u>The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;</u>	3994 3995
(f) <u>The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;</u>	3996 3997
(g) <u>The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;</u>	3998 3999
(h) <u>(4) The</u> low-income credit under section 5747.056 of the Revised Code;	4000 4001
(i) <u>(5) The</u> credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	4002 4003
(j) <u>(6) The</u> campaign contribution credit under section 5747.29 of the Revised Code;	4004 4005

(k) <u>(7)</u> The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	4006 4007
(l) <u>(8)</u> The joint filing credit under division (G) of section 5747.05 of the Revised Code;	4008 4009
(m) <u>(9)</u> The earned income credit under section 5747.71 of the Revised Code.	4010 4011
(2) Against the tax imposed by division (A) (4) of section 5747.02 of the Revised Code:	4012 4013
(a) The credit for employers that reimburse employee child-care expenses under section 5747.36 of the Revised Code;	4014 4015
(b) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	4016 4017
(e) <u>(10)</u> <u>The credit for adoption of a minor child under section 5747.37 of the Revised Code;</u>	4018 4019
<u>(11)</u> The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	4020 4021
(d) The credit for selling alternative fuel under section 5747.77 of the Revised Code;	4022 4023
(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;	4024 4025 4026
(f) The job training credit under section 5747.39 of the Revised Code;	4027 4028
(g) <u>(12)</u> The enterprise zone credit under section 5709.66 of the Revised Code;	4029 4030
(h) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	4031 4032

(i) The credit for employers that establish on-site child-	4033
day-care centers under section 5747.35 of the Revised Code;	4034
(j) (13) The ethanol plant investment credit under section	4035
5747.75 of the Revised Code;	4036
(k) (14) The credit for purchases of qualifying grape	4037
production property under section 5747.28 of the Revised Code;	4038
(l) (15) The small business investment credit under	4039
section 5747.81 of the Revised Code;	4040
(m) (16) The enterprise zone credits under section 5709.65	4041
of the Revised Code;	4042
(n) (17) The research and development credit under section	4043
5747.331 of the Revised Code;	4044
(o) (18) The credit for rehabilitating a historic building	4045
under section 5747.76 of the Revised Code;	4046
(3) Against the tax imposed by either division (A) (3) or	4047
(4) of section 5747.02 of the Revised Code:—	4048
(a) The credit for adoption of a minor child under section	4049
5747.37 of the Revised Code;—	4050
(b) (19) The nonresident credit under division (A) of	4051
section 5747.05 of the Revised Code;	4052
(c) (20) The credit for a resident's out-of-state income	4053
under division (B) of section 5747.05 of the Revised Code;	4054
(d) The refundable credit for rehabilitating a historic	4055
building under section 5747.76 of the Revised Code;—	4056
(e) (21) <u>The refundable motion picture production credit</u>	4057
<u>under section 5747.66 of the Revised Code;</u>	4058

(22) The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	4059 4060 4061
(f) (23) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	4062 4063 4064
(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;	4065 4066 4067
(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;	4068 4069 4070 4071
(i) The refundable motion picture production credit under section 5747.66 of the Revised Code;	4072 4073
(j) (26) <u>The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;</u>	4074 4075
(27) The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code.	4076 4077 4078
(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 <u>taxpayer's aggregate amount of tax due under division (A) (3) or (4) of section 5747.02 of the Revised Code, as applicable,</u> 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	4079 4080 4081 4082 4083 4084 4085 4086 4087

creating that credit. Nothing in this chapter shall be construed 4088
to allow a taxpayer to claim, directly or indirectly, a credit 4089
more than once for a taxable year. 4090

Sec. 5751.01. As used in this chapter: 4091

(A) "Person" means, but is not limited to, individuals, 4092
combinations of individuals of any form, receivers, assignees, 4093
trustees in bankruptcy, firms, companies, joint-stock companies, 4094
business trusts, estates, partnerships, limited liability 4095
partnerships, limited liability companies, associations, joint 4096
ventures, clubs, societies, for-profit corporations, S 4097
corporations, qualified subchapter S subsidiaries, qualified 4098
subchapter S trusts, trusts, entities that are disregarded for 4099
federal income tax purposes, and any other entities. 4100

(B) "Consolidated elected taxpayer" means a group of two 4101
or more persons treated as a single taxpayer for purposes of 4102
this chapter as the result of an election made under section 4103
5751.011 of the Revised Code. 4104

(C) "Combined taxpayer" means a group of two or more 4105
persons treated as a single taxpayer for purposes of this 4106
chapter under section 5751.012 of the Revised Code. 4107

(D) "Taxpayer" means any person, or any group of persons 4108
in the case of a consolidated elected taxpayer or combined 4109
taxpayer treated as one taxpayer, required to register or pay 4110
tax under this chapter. "Taxpayer" does not include excluded 4111
persons. 4112

(E) "Excluded person" means any of the following: 4113

(1) Any person with not more than one hundred fifty 4114
thousand dollars of taxable gross receipts during the calendar 4115
year. Division (E) (1) of this section does not apply to a person 4116

that is a member of a consolidated elected taxpayer; 4117

(2) A public utility that paid the excise tax imposed by 4118
section 5727.24 or 5727.30 of the Revised Code based on one or 4119
more measurement periods that include the entire tax period 4120
under this chapter, except that a public utility that is a 4121
combined company is a taxpayer with regard to the following 4122
gross receipts: 4123

(a) Taxable gross receipts directly attributed to a public 4124
utility activity, but not directly attributed to an activity 4125
that is subject to the excise tax imposed by section 5727.24 or 4126
5727.30 of the Revised Code; 4127

(b) Taxable gross receipts that cannot be directly 4128
attributed to any activity, multiplied by a fraction whose 4129
numerator is the taxable gross receipts described in division 4130
(E) (2) (a) of this section and whose denominator is the total 4131
taxable gross receipts that can be directly attributed to any 4132
activity; 4133

(c) Except for any differences resulting from the use of 4134
an accrual basis method of accounting for purposes of 4135
determining gross receipts under this chapter and the use of the 4136
cash basis method of accounting for purposes of determining 4137
gross receipts under section 5727.24 of the Revised Code, the 4138
gross receipts directly attributed to the activity of a natural 4139
gas company shall be determined in a manner consistent with 4140
division (D) of section 5727.03 of the Revised Code. 4141

As used in division (E) (2) of this section, "combined 4142
company" and "public utility" have the same meanings as in 4143
section 5727.01 of the Revised Code. 4144

(3) A financial institution, as defined in section 5726.01 4145

of the Revised Code, that paid the tax imposed by section 4146
5726.02 of the Revised Code based on one or more taxable years 4147
that include the entire tax period under this chapter; 4148

(4) A person directly or indirectly owned by one or more 4149
financial institutions, as defined in section 5726.01 of the 4150
Revised Code, that paid the tax imposed by section 5726.02 of 4151
the Revised Code based on one or more taxable years that include 4152
the entire tax period under this chapter. 4153

For the purposes of division (E) (4) of this section, a 4154
person owns another person under the following circumstances: 4155

(a) In the case of corporations issuing capital stock, one 4156
corporation owns another corporation if it owns fifty per cent 4157
or more of the other corporation's capital stock with current 4158
voting rights; 4159

(b) In the case of a limited liability company, one person 4160
owns the company if that person's membership interest, as 4161
defined in section 1705.01 of the Revised Code, is fifty per 4162
cent or more of the combined membership interests of all persons 4163
owning such interests in the company; 4164

(c) In the case of a partnership, trust, or other 4165
unincorporated business organization other than a limited 4166
liability company, one person owns the organization if, under 4167
the articles of organization or other instrument governing the 4168
affairs of the organization, that person has a beneficial 4169
interest in the organization's profits, surpluses, losses, or 4170
distributions of fifty per cent or more of the combined 4171
beneficial interests of all persons having such an interest in 4172
the organization. 4173

(5) A domestic insurance company or foreign insurance 4174

company, as defined in section 5725.01 of the Revised Code, that 4175
paid the insurance company premiums tax imposed by section 4176
5725.18 or Chapter 5729. of the Revised Code, or an unauthorized 4177
insurance company whose gross premiums are subject to tax under 4178
section 3905.36 of the Revised Code based on one or more 4179
measurement periods that include the entire tax period under 4180
this chapter; 4181

(6) A person that solely facilitates or services one or 4182
more securitizations of phase-in-recovery property pursuant to a 4183
final financing order as those terms are defined in section 4184
4928.23 of the Revised Code. For purposes of this division, 4185
"securitization" means transferring one or more assets to one or 4186
more persons and then issuing securities backed by the right to 4187
receive payment from the asset or assets so transferred. 4188

(7) Except as otherwise provided in this division, a pre- 4189
income tax trust as defined in division (FF) (4) of section 4190
5747.01 of the Revised Code and any pass-through entity of which 4191
such pre-income tax trust owns or controls, directly, 4192
indirectly, or constructively through related interests, more 4193
than five per cent of the ownership or equity interests. If the 4194
pre-income tax trust has made a qualifying pre-income tax trust 4195
election under division (FF) (3) of section 5747.01 of the 4196
Revised Code, then the trust and the pass-through entities of 4197
which it owns or controls, directly, indirectly, or 4198
constructively through related interests, more than five per 4199
cent of the ownership or equity interests, shall not be excluded 4200
persons for purposes of the tax imposed under section 5751.02 of 4201
the Revised Code. 4202

(8) Nonprofit organizations or the state and its agencies, 4203
instrumentalities, or political subdivisions. 4204

(F) Except as otherwise provided in divisions (F) (2), (3), 4205
and (4) of this section, "gross receipts" means the total amount 4206
realized by a person, without deduction for the cost of goods 4207
sold or other expenses incurred, that contributes to the 4208
production of gross income of the person, including the fair 4209
market value of any property and any services received, and any 4210
debt transferred or forgiven as consideration. 4211

(1) The following are examples of gross receipts: 4212

(a) Amounts realized from the sale, exchange, or other 4213
disposition of the taxpayer's property to or with another; 4214

(b) Amounts realized from the taxpayer's performance of 4215
services for another; 4216

(c) Amounts realized from another's use or possession of 4217
the taxpayer's property or capital; 4218

(d) Any combination of the foregoing amounts. 4219

(2) "Gross receipts" excludes the following amounts: 4220

(a) Interest income except interest on credit sales; 4221

(b) Dividends and distributions from corporations, and 4222
distributive or proportionate shares of receipts and income from 4223
a pass-through entity as defined under section 5733.04 of the 4224
Revised Code; 4225

(c) Receipts from the sale, exchange, or other disposition 4226
of an asset described in section 1221 or 1231 of the Internal 4227
Revenue Code, without regard to the length of time the person 4228
held the asset. Notwithstanding section 1221 of the Internal 4229
Revenue Code, receipts from hedging transactions also are 4230
excluded to the extent the transactions are entered into 4231
primarily to protect a financial position, such as managing the 4232

risk of exposure to (i) foreign currency fluctuations that 4233
affect assets, liabilities, profits, losses, equity, or 4234
investments in foreign operations; (ii) interest rate 4235
fluctuations; or (iii) commodity price fluctuations. As used in 4236
division (F) (2) (c) of this section, "hedging transaction" has 4237
the same meaning as used in section 1221 of the Internal Revenue 4238
Code and also includes transactions accorded hedge accounting 4239
treatment under statement of financial accounting standards 4240
number 133 of the financial accounting standards board. For the 4241
purposes of division (F) (2) (c) of this section, the actual 4242
transfer of title of real or tangible personal property to 4243
another entity is not a hedging transaction. 4244

(d) Proceeds received attributable to the repayment, 4245
maturity, or redemption of the principal of a loan, bond, mutual 4246
fund, certificate of deposit, or marketable instrument; 4247

(e) The principal amount received under a repurchase 4248
agreement or on account of any transaction properly 4249
characterized as a loan to the person; 4250

(f) Contributions received by a trust, plan, or other 4251
arrangement, any of which is described in section 501(a) of the 4252
Internal Revenue Code, or to which Title 26, Subtitle A, Chapter 4253
1, Subchapter (D) of the Internal Revenue Code applies; 4254

(g) Compensation, whether current or deferred, and whether 4255
in cash or in kind, received or to be received by an employee, 4256
former employee, or the employee's legal successor for services 4257
rendered to or for an employer, including reimbursements 4258
received by or for an individual for medical or education 4259
expenses, health insurance premiums, or employee expenses, or on 4260
account of a dependent care spending account, legal services 4261
plan, any cafeteria plan described in section 125 of the 4262

Internal Revenue Code, or any similar employee reimbursement;	4263
(h) Proceeds received from the issuance of the taxpayer's	4264
own stock, options, warrants, puts, or calls, or from the sale	4265
of the taxpayer's treasury stock;	4266
(i) Proceeds received on the account of payments from	4267
insurance policies, except those proceeds received for the loss	4268
of business revenue;	4269
(j) Gifts or charitable contributions received; membership	4270
dues received by trade, professional, homeowners', or	4271
condominium associations; and payments received for educational	4272
courses, meetings, meals, or similar payments to a trade,	4273
professional, or other similar association; and fundraising	4274
receipts received by any person when any excess receipts are	4275
donated or used exclusively for charitable purposes;	4276
(k) Damages received as the result of litigation in excess	4277
of amounts that, if received without litigation, would be gross	4278
receipts;	4279
(l) Property, money, and other amounts received or	4280
acquired by an agent on behalf of another in excess of the	4281
agent's commission, fee, or other remuneration;	4282
(m) Tax refunds, other tax benefit recoveries, and	4283
reimbursements for the tax imposed under this chapter made by	4284
entities that are part of the same combined taxpayer or	4285
consolidated elected taxpayer group, and reimbursements made by	4286
entities that are not members of a combined taxpayer or	4287
consolidated elected taxpayer group that are required to be made	4288
for economic parity among multiple owners of an entity whose tax	4289
obligation under this chapter is required to be reported and	4290
paid entirely by one owner, pursuant to the requirements of	4291

sections 5751.011 and 5751.012 of the Revised Code;	4292
(n) Pension reversions;	4293
(o) Contributions to capital;	4294
(p) Sales or use taxes collected as a vendor or an out-of-	4295
state seller on behalf of the taxing jurisdiction from a	4296
consumer or other taxes the taxpayer is required by law to	4297
collect directly from a purchaser and remit to a local, state,	4298
or federal tax authority;	4299
(q) In the case of receipts from the sale of cigarettes or	4300
tobacco products by a wholesale dealer, retail dealer,	4301
distributor, manufacturer, or seller, all as defined in section	4302
5743.01 of the Revised Code, an amount equal to the federal and	4303
state excise taxes paid by any person on or for such cigarettes	4304
or tobacco products under subtitle E of the Internal Revenue	4305
Code or Chapter 5743. of the Revised Code;	4306
(r) In the case of receipts from the sale, transfer,	4307
exchange, or other disposition of motor fuel as "motor fuel" is	4308
defined in section 5736.01 of the Revised Code, an amount equal	4309
to the value of the motor fuel, including federal and state	4310
motor fuel excise taxes and receipts from billing or invoicing	4311
the tax imposed under section 5736.02 of the Revised Code to	4312
another person;	4313
(s) In the case of receipts from the sale of beer or	4314
intoxicating liquor, as defined in section 4301.01 of the	4315
Revised Code, by a person holding a permit issued under Chapter	4316
4301. or 4303. of the Revised Code, an amount equal to federal	4317
and state excise taxes paid by any person on or for such beer or	4318
intoxicating liquor under subtitle E of the Internal Revenue	4319
Code or Chapter 4301. or 4305. of the Revised Code;	4320

(t) Receipts realized by a new motor vehicle dealer or 4321
used motor vehicle dealer, as defined in section 4517.01 of the 4322
Revised Code, from the sale or other transfer of a motor 4323
vehicle, as defined in that section, to another motor vehicle 4324
dealer for the purpose of resale by the transferee motor vehicle 4325
dealer, but only if the sale or other transfer was based upon 4326
the transferee's need to meet a specific customer's preference 4327
for a motor vehicle; 4328

(u) Receipts from a financial institution described in 4329
division (E) (3) of this section for services provided to the 4330
financial institution in connection with the issuance, 4331
processing, servicing, and management of loans or credit 4332
accounts, if such financial institution and the recipient of 4333
such receipts have at least fifty per cent of their ownership 4334
interests owned or controlled, directly or constructively 4335
through related interests, by common owners; 4336

(v) Receipts realized from administering anti-neoplastic 4337
drugs and other cancer chemotherapy, biologicals, therapeutic 4338
agents, and supportive drugs in a physician's office to patients 4339
with cancer; 4340

(w) Funds received or used by a mortgage broker that is 4341
not a dealer in intangibles, other than fees or other 4342
consideration, pursuant to a table-funding mortgage loan or 4343
warehouse-lending mortgage loan. Terms used in division (F) (2) 4344
(w) of this section have the same meanings as in section 1322.01 4345
of the Revised Code, except "mortgage broker" means a person 4346
assisting a buyer in obtaining a mortgage loan for a fee or 4347
other consideration paid by the buyer or a lender, or a person 4348
engaged in table-funding or warehouse-lending mortgage loans 4349
that are first lien mortgage loans. 4350

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

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

(z) Qualifying distribution center receipts.

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

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

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

processing. "Refining" is limited to extracting impurities from 4380
gold, silver, platinum, or palladium through smelting or some 4381
other process at a refining facility. 4382

(III) "Qualified distribution center" means a warehouse, a 4383
facility similar to a warehouse, or a refining facility in this 4384
state that, for the qualifying year, is operated by a person 4385
that is not part of a combined taxpayer group and that has a 4386
qualifying certificate. All warehouses or facilities similar to 4387
warehouses that are operated by persons in the same taxpayer 4388
group and that are located within one mile of each other shall 4389
be treated as one qualified distribution center. All refining 4390
facilities that are operated by persons in the same taxpayer 4391
group and that are located in the same or adjacent counties may 4392
be treated as one qualified distribution center. 4393

(IV) "Qualifying year" means the calendar year to which 4394
the qualifying certificate applies. 4395

(V) "Qualifying period" means the period of the first day 4396
of July of the second year preceding the qualifying year through 4397
the thirtieth day of June of the year preceding the qualifying 4398
year. 4399

(VI) "Qualifying certificate" means the certificate issued 4400
by the tax commissioner after the operator of a distribution 4401
center files an annual application with the commissioner. The 4402
application and annual fee shall be filed and paid for each 4403
qualified distribution center on or before the first day of 4404
September before the qualifying year or within forty-five days 4405
after the distribution center opens, whichever is later. 4406

The applicant must substantiate to the commissioner's 4407
satisfaction that, for the qualifying period, all persons 4408

operating the distribution center have more than fifty per cent 4409
of the cost of the qualified property shipped to a location such 4410
that it would be situated outside this state under the provisions 4411
of division (E) of section 5751.033 of the Revised Code. The 4412
applicant must also substantiate that the distribution center 4413
cumulatively had costs from its suppliers equal to or exceeding 4414
five hundred million dollars during the qualifying period. (For 4415
purposes of division (F) (2) (z) (i) (VI) of this section, 4416
"supplier" excludes any person that is part of the consolidated 4417
elected taxpayer group, if applicable, of the operator of the 4418
qualified distribution center.) The commissioner may require the 4419
applicant to have an independent certified public accountant 4420
certify that the calculation of the minimum thresholds required 4421
for a qualified distribution center by the operator of a 4422
distribution center has been made in accordance with generally 4423
accepted accounting principles. The commissioner shall issue or 4424
deny the issuance of a certificate within sixty days after the 4425
receipt of the application. A denial is subject to appeal under 4426
section 5717.02 of the Revised Code. If the operator files a 4427
timely appeal under section 5717.02 of the Revised Code, the 4428
operator shall be granted a qualifying certificate effective for 4429
the remainder of the qualifying year or until the appeal is 4430
finalized, whichever is earlier. If the operator does not 4431
prevail in the appeal, the operator shall pay the ineligible 4432
operator's supplier tax liability. 4433

(VII) "Ohio delivery percentage" means the proportion of 4434
the total property delivered to a destination inside Ohio from 4435
the qualified distribution center during the qualifying period 4436
compared with total deliveries from such distribution center 4437
everywhere during the qualifying period. 4438

(VIII) "Refining facility" means one or more buildings 4439

located in a county in the Appalachian region of this state as 4440
defined by section 107.21 of the Revised Code and utilized for 4441
refining or smelting gold, silver, platinum, or palladium to a 4442
grade and fineness acceptable for delivery to a registered 4443
commodities exchange. 4444

(IX) "Registered commodities exchange" means a board of 4445
trade, such as New York mercantile exchange, inc. or commodity 4446
exchange, inc., designated as a contract market by the commodity 4447
futures trading commission under the "Commodity Exchange Act," 7 4448
U.S.C. 1 et seq., as amended. 4449

(X) "Ineligible operator's supplier tax liability" means 4450
an amount equal to the tax liability of all suppliers of a 4451
distribution center had the distribution center not been issued 4452
a qualifying certificate for the qualifying year. Ineligible 4453
operator's supplier tax liability shall not include interest or 4454
penalties. The tax commissioner shall determine an ineligible 4455
operator's supplier tax liability based on information that the 4456
commissioner may request from the operator of the distribution 4457
center. An operator shall provide a list of all suppliers of the 4458
distribution center and the corresponding costs of qualified 4459
property for the qualifying year at issue within sixty days of a 4460
request by the commissioner under this division. 4461

(ii) (I) If the distribution center is new and was not open 4462
for the entire qualifying period, the operator of the 4463
distribution center may request that the commissioner grant a 4464
qualifying certificate. If the certificate is granted and it is 4465
later determined that more than fifty per cent of the qualified 4466
property during that year was not shipped to a location such 4467
that it would be situated outside of this state under the 4468
provisions of division (E) of section 5751.033 of the Revised 4469

Code or if it is later determined that the person that operates 4470
the distribution center had average monthly costs from its 4471
suppliers of less than forty million dollars during that year, 4472
then the operator of the distribution center shall pay the 4473
ineligible operator's supplier tax liability. (For purposes of 4474
division (F) (2) (z) (ii) of this section, "supplier" excludes any 4475
person that is part of the consolidated elected taxpayer group, 4476
if applicable, of the operator of the qualified distribution 4477
center.) 4478

(II) The commissioner may grant a qualifying certificate 4479
to a distribution center that does not qualify as a qualified 4480
distribution center for an entire qualifying period if the 4481
operator of the distribution center demonstrates that the 4482
business operations of the distribution center have changed or 4483
will change such that the distribution center will qualify as a 4484
qualified distribution center within thirty-six months after the 4485
date the operator first applies for a certificate. If, at the 4486
end of that thirty-six-month period, the business operations of 4487
the distribution center have not changed such that the 4488
distribution center qualifies as a qualified distribution 4489
center, the operator of the distribution center shall pay the 4490
ineligible operator's supplier tax liability for each year that 4491
the distribution center received a certificate but did not 4492
qualify as a qualified distribution center. For each year the 4493
distribution center receives a certificate under division (F) (2) 4494
(z) (ii) (II) of this section, the distribution center shall pay 4495
all applicable fees required under division (F) (2) (z) of this 4496
section and shall submit an updated business plan showing the 4497
progress the distribution center made toward qualifying as a 4498
qualified distribution center during the preceding year. 4499

(III) An operator may appeal a determination under 4500

division (F) (2) (z) (ii) (I) or (II) of this section that the 4501
ineligible operator is liable for the operator's supplier tax 4502
liability as a result of not qualifying as a qualified 4503
distribution center, as provided in section 5717.02 of the 4504
Revised Code. 4505

(iii) When filing an application for a qualifying 4506
certificate under division (F) (2) (z) (i) (VI) of this section, the 4507
operator of a qualified distribution center also shall provide 4508
documentation, as the commissioner requires, for the 4509
commissioner to ascertain the Ohio delivery percentage. The 4510
commissioner, upon issuing the qualifying certificate, also 4511
shall certify the Ohio delivery percentage. The operator of the 4512
qualified distribution center may appeal the commissioner's 4513
certification of the Ohio delivery percentage in the same manner 4514
as an appeal is taken from the denial of a qualifying 4515
certificate under division (F) (2) (z) (i) (VI) of this section. 4516

(iv) (I) In the case where the distribution center is new 4517
and not open for the entire qualifying period, the operator 4518
shall make a good faith estimate of an Ohio delivery percentage 4519
for use by suppliers in their reports of taxable gross receipts 4520
for the remainder of the qualifying period. The operator of the 4521
facility shall disclose to the suppliers that such Ohio delivery 4522
percentage is an estimate and is subject to recalculation. By 4523
the due date of the next application for a qualifying 4524
certificate, the operator shall determine the actual Ohio 4525
delivery percentage for the estimated qualifying period and 4526
proceed as provided in division (F) (2) (z) (iii) of this section 4527
with respect to the calculation and recalculation of the Ohio 4528
delivery percentage. The supplier is required to file, within 4529
sixty days after receiving notice from the operator of the 4530
qualified distribution center, amended reports for the impacted 4531

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 4563
one hundred thousand dollars for each qualified distribution 4564
center. If a qualifying certificate is not issued, the annual 4565
fee is subject to refund after the exhaustion of all appeals 4566
provided for in division (F) (2) (z) (i) (VI) of this section. The 4567
first one hundred thousand dollars of the annual application 4568
fees collected each calendar year shall be credited to the 4569
revenue enhancement fund. The remainder of the annual 4570
application fees collected shall be distributed in the same 4571
manner required under section 5751.20 of the Revised Code. 4572

(vii) The tax commissioner may require that adequate 4573
security be posted by the operator of the distribution center on 4574
appeal when the commissioner disagrees that the applicant has 4575
met the minimum thresholds for a qualified distribution center 4576
as set forth in division (F) (2) (z) of this section. 4577

(aa) Receipts of an employer from payroll deductions 4578
relating to the reimbursement of the employer for advancing 4579
moneys to an unrelated third party on an employee's behalf; 4580

(bb) Cash discounts allowed and taken; 4581

(cc) Returns and allowances; 4582

(dd) Bad debts from receipts on the basis of which the tax 4583
imposed by this chapter was paid in a prior quarterly tax 4584
payment period. For the purpose of this division, "bad debts" 4585
means any debts that have become worthless or uncollectible 4586
between the preceding and current quarterly tax payment periods, 4587
have been uncollected for at least six months, and that may be 4588
claimed as a deduction under section 166 of the Internal Revenue 4589
Code and the regulations adopted under that section, or that 4590
could be claimed as such if the taxpayer kept its accounts on 4591

the accrual basis. "Bad debts" does not include repossessed 4592
property, uncollectible amounts on property that remains in the 4593
possession of the taxpayer until the full purchase price is 4594
paid, or expenses in attempting to collect any account 4595
receivable or for any portion of the debt recovered; 4596

(ee) Any amount realized from the sale of an account 4597
receivable to the extent the receipts from the underlying 4598
transaction giving rise to the account receivable were included 4599
in the gross receipts of the taxpayer; 4600

(ff) Any receipts directly attributed to a transfer 4601
agreement or to the enterprise transferred under that agreement 4602
under section 4313.02 of the Revised Code. 4603

(gg) (i) As used in this division: 4604

(I) "Qualified uranium receipts" means receipts from the 4605
sale, exchange, lease, loan, production, processing, or other 4606
disposition of uranium within a uranium enrichment zone 4607
certified by the tax commissioner under division (F) (2) (gg) (ii) 4608
of this section. "Qualified uranium receipts" does not include 4609
any receipts with a situs in this state outside a uranium 4610
enrichment zone certified by the tax commissioner under division 4611
(F) (2) (gg) (ii) of this section. 4612

(II) "Uranium enrichment zone" means all real property 4613
that is part of a uranium enrichment facility licensed by the 4614
United States nuclear regulatory commission and that was or is 4615
owned or controlled by the United States department of energy or 4616
its successor. 4617

(ii) Any person that owns, leases, or operates real or 4618
tangible personal property constituting or located within a 4619
uranium enrichment zone may apply to the tax commissioner to 4620

have the uranium enrichment zone certified for the purpose of 4621
excluding qualified uranium receipts under division (F) (2) (gg) 4622
of this section. The application shall include such information 4623
that the tax commissioner prescribes. Within sixty days after 4624
receiving the application, the tax commissioner shall certify 4625
the zone for that purpose if the commissioner determines that 4626
the property qualifies as a uranium enrichment zone as defined 4627
in division (F) (2) (gg) of this section, or, if the tax 4628
commissioner determines that the property does not qualify, the 4629
commissioner shall deny the application or request additional 4630
information from the applicant. If the tax commissioner denies 4631
an application, the commissioner shall state the reasons for the 4632
denial. The applicant may appeal the denial of an application to 4633
the board of tax appeals pursuant to section 5717.02 of the 4634
Revised Code. If the applicant files a timely appeal, the tax 4635
commissioner shall conditionally certify the applicant's 4636
property. The conditional certification shall expire when all of 4637
the applicant's appeals are exhausted. Until final resolution of 4638
the appeal, the applicant shall retain the applicant's records 4639
in accordance with section 5751.12 of the Revised Code, 4640
notwithstanding any time limit on the preservation of records 4641
under that section. 4642

(hh) In the case of amounts collected by a licensed casino 4643
operator from casino gaming, amounts in excess of the casino 4644
operator's gross casino revenue. In this division, "casino 4645
operator" and "casino gaming" have the meanings defined in 4646
section 3772.01 of the Revised Code, and "gross casino revenue" 4647
has the meaning defined in section 5753.01 of the Revised Code. 4648

(ii) Receipts realized from the sale of agricultural 4649
commodities by an agricultural commodity handler, both as 4650
defined in section 926.01 of the Revised Code, that is licensed 4651

by the director of agriculture to handle agricultural 4652
commodities in this state. 4653

(jj) Qualifying integrated supply chain receipts. 4654

As used in division (F)(2)(jj) of this section: 4655

(i) "Qualifying integrated supply chain receipts" means 4656
receipts of a qualified integrated supply chain vendor from ~~the~~ 4657
~~sale of~~ qualified property delivered to another qualified 4658
integrated supply chain vendor or to a retailer that is a member 4659
of the integrated supply chain. 4660

(ii) "Qualified property" means ~~either any~~ of the 4661
following: 4662

(I) Component parts used to hold, contain, package, or 4663
dispense qualified products ~~that will be incorporated into the~~ 4664
~~item sold at retail~~, excluding equipment; 4665

(II) Work-in-process inventory that will become, comprise, 4666
or form a component part of a qualified product capable of being 4667
sold at retail, excluding equipment; 4668

(III) Finished goods inventory that is a qualified product 4669
capable of being sold at retail in the inventory's present form. 4670

(iii) "Qualified integrated supply chain vendor" means a 4671
person, ~~other than a retailer~~, that is a ~~direct~~ member of an 4672
integrated supply chain and that provides integrated supply 4673
chain services within a qualified integrated supply chain 4674
district to a retailer that is a member of the integrated supply 4675
chain or to another qualified integrated supply chain vendor 4676
that is located within the same such district as the person but 4677
does not share a common owner with that person. 4678

(iv) "Qualified product" means a personal care, health, or 4679

beauty product or an aromatic product, including a candle. 4680

(v) "Integrated supply chain" means two or more qualified 4681
integrated supply chain vendors that systematically collaborate 4682
and coordinate business operations with a retailer on the flow 4683
of tangible personal property from material sourcing through 4684
manufacturing, assembly, packaging, and delivery to the retailer 4685
to improve long-term financial performance of each vendor and 4686
the supply chain that includes the retailer. 4687

(vi) "Integrated supply chain services" means procuring 4688
raw materials or manufacturing, processing, refining, 4689
assembling, packaging, or repackaging tangible personal property 4690
that will become finished goods inventory capable of being sold 4691
at retail by a retailer that is a member of an integrated supply 4692
chain. 4693

(vii) "Retailer" means a person primarily engaged in 4694
making retail sales and any member of that person's consolidated 4695
elected taxpayer group or combined taxpayer group, whether or 4696
not that member is primarily engaged in making retail sales. 4697

(viii) "Qualified integrated supply chain district" means 4698
~~a~~the parcel or ~~contiguous~~ parcels of land ~~composed of a total of~~ 4699
~~between four hundred and seven hundred acres and owned by the~~ 4700
~~same person on July 1, 2015~~from which a retailer's integrated 4701
supply chain provides or receives integrated supply chain 4702
services, and to which ~~both~~ all of the following apply: 4703

(I) The ~~acreage is~~ parcel or parcels are located wholly in 4704
a county having a population of greater than one hundred sixty- 4705
five thousand but less than one hundred seventy thousand based 4706
on the 2010 federal decennial census. 4707

(II) The ~~acreage is~~ parcel or parcels are located wholly 4708

in a municipal corporation with a population greater than seven 4709
thousand five hundred and less than eight thousand based on the 4710
2010 federal decennial census that is partly located in the 4711
county described in division (F) (2) (jj) (viii) (I) of this 4712
section. 4713

(III) The aggregate acreage of the parcel or parcels 4714
equals or exceeds one hundred acres. 4715

(kk) Any receipts for which the tax imposed by this 4716
chapter is prohibited by the constitution or laws of the United 4717
States or the constitution of this state. 4718

(3) In the case of a taxpayer when acting as a real estate 4719
broker, "gross receipts" includes only the portion of any fee 4720
for the service of a real estate broker, or service of a real 4721
estate salesperson associated with that broker, that is retained 4722
by the broker and not paid to an associated real estate 4723
salesperson or another real estate broker. For the purposes of 4724
this division, "real estate broker" and "real estate 4725
salesperson" have the same meanings as in section 4735.01 of the 4726
Revised Code. 4727

(4) A taxpayer's method of accounting for gross receipts 4728
for a tax period shall be the same as the taxpayer's method of 4729
accounting for federal income tax purposes for the taxpayer's 4730
federal taxable year that includes the tax period. If a 4731
taxpayer's method of accounting for federal income tax purposes 4732
changes, its method of accounting for gross receipts under this 4733
chapter shall be changed accordingly. 4734

(G) "Taxable gross receipts" means gross receipts situated 4735
to this state under section 5751.033 of the Revised Code. 4736

(H) A person has "substantial nexus with this state" if 4737

any of the following applies. The person:	4738
(1) Owns or uses a part or all of its capital in this	4739
state;	4740
(2) Holds a certificate of compliance with the laws of	4741
this state authorizing the person to do business in this state;	4742
(3) Has bright-line presence in this state;	4743
(4) Otherwise has nexus with this state to an extent that	4744
the person can be required to remit the tax imposed under this	4745
chapter under the Constitution of the United States.	4746
(I) A person has "bright-line presence" in this state for	4747
a reporting period and for the remaining portion of the calendar	4748
year if any of the following applies. The person:	4749
(1) Has at any time during the calendar year property in	4750
this state with an aggregate value of at least fifty thousand	4751
dollars. For the purpose of division (I)(1) of this section,	4752
owned property is valued at original cost and rented property is	4753
valued at eight times the net annual rental charge.	4754
(2) Has during the calendar year payroll in this state of	4755
at least fifty thousand dollars. Payroll in this state includes	4756
all of the following:	4757
(a) Any amount subject to withholding by the person under	4758
section 5747.06 of the Revised Code;	4759
(b) Any other amount the person pays as compensation to an	4760
individual under the supervision or control of the person for	4761
work done in this state; and	4762
(c) Any amount the person pays for services performed in	4763
this state on its behalf by another.	4764

(3) Has during the calendar year taxable gross receipts of	4765
at least five hundred thousand dollars.	4766
(4) Has at any time during the calendar year within this	4767
state at least twenty-five per cent of the person's total	4768
property, total payroll, or total gross receipts.	4769
(5) Is domiciled in this state as an individual or for	4770
corporate, commercial, or other business purposes.	4771
(J) "Tangible personal property" has the same meaning as	4772
in section 5739.01 of the Revised Code.	4773
(K) "Internal Revenue Code" means the Internal Revenue	4774
Code of 1986, 100 Stat. 2085, 26 U.S.C. 1, as amended. Any term	4775
used in this chapter that is not otherwise defined has the same	4776
meaning as when used in a comparable context in the laws of the	4777
United States relating to federal income taxes unless a	4778
different meaning is clearly required. Any reference in this	4779
chapter to the Internal Revenue Code includes other laws of the	4780
United States relating to federal income taxes.	4781
(L) "Calendar quarter" means a three-month period ending	4782
on the thirty-first day of March, the thirtieth day of June, the	4783
thirtieth day of September, or the thirty-first day of December.	4784
(M) "Tax period" means the calendar quarter or calendar	4785
year on the basis of which a taxpayer is required to pay the tax	4786
imposed under this chapter.	4787
(N) "Calendar year taxpayer" means a taxpayer for which	4788
the tax period is a calendar year.	4789
(O) "Calendar quarter taxpayer" means a taxpayer for which	4790
the tax period is a calendar quarter.	4791
(P) "Agent" means a person authorized by another person to	4792

act on its behalf to undertake a transaction for the other,	4793
including any of the following:	4794
(1) A person receiving a fee to sell financial instruments;	4795 4796
(2) A person retaining only a commission from a transaction with the other proceeds from the transaction being remitted to another person;	4797 4798 4799
(3) A person issuing licenses and permits under section 1533.13 of the Revised Code;	4800 4801
(4) A lottery sales agent holding a valid license issued under section 3770.05 of the Revised Code;	4802 4803
(5) A person acting as an agent of the division of liquor control under section 4301.17 of the Revised Code.	4804 4805
(Q) "Received" includes amounts accrued under the accrual method of accounting.	4806 4807
(R) "Reporting person" means a person in a consolidated elected taxpayer or combined taxpayer group that is designated by that group to legally bind the group for all filings and tax liabilities and to receive all legal notices with respect to matters under this chapter, or, for the purposes of section 5751.04 of the Revised Code, a separate taxpayer that is not a member of such a group.	4808 4809 4810 4811 4812 4813 4814
Section 2. That existing sections 9.66, 122.16, 122.172, 122.173, 5709.65, 5709.66, 5709.92, 5733.33, 5733.42, 5733.98, 5747.01, 5747.02, 5747.05, 5747.054, 5747.055, 5747.056, 5747.059, 5747.21, 5747.212, 5747.22, 5747.27, 5747.28, 5747.29, 5747.331, 5747.37, 5747.65, 5747.66, 5747.71, 5747.75, 5747.76, 5747.80, 5747.81, 5747.98, and 5751.01 and sections 5733.48,	4815 4816 4817 4818 4819 4820

5747.051, 5747.057, 5747.26, 5747.261, 5747.31, 5747.32, 4821
5747.34, 5747.35, 5747.36, 5747.38, 5747.39, and 5747.77 of the 4822
Revised Code are hereby repealed. 4823

Section 3. That Section 263.325 of Am. Sub. H.B. 64 of the 4824
131st General Assembly be amended to read as follows: 4825

Sec. 263.325. SCHOOL DISTRICT TPP SUPPLEMENT 4826

The foregoing appropriation item 200697, School District 4827
TPP Supplement, shall be distributed to city, local, and 4828
exempted village school districts for supplemental foundation 4829
aid as provided in this section. 4830

For each fiscal year, the Department of Education shall 4831
compute and pay supplemental foundation aid to each school 4832
district as follows: 4833

(A) (1) Calculate the school district's combined state aid 4834
for fiscal year 2015, which equals the sum of: 4835

(a) The district's state education aid for fiscal year 4836
2015, as defined in division (A) (4) (a) of section 5709.92 of the 4837
Revised Code; and 4838

(b) The district's current expense allocation, as defined 4839
in division (A) (8) of section 5709.92 of the Revised Code. 4840

(2) Calculate the school district's combined state aid for 4841
fiscal year 2016, which equals the sum of: 4842

(a) The sum of the amounts computed for the district for 4843
fiscal year 2016 under section 3317.022 of the Revised Code, as 4844
amended by ~~this act~~ Am. Sub. H.B. 64 of the 131st General 4845
Assembly, and under divisions (E), (F), and (G) of section 4846
3317.0212 of the Revised Code, as amended by ~~this act~~ Am. Sub. 4847
H.B. 64 of the 131st General Assembly, plus any amount 4848

calculated for temporary transitional aid for fiscal year 2016 4849
under division (A) of Section 263.230 of ~~this act~~ Am. Sub. H.B. 4850
64 of the 131st General Assembly, and after any reductions made 4851
for fiscal year 2016 under division (B) of Section 263.230 of 4852
~~this act~~ Am. Sub. H.B. 64 of the 131st General Assembly; 4853

~~(e) the~~ (b) The sum of the payments received by the school 4854
district in fiscal year 2016 for current expense levy losses 4855
pursuant to division (C) (1) (a) or (b) of section 5709.92 of the 4856
Revised Code, excluding the portion of such payments 4857
attributable to levies for joint vocational school district 4858
purposes. 4859

(3) Calculate the school district's combined state aid for 4860
fiscal year 2017, which equals the sum of: 4861

(a) The amounts computed for the district for fiscal year 4862
2017 under section 3317.022 of the Revised Code, as amended by 4863
Am. Sub. H.B. 64 of the 131st General Assembly, and under 4864
divisions (E), (F), and (G) of section 3317.0212 of the Revised 4865
Code, as amended by Am. Sub. H.B. 64 of the 131st General 4866
Assembly, plus any amount calculated for temporary transitional 4867
aid for fiscal year 2017 under division (A) of Section 263.230 4868
of Am. Sub. H.B. 64 of the 131st General Assembly, and after any 4869
reductions made for fiscal year 2017 under division (B) of 4870
Section 263.230 of Am. Sub. H.B. 64 of the 131st General 4871
Assembly. 4872

(b) The sum of the payments received by the school 4873
district in fiscal year 2017 for current expense levy losses 4874
pursuant to division (C) (1) (a) or (b) of section 5709.92 of the 4875
Revised Code, excluding the portion of such payments 4876
attributable to levies for joint vocational school district 4877
purposes. 4878

(B) (1) For fiscal year 2016, each district's payment shall 4879
be in an amount equal to the amount calculated in division (A) 4880
(1) of this section minus the amount calculated in division (A) 4881
(2) of this section. If the result is a negative number, the 4882
district's payment shall be zero. 4883

(2) For fiscal year 2017, each district's payment shall be 4884
in an amount equal to the following: 4885

((The amount calculated in division (A) (1) of this section - the 4886
sum of the amounts calculated under divisions (A) (8) and (A) (9) 4887
of section 3317.022 of the Revised Code for fiscal year 2016) x 4888
0.96) - (The amount calculated in division (A) (3) of the section 4889
- the sum of the amounts calculated under divisions (A) (8) and 4890
(A) (9) of section 3317.022 of the Revised Code for fiscal year 4891
2017) 4892

If the result is a negative number, the district's payment 4893
shall be zero. 4894

Section 4. That existing Section 263.325 of Am. Sub. H.B. 4895
64 of the 131st General Assembly is hereby repealed. 4896

Section 5. The income amounts prescribed in divisions (A) 4897
(3) and (A) (4) (a) of section 5747.02 of the Revised Code as 4898
amended by this act or Am. Sub. H.B. 64 of the 131st General 4899
Assembly do not reflect adjustments made to such amounts under 4900
division (A) of that section, and are not intended to replace 4901
the adjusted income amounts that would otherwise be prescribed 4902
for taxable years beginning in 2015. 4903

Section 6. Subject to the limitations on the time to apply 4904
for a refund or issue an assessment under section 5751.08 or 4905
5751.09 of the Revised Code, respectively, the amendment by this 4906
act of division (F) (2) (jj) of section 5751.01 of the Revised 4907

Code applies to tax periods beginning on or after July 1, 2011, 4908
and shall be construed as clarifying the law as it existed prior 4909
to the effective date of that amendment. 4910

Section 7. Section 5709.66 of the Revised Code is 4911
presented in this act as a composite of the section as amended 4912
by both Am. Sub. H.B. 215 and Sub. H.B. 408 of the 122nd General 4913
Assembly. The General Assembly, applying the principle stated in 4914
division (B) of section 1.52 of the Revised Code that amendments 4915
are to be harmonized if reasonably capable of simultaneous 4916
operation, finds that the composite is the resulting version of 4917
the section in effect prior to the effective date of the section 4918
as presented in this act. 4919

Section 8. The amendment or repeal by this act of sections 4920
9.66, 122.16, 122.172, 122.173, 5709.65, 5709.66, 5733.33, 4921
5733.42, 5733.48, 5733.98, 5747.01, 5747.02, 5747.05, 5747.051, 4922
5747.057, 5747.21, 5747.212, 5747.22, 5747.26, 5747.261, 4923
5747.31, 5747.32, 5747.34, 5747.35, 5747.36, 5747.38, 5747.39, 4924
5747.77, and 5747.98 of the Revised Code provides for the levy 4925
of a tax and is exempt from the referendum under Ohio 4926
Constitution, Article II, section 1d and therefore takes effect 4927
immediately when this act becomes law. 4928