

As Introduced

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

S. B. No. 88

**Senator Tavares
Cosponsors: Senator Thomas**

A BILL

To amend sections 5726.98, 5747.98, and 5751.98 and 1
to enact sections 5726.58, 5747.391, and 5751.55 2
of the Revised Code to create a tax credit for 3
the employment of individuals who have been 4
convicted of criminal offenses. 5

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

Section 1. That sections 5726.98, 5747.98, and 5751.98 be 6
amended and sections 5726.58, 5747.391, and 5751.55 of the 7
Revised Code be enacted to read as follows: 8

Sec. 5726.58. (A) As used in this section: 9

(1) "Qualified reforming offender" means an individual who 10
meets all of the following criteria: 11

(a) Has been convicted of a felony or misdemeanor under 12
any statute of the United States or any state; 13

(b) Was hired by a taxpayer within one year after the 14
conviction or, if sentenced to a term of incarceration, was 15
hired within one year after being released from incarceration; 16

(c) Is a member of a family that, in the six months 17

immediately preceding the date of hiring, had an income that, on 18
an annual basis, would be seventy per cent or less of the most 19
recent lower living standard calculated by the federal bureau of 20
labor statistics. 21

(2) "Family" means an individual, an individual's spouse, 22
and the biological or adopted children of the individual or the 23
individual's spouse. 24

(3) "Wages" has the same meaning as in section 3306 of the 25
Internal Revenue Code. 26

(B) (1) For taxable years beginning in 2015 or thereafter, 27
a nonrefundable credit is allowed against the tax imposed by 28
section 5726.02 of the Revised Code for the wages paid by a 29
taxpayer to a qualified reforming offender who works at least 30
one hundred twenty hours for the taxpayer during the taxpayer's 31
taxable year. The amount of the credit shall be calculated as 32
follows: 33

(a) For each qualified reforming offender who works at 34
least four hundred hours during the taxable year, the credit 35
equals forty per cent of the wages paid to the qualified 36
reforming offender, but shall not exceed two thousand four 37
hundred dollars per qualified reforming offender. 38

(b) For each qualified reforming offender who works less 39
than four hundred hours but at least one hundred twenty hours 40
during the taxable year, the credit equals twenty-five per cent 41
of the wages paid to the qualified reforming offender, but shall 42
not exceed one thousand five hundred dollars per qualified 43
reforming offender. 44

The credit shall be claimed in the order required under 45
section 5726.98 of the Revised Code. The credit, to the extent 46

it exceeds the taxpayer's tax liability for the tax year after 47
allowance for any other credits that precede the credit under 48
that section in that order, may be carried forward for the next 49
five succeeding tax years, but the amount of any excess credit 50
allowed in any such year shall be deducted from the balance 51
carried forward to the succeeding year. 52

(2) A taxpayer who received federally funded payments for 53
on-the-job training of a qualified reforming offender may not 54
claim the credit allowed under this section for any portion of 55
the wages paid to that qualified reforming offender. 56

(3) A taxpayer may not claim the credit allowed under this 57
section for any portion of the wages paid to a qualified 58
reforming offender for services that were the same as, or 59
substantially similar to, services that, but for a strike or 60
lockout, would have been performed by another employee. 61

(4) If a qualified reforming offender's employment is 62
terminated during the taxable year and the qualified reforming 63
offender was employed by the taxpayer for less than twelve 64
months, the taxpayer may not claim the full amount of the credit 65
allowed under this section unless the qualified reforming 66
offender voluntarily terminated employment; was unable to 67
continue employment due to a disability or death; or was 68
terminated for cause. If a qualified reforming offender's 69
employment is terminated for any other reason, the amount of the 70
credit to which the taxpayer is entitled under this section is 71
reduced by a percentage equal to the percentage of the taxable 72
year that the qualified reforming offender was not employed by 73
the taxpayer. 74

(C) A taxpayer claiming a credit under this section does 75
not, in itself, make any files, statements, returns, reports, 76

papers, or documents of any kind relating to qualified reforming 77
offenders or their families public records under section 149.43 78
of the Revised Code. 79

(D) A taxpayer that claims a credit under this section may 80
not claim the credit allowed under section 5747.391 or 5751.55 81
of the Revised Code on the basis of the same qualified reforming 82
offender. 83

Sec. 5726.98. (A) To provide a uniform procedure for 84
calculating the amount of tax due under section 5726.02 of the 85
Revised Code, a taxpayer shall claim any credits to which the 86
taxpayer is entitled under this chapter in the following order: 87

(1) The bank organization assessment credit under section 88
5726.51 of the Revised Code; 89

(2) The nonrefundable job retention credit under division 90
(B) of section 5726.50 of the Revised Code; 91

(3) The nonrefundable credit for purchases of qualified 92
low-income community investments under section 5726.54 of the 93
Revised Code; 94

(4) The nonrefundable credit for employers that employ 95
qualified reforming offenders under section 5726.58 of the 96
Revised Code; 97

(5) The nonrefundable credit for qualified research 98
expenses under section 5726.56 of the Revised Code; 99

~~(5)~~ (6) The nonrefundable credit for qualifying dealer in 100
intangibles taxes under section 5726.57 of the Revised Code; 101

~~(6)~~ (7) The refundable credit for rehabilitating an 102
historic building under section 5726.52 of the Revised Code; 103

~~(7)~~ (8) The refundable job retention or job creation credit under division (A) of section 5726.50 of the Revised Code;

~~(8)~~ (9) The refundable credit under section 5726.53 of the Revised Code for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;

~~(9)~~ (10) The refundable motion picture production credit under section 5726.55 of the Revised Code.

(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a taxable year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.

Sec. 5747.391. (A) As used in this section:

(1) "Pass-through entity" includes a sole proprietorship.

(2) "Qualified reforming offender" means an individual who meets all of the following criteria:

(a) Has been convicted of a misdemeanor or felony under any statute of the United States or any state;

(b) Was hired by a pass-through entity within one year after the conviction or, if sentenced to a term of incarceration, was hired within one year after being released from incarceration;

(c) Is a member of a family that, in the six months 132
immediately preceding the date of hiring, had an income that, on 133
an annual basis, would be seventy per cent or less of the most 134
recent lower living standard calculated by the federal bureau of 135
labor statistics. 136

(3) "Family" means an individual, an individual's spouse, 137
and the biological or adopted children of the individual or the 138
individual's spouse. 139

(4) "Wages" has the same meaning as in section 3306 of the 140
Internal Revenue Code. 141

(B) (1) For taxable years beginning in 2015 or thereafter, 142
a nonrefundable credit is allowed against the tax imposed by 143
section 5747.02 of the Revised Code for the wages paid by a 144
pass-through entity to a qualified reforming offender who works 145
at least one hundred twenty hours for the pass-through entity 146
during the entity's taxable year ending in or with the 147
taxpayer's taxable year. The amount of the credit shall be 148
calculated as follows: 149

(a) For each qualified reforming offender who works at 150
least four hundred hours during the entity's taxable year, the 151
credit equals forty per cent of the wages paid to the qualified 152
reforming offender, but shall not exceed two thousand four 153
hundred dollars per qualified reforming offender. 154

(b) For each qualified reforming offender who works less 155
than four hundred hours but at least one hundred twenty hours 156
during the entity's taxable year, the credit equals twenty-five 157
per cent of the wages paid to the qualified reforming offender, 158
but shall not exceed one thousand five hundred dollars per 159
qualified reforming offender. 160

The amount of a taxpayer's credit is the taxpayer's 161
proportionate share of the credit distributed by the pass- 162
through entity. The credit shall be claimed in the order 163
required under section 5747.98 of the Revised Code. The credit, 164
to the extent it exceeds the taxpayer's tax liability for the 165
taxable year after allowance for any other credits that precede 166
the credit under that section in that order, may be carried 167
forward for the next five succeeding taxable years, but the 168
amount of any excess credit allowed in any such year shall be 169
deducted from the balance carried forward to the succeeding 170
year. 171

(2) A taxpayer may not claim the credit allowed under this 172
section for any portion of the wages paid to a qualified 173
reforming offender for whom the pass-through entity received 174
federally funded payments for on-the-job training. 175

(3) A taxpayer may not claim the credit allowed under this 176
section for any portion of the wages paid to a qualified 177
reforming offender for services that were the same as, or 178
substantially similar to, services that, but for a strike or 179
lockout, would have been performed by another employee. 180

(4) If a qualified reforming offender's employment is 181
terminated during the pass-through entity's taxable year ending 182
in or with the taxpayer's taxable year and the qualified 183
reforming offender was employed by the pass-through entity for 184
less than twelve months, a taxpayer may not claim the full 185
amount of the credit allowed under this section unless the 186
qualified reforming offender voluntarily terminated employment; 187
was unable to continue employment due to a disability or death; 188
or was terminated for cause. If a qualified reforming offender's 189
employment is terminated for any other reason, the amount of the 190

credit to which the taxpayer is entitled under this section is 191
reduced by a percentage equal to the percentage of the taxable 192
year that the qualified reforming offender was not employed by 193
the pass-through entity. 194

(C) A taxpayer claiming a credit under this section does 195
not, in itself, make any files, statements, returns, reports, 196
papers, or documents of any kind relating to qualified reforming 197
offenders or their families public records under section 149.43 198
of the Revised Code. 199

(D) A taxpayer who claims a credit under this section may 200
not directly or indirectly claim the credit allowed under 201
section 5726.58 or 5751.55 of the Revised Code on the basis of 202
the same qualified reforming offender. 203

Sec. 5747.98. (A) To provide a uniform procedure for 204
calculating the amount of tax due under section 5747.02 of the 205
Revised Code, a taxpayer shall claim any credits to which the 206
taxpayer is entitled in the following order: 207

(1) The retirement income credit under division (B) of 208
section 5747.055 of the Revised Code; 209

(2) The senior citizen credit under division (C) of 210
section 5747.05 of the Revised Code; 211

(3) The lump sum distribution credit under division (D) of 212
section 5747.05 of the Revised Code; 213

(4) The dependent care credit under section 5747.054 of 214
the Revised Code; 215

(5) The lump sum retirement income credit under division 216
(C) of section 5747.055 of the Revised Code; 217

(6) The lump sum retirement income credit under division 218

(D) of section 5747.055 of the Revised Code;	219
(7) The lump sum retirement income credit under division	220
(E) of section 5747.055 of the Revised Code;	221
(8) The low-income credit under section 5747.056 of the	222
Revised Code;	223
(9) The credit for displaced workers who pay for job	224
training under section 5747.27 of the Revised Code;	225
(10) The campaign contribution credit under section	226
5747.29 of the Revised Code;	227
(11) The twenty-dollar personal exemption credit under	228
section 5747.022 of the Revised Code;	229
(12) The joint filing credit under division (G) of section	230
5747.05 of the Revised Code;	231
(13) The nonresident credit under division (A) of section	232
5747.05 of the Revised Code;	233
(14) The credit for a resident's out-of-state income under	234
division (B) of section 5747.05 of the Revised Code;	235
(15) The earned income credit under section 5747.71 of the	236
Revised Code;	237
(16) The credit for employers that reimburse employee	238
child care expenses under section 5747.36 of the Revised Code;	239
(17) The credit for adoption of a minor child under	240
section 5747.37 of the Revised Code;	241
(18) The credit for purchases of lights and reflectors	242
under section 5747.38 of the Revised Code;	243
(19) The nonrefundable job retention credit under division	244

(B) of section 5747.058 of the Revised Code;	245
(20) The credit for selling alternative fuel under section 5747.77 of the Revised Code;	246 247
(21) The second credit for purchases of new manufacturing machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code;	248 249 250
(22) The job training credit under section 5747.39 of the Revised Code;	251 252
(23) The enterprise zone credit under section 5709.66 of the Revised Code;	253 254
(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	255 256
(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	257 258
(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;	259 260
(27) <u>The nonrefundable credit for employers that employ qualified reforming offenders under section 5747.391 of the Revised Code;</u>	261 262 263
<u>(28)</u> The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	264 265
(28) <u>(29)</u> The small business investment credit under section 5747.81 of the Revised Code;	266 267
(29) <u>(30)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	268 269
(30) <u>(31)</u> The research and development credit under section 5747.331 of the Revised Code;	270 271

(31) <u>(32)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	272 273
(32) <u>(33)</u> The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	274 275
(33) <u>(34)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	276 277 278
(34) <u>(35)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	279 280 281
(35) <u>(36)</u> The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;	282 283 284
(36) <u>(37)</u> The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	285 286 287 288
(37) <u>(38)</u> The refundable motion picture production credit under section 5747.66 of the Revised Code;	289 290
(38) <u>(39)</u> The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code.	291 292 293
(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular	294 295 296 297 298 299

credit may be carried forward if authorized under the section 300
creating that credit. Nothing in this chapter shall be construed 301
to allow a taxpayer to claim, directly or indirectly, a credit 302
more than once for a taxable year. 303

Sec. 5751.55. (A) As used in this section: 304

(1) "Qualified reforming offender" means an individual who 305
meets all of the following criteria: 306

(a) Has been convicted of a misdemeanor or felony under 307
any statute of the United States or any state; 308

(b) Was hired by a taxpayer within one year after the 309
conviction or, if sentenced to a term of incarceration, was 310
hired within one year after being released from incarceration; 311

(c) Is a member of a family that, in the six months 312
immediately preceding the date of hiring, had an income that, on 313
an annual basis, would be seventy per cent or less of the most 314
recent lower living standard calculated by the federal bureau of 315
labor statistics. 316

(2) "Family" means an individual, an individual's spouse, 317
and the biological or adopted children of the individual or the 318
individual's spouse. 319

(3) "Wages" has the same meaning as in section 3306 of the 320
Internal Revenue Code. 321

(B) (1) For tax periods beginning in 2015 and thereafter, a 322
nonrefundable credit is allowed against the tax imposed by 323
section 5751.02 of the Revised Code for the wages paid by a 324
taxpayer to a qualified reforming offender who works at least 325
one hundred twenty hours for the taxpayer during the calendar 326
year. The amount of the credit shall be calculated as follows: 327

(a) For each qualified reforming offender who works at 328
least four hundred hours during the calendar year, the credit 329
equals forty per cent of the wages paid to the qualified 330
reforming offender, but shall not exceed two thousand four 331
hundred dollars per qualified reforming offender. 332

(b) For each qualified reforming offender who works less 333
than four hundred hours but at least one hundred twenty hours 334
during the calendar year, the credit equals twenty-five per cent 335
of the wages paid to the qualified reforming offender, but shall 336
not exceed one thousand five hundred dollars per qualified 337
reforming offender. 338

The credit shall be claimed in the order required under 339
section 5751.98 of the Revised Code. The credit, to the extent 340
it exceeds a calendar year taxpayer's tax liability for the tax 341
period after allowance for any other credits that precede the 342
credit under that section in that order, may be carried forward 343
for the next five succeeding tax periods. A calendar quarter 344
taxpayer shall claim the credit for the tax period ending on the 345
thirty-first day of December. To the extent the credit exceeds 346
the calendar quarter taxpayer's tax liability for the tax period 347
after allowance for any other credits that precede the credit 348
under section 5751.98 of the Revised Code in that order, the 349
excess may be carried forward for the next twenty-three tax 350
periods. For all taxpayers, the amount of any excess credit 351
allowed in any such tax period shall be deducted from the 352
balance carried forward to the succeeding tax period. 353

(2) A taxpayer who received federally funded payments for 354
on-the-job training of a qualified reforming offender may not 355
claim the credit allowed under this section for any portion of 356
the wages paid to that qualified reforming offender. 357

(3) A taxpayer may not claim the credit allowed under this section for any portion of the wages paid to a qualified reforming offender for services that were the same as, or substantially similar to, services that, but for a strike or lockout, would have been performed by another employee.

(4) If a qualified reforming offender's employment is terminated during the calendar year and the qualified reforming offender was employed by the taxpayer for less than twelve months, the taxpayer may not claim the full amount of the credit allowed under this section unless the qualified reforming offender voluntarily terminated employment; was unable to continue employment due to a disability or death; or was terminated for cause. If a qualified reforming offender's employment is terminated for any other reason, the amount of the credit to which the taxpayer is entitled under this section is reduced by a percentage equal to the percentage of the calendar year that the qualified reforming offender was not employed by the taxpayer.

(C) A taxpayer claiming a credit under this section does not, in itself, make any files, statements, returns, reports, papers, or documents of any kind relating to qualified reforming offenders or their families public records under section 149.43 of the Revised Code.

(D) A taxpayer that claims a credit under this section may not claim the credit allowed under section 5726.58 or 5747.391 of the Revised Code on the basis of the same qualified reforming offender.

Sec. 5751.98. (A) To provide a uniform procedure for calculating the amount of tax due under this chapter, a taxpayer shall claim any credits to which it is entitled in the following

order:	388
(1) The nonrefundable jobs retention credit under division (B) of section 5751.50 of the Revised Code;	389 390
(2) <u>The nonrefundable credit for employers that employ qualified reforming offenders under section 5751.55 of the Revised Code;</u>	391 392 393
<u>(3)</u> The nonrefundable credit for qualified research expenses under division (B) of section 5751.51 of the Revised Code;	394 395 396
(3) <u>(4)</u> The nonrefundable credit for a borrower's qualified research and development loan payments under division (B) of section 5751.52 of the Revised Code;	397 398 399
(4) <u>(5)</u> The nonrefundable credit for calendar years 2010 to 2029 for unused net operating losses under division (B) of section 5751.53 of the Revised Code;	400 401 402
(5) <u>(6)</u> The refundable motion picture production credit under section 5751.54 of the Revised Code;	403 404
(6) <u>(7)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5751.50 of the Revised Code;	405 406 407
(7) <u>(8)</u> The refundable credit for calendar year 2030 for unused net operating losses under division (C) of section 5751.53 of the Revised Code.	408 409 410
(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a tax period shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried	411 412 413 414 415

forward if authorized under the section creating the credit. 416

Section 2. That existing sections 5726.98, 5747.98, and 417
5751.98 of the Revised Code are hereby repealed. 418