

As Introduced

**132nd General Assembly
Regular Session
2017-2018**

H. B. No. 789

Representative Ramos

A BILL

To amend sections 131.44, 5741.03, and 5747.02 of
the Revised Code to require that surplus revenue
remaining after the required transfer to the
Budget Stabilization Fund be transferred to the
Ohio College Opportunity Grant Program Reserve
Fund rather than the Income Tax Reduction Fund
and to make an appropriation.

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

Section 1. That sections 131.44, 5741.03, and 5747.02 of
the Revised Code be amended to read as follows:

Sec. 131.44. (A) As used in this section:

(1) "Surplus revenue" means the excess, if any, of the
total fund balance over the required year-end balance.

(2) "Total fund balance" means the sum of the unencumbered
balance in the general revenue fund on the last day of the
preceding fiscal year plus the balance in the budget
stabilization fund.

(3) "Required year-end balance" means the sum of the
following:

(a) Eight and one-half per cent of the general revenue fund revenues for the preceding fiscal year;	19 20
(b) "Ending fund balance," which means one-half of one per cent of general revenue fund revenues for the preceding fiscal year;	21 22 23
(c) "Carryover balance," which means, with respect to a fiscal biennium, the excess, if any, of the estimated general revenue fund appropriation and transfer requirement for the second fiscal year of the biennium over the estimated general revenue fund revenue for that fiscal year;	24 25 26 27 28
(d) "Capital appropriation reserve," which means the amount, if any, of general revenue fund capital appropriations made for the current biennium that the director of budget and management has determined will be encumbered or disbursed;	29 30 31 32
(e) "Income tax reduction impact reserve," which means an amount equal to the reduction projected by the director of budget and management in income tax revenue in the current fiscal year attributable to the previous reduction in the income tax rate made by the tax commissioner pursuant to division (B) of section 5747.02 of the Revised Code.	33 34 35 36 37 38
(4) "Estimated general revenue fund appropriation and transfer requirement" means the most recent adjusted appropriations made by the general assembly from the general revenue fund and includes both of the following:	39 40 41 42
(a) Appropriations made and transfers of appropriations from the first fiscal year to the second fiscal year of the biennium in provisions of acts of the general assembly signed by the governor but not yet effective;	43 44 45 46
(b) Transfers of appropriations from the first fiscal year	47

to the second fiscal year of the biennium approved by the 48
controlling board. 49

(5) "Estimated general revenue fund revenue" means the 50
most recent such estimate available to the director of budget 51
and management. 52

(B) ~~(1)~~ Not later than the thirty-first day of July each 53
year, the director of budget and management shall determine the 54
surplus revenue that existed on the preceding thirtieth day of 55
June and transfer from the general revenue fund, to the extent 56
of the unobligated, unencumbered balance on the preceding 57
thirtieth day of June in excess of one-half of one per cent of 58
the general revenue fund revenues in the preceding fiscal year, 59
the following: 60

~~(a)~~ (1) First, to the budget stabilization fund, any 61
amount necessary for the balance of the budget stabilization 62
fund to equal eight and one-half per cent of the general revenue 63
fund revenues of the preceding fiscal year; 64

~~(b)~~ (2) Then, to the ~~income tax reduction~~ Ohio college 65
opportunity grant program reserve fund, which is hereby 66
created in the state treasury section 3333.124 of the Revised Code, an 67
amount equal to the surplus revenue. 68

~~(2) Not later than the thirty-first day of July each year,~~ 69
~~the director shall determine the percentage that the balance in~~ 70
~~the income tax reduction fund is of the amount of revenue that~~ 71
~~the director estimates will be received from the tax levied~~ 72
~~under section 5747.02 of the Revised Code in the current fiscal~~ 73
~~year without regard to any reduction under division (B) of that~~ 74
~~section. If that percentage exceeds thirty-five one hundredths~~ 75
~~of one per cent, the director shall certify the percentage to~~ 76

~~the tax commissioner not later than the thirty first day of~~ 77
~~July.~~ 78

~~(C) The director of budget and management shall transfer~~ 79
~~money in the income tax reduction fund to the general revenue~~ 80
~~fund, the local government fund, and the public library fund as~~ 81
~~necessary to offset revenue reductions resulting from the~~ 82
~~reductions in taxes required under division (B) of section~~ 83
~~5747.02 of the Revised Code in the respective amounts and~~ 84
~~percentages prescribed by division (A) of section 5747.03 and~~ 85
~~divisions (A) and (B) of section 131.51 of the Revised Code as~~ 86
~~if the amount transferred had been collected as taxes under~~ 87
~~Chapter 5747. of the Revised Code. If no reductions in taxes are~~ 88
~~made under that division that affect revenue received in the~~ 89
~~current fiscal year, the director shall not transfer money from~~ 90
~~the income tax reduction fund to the general revenue fund, the~~ 91
~~local government fund, and the public library fund.~~ 92

Sec. 5741.03. (A) One hundred per cent of all money 93
deposited into the state treasury under sections 5741.01 to 94
5741.22 of the Revised Code that is not required to be 95
distributed as provided in division (B) of this section shall be 96
credited to the general revenue fund. 97

(B) In any case where any county or transit authority has 98
levied a tax or taxes pursuant to section 5741.021, 5741.022, or 99
5741.023 of the Revised Code, the tax commissioner shall, within 100
forty-five days after the end of each month, determine and 101
certify to the director of budget and management the amount of 102
the proceeds of such tax or taxes from billings and assessments 103
received during that month, or shown on tax returns or reports 104
filed during that month, to be returned to the county or transit 105
authority levying the tax or taxes, which amounts shall be 106

determined in the manner provided in section 5739.21 of the Revised Code. The director of budget and management shall transfer, from the general revenue fund, to the permissive tax distribution fund created by division (B) (1) of section 4301.423 of the Revised Code and to the local sales tax administrative fund created by division (C) of section 5739.21 of the Revised Code, the amounts certified by the tax commissioner. The tax commissioner shall then, on or before the twentieth day of the month in which such certification is made, provide for payment of such respective amounts to the county treasurer or to the fiscal officer of the transit authority levying the tax or taxes. The amount transferred to the local sales tax administrative fund is for use by the tax commissioner in defraying costs the commissioner incurs in administering such taxes levied by a county or transit authority.

~~(C) (1) Not later than the first day of each January and July following the date remote sellers are first required to register, collect, and remit use tax under this chapter, the tax commissioner and the director of budget and management shall jointly determine the amount of tax imposed by section 5741.02 of the Revised Code and remitted under this chapter by remote sellers during the six-month period ending on the preceding last day of November and of May, respectively, reduced by any refunds issued during the six-month period to remote sellers from the tax refund fund on account of that tax.~~

~~(2) Not later than that last day of each January and July following the date the commissioner and the director make a determination under division (C) (1) of this section, the director of budget and management shall transfer from the general revenue fund to the income tax reduction fund the amount determined under that division. Amounts transferred to the~~

~~income tax reduction fund under this division shall be included~~ 138
~~in the determination of the percentage under division (B) (2) of~~ 139
~~section 131.44 of the Revised Code required to be made by the~~ 140
~~thirty first day of July of the calendar year in which the~~ 141
~~commissioner makes the certifications under this division.~~ 142

Sec. 5747.02. (A) For the purpose of providing revenue for 143
the support of schools and local government functions, to 144
provide relief to property taxpayers, to provide revenue for the 145
general revenue fund, and to meet the expenses of administering 146
the tax levied by this chapter, there is hereby levied on every 147
individual, trust, and estate residing in or earning or 148
receiving income in this state, on every individual, trust, and 149
estate earning or receiving lottery winnings, prizes, or awards 150
pursuant to Chapter 3770. of the Revised Code, on every 151
individual, trust, and estate earning or receiving winnings on 152
casino gaming, and on every individual, trust, and estate 153
otherwise having nexus with or in this state under the 154
Constitution of the United States, an annual tax measured as 155
prescribed in divisions (A) (1) to (4) of this section. 156

(1) In the case of trusts, the tax imposed by this section 157
shall be measured by modified Ohio taxable income under division 158
(D) of this section and levied in the same amount as the tax is 159
imposed on estates as prescribed in division (A) (2) of this 160
section. 161

(2) In the case of estates, the tax imposed by this 162
section shall be measured by Ohio taxable income and levied at 163
the rate of seven thousand four hundred twenty-five ten- 164
thousandths per cent for the first ten thousand five hundred 165
dollars of such income and, for income in excess of that amount, 166
at the same rates prescribed in division (A) (3) of this section 167

for individuals.	168
(3) In the case of individuals, for taxable years	169
beginning in 2017 or thereafter, the tax imposed by this section	170
on income other than taxable business income shall be measured	171
by Ohio adjusted gross income, less taxable business income and	172
less an exemption for the taxpayer, the taxpayer's spouse, and	173
each dependent as provided in section 5747.025 of the Revised	174
Code. If the balance thus obtained is equal to or less than ten	175
thousand five hundred dollars, no tax shall be imposed on that	176
balance. If the balance thus obtained is greater than ten	177
thousand five hundred dollars, the tax is hereby levied as	178
follows:	179
OHIO ADJUSTED GROSS	180
INCOME LESS TAXABLE	181
BUSINESS INCOME AND EXEMPTIONS	182
(INDIVIDUALS)	183
OR	184
MODIFIED OHIO	185
TAXABLE INCOME (TRUSTS)	186
OR	187
OHIO TAXABLE INCOME (ESTATES) TAX	188
More than \$10,500 but \$77.96 plus 1.980% of the amount	189
not more than \$15,800 in excess of \$10,500	190
More than \$15,800 but \$182.90 plus 2.476% of the amount	191
not more than \$21,100 in excess of \$15,800	192
More than \$21,100 but \$314.13 plus 2.969% of the amount	193
not more than \$42,100 in excess of \$21,100	194
More than \$42,100 but \$937.62 plus 3.465% of the amount	195
not more than \$84,200 in excess of \$42,100	196

More than \$84,200 but \$2,396.39 plus 3.960% of the amount	197
not more than \$105,300 in excess of \$84,200	198
More than \$105,300 but \$3,231.95 plus 4.597% of the amount	199
not more than \$210,600 in excess of \$105,300	200
More than \$210,600 \$8,072.59 plus 4.997% of the amount	201
in excess of \$210,600	202
(4) (a) In the case of individuals, for taxable years	203
beginning in 2016 or thereafter, the tax imposed by this section	204
on taxable business income shall equal three per cent of the	205
result obtained by subtracting any amount allowed under division	206
(A) (4) (b) of this section from the individual's taxable business	207
income.	208
(b) If the exemptions allowed to an individual under	209
division (A) (3) of this section exceed the taxpayer's Ohio	210
adjusted gross income less taxable business income, the excess	211
shall be deducted from taxable business income before computing	212
the tax under division (A) (4) (a) of this section.	213
(5) Except as otherwise provided in this division, in	214
August of each year, the tax commissioner shall make a new	215
adjustment to the income amounts prescribed in divisions (A) (2)	216
and (3) of this section by multiplying the percentage increase	217
in the gross domestic product deflator computed that year under	218
section 5747.025 of the Revised Code by each of the income	219
amounts resulting from the adjustment under this division in the	220
preceding year, adding the resulting product to the	221
corresponding income amount resulting from the adjustment in the	222
preceding year, and rounding the resulting sum to the nearest	223
multiple of fifty dollars. The tax commissioner also shall	224
recompute each of the tax dollar amounts to the extent necessary	225

to reflect the new adjustment of the income amounts. To 226
recompute the tax dollar amount corresponding to the lowest tax 227
rate in division (A) (3) of this section, the commissioner shall 228
multiply the tax rate prescribed in division (A) (2) of this 229
section by the income amount specified in that division and as 230
adjusted according to this paragraph. The rates of taxation 231
shall not be adjusted. 232

The adjusted amounts apply to taxable years beginning in 233
the calendar year in which the adjustments are made and to 234
taxable years beginning in each ensuing calendar year until a 235
calendar year in which a new adjustment is made pursuant to this 236
division. The tax commissioner shall not make a new adjustment 237
in any year in which the amount resulting from the adjustment 238
would be less than the amount resulting from the adjustment in 239
the preceding year. 240

(B) If the director of budget and management makes a 241
certification to the tax commissioner under division (B) of 242
section 131.44 of the Revised Code as that division existed 243
prior to the effective date of the amendments to that section by 244
...B... of the 132nd general assembly, the amount of tax as 245
determined under divisions (A) (1) to (3) of this section shall 246
be reduced by the percentage prescribed in that certification 247
for taxable years beginning in the calendar year in which that 248
certification is made. 249

(C) The levy of this tax on income does not prevent a 250
municipal corporation, a joint economic development zone created 251
under section 715.691, or a joint economic development district 252
created under section 715.70, 715.71, or 715.72 of the Revised 253
Code from levying a tax on income. 254

(D) This division applies only to taxable years of a trust 255

beginning in 2002 or thereafter.	256
(1) The tax imposed by this section on a trust shall be	257
computed by multiplying the Ohio modified taxable income of the	258
trust by the rates prescribed by division (A) of this section.	259
(2) A resident trust may claim a credit against the tax	260
computed under division (D) of this section equal to the lesser	261
of (a) the tax paid to another state or the District of Columbia	262
on the resident trust's modified nonbusiness income, other than	263
the portion of the resident trust's nonbusiness income that is	264
qualifying investment income as defined in section 5747.012 of	265
the Revised Code, or (b) the effective tax rate, based on	266
modified Ohio taxable income, multiplied by the resident trust's	267
modified nonbusiness income other than the portion of the	268
resident trust's nonbusiness income that is qualifying	269
investment income. The credit applies before any other	270
applicable credits.	271
(3) The credits enumerated in divisions (A)(1) to (9) and	272
(A)(18) to (20) of section 5747.98 of the Revised Code do not	273
apply to a trust subject to division (D) of this section. Any	274
credits enumerated in other divisions of section 5747.98 of the	275
Revised Code apply to a trust subject to division (D) of this	276
section. To the extent that the trust distributes income for the	277
taxable year for which a credit is available to the trust, the	278
credit shall be shared by the trust and its beneficiaries. The	279
tax commissioner and the trust shall be guided by applicable	280
regulations of the United States treasury regarding the sharing	281
of credits.	282
(E) For the purposes of this section, "trust" means any	283
trust described in Subchapter J of Chapter 1 of the Internal	284
Revenue Code, excluding trusts that are not irrevocable as	285

defined in division (I) (3) (b) of section 5747.01 of the Revised Code and that have no modified Ohio taxable income for the taxable year, charitable remainder trusts, qualified funeral trusts and preneed funeral contract trusts established pursuant to sections 4717.31 to 4717.38 of the Revised Code that are not qualified funeral trusts, endowment and perpetual care trusts, qualified settlement trusts and funds, designated settlement trusts and funds, and trusts exempted from taxation under section 501(a) of the Internal Revenue Code.

(F) Nothing in division (A) (3) of this section shall prohibit an individual with an Ohio adjusted gross income, less taxable business income and exemptions, of ten thousand five hundred dollars or less from filing a return under this chapter to receive a refund of taxes withheld or to claim any refundable credit allowed under this chapter.

Section 2. That existing sections 131.44, 5741.03, and 5747.02 of the Revised Code are hereby repealed.

Section 3. All items in this section are hereby appropriated as designated out of any moneys in the state treasury to the credit of the designated fund. For all appropriations made in this act, those in the first column are for fiscal year 2018 and those in the second column are for fiscal year 2019. The appropriations made in this act are in addition to any other appropriations made for the FY 2018-FY 2019 biennium.

BOR DEPARTMENT OF HIGHER EDUCATION

Dedicated Purpose Fund Group

5PU0 235656 Ohio College Opportunity Grant	\$4,550,000	\$4,550,000
TOTAL DPF Dedicated Purpose Fund Group	\$4,550,000	\$4,550,000

TOTAL ALL BUDGET FUND GROUPS	\$4,550,000\$4,550,000	315
OHIO COLLEGE OPPORTUNITY GRANT		316
The foregoing appropriation item 235656, Ohio College Opportunity Grant, shall be used by the Chancellor of Higher Education to award need-based financial aid to students enrolled in eligible public and private nonprofit institutions of higher education, excluding early college high school and post-secondary enrollment option participants, pursuant to section 3333.122 of the Revised Code and Section 381.360 of Am. Sub. H.B. 49 of the 132nd General Assembly.		317 318 319 320 321 322 323 324
An amount equal to the unexpended, unencumbered portion of the foregoing appropriation item 235656, Ohio College Opportunity Grant, at the end of fiscal year 2018 is hereby appropriated for the same purpose for fiscal year 2019.		325 326 327 328
In each fiscal year, the Chancellor shall not distribute or obligate or commit to be distributed an amount greater than what is appropriated under the foregoing appropriation item 235656, Ohio College Opportunity Grant.		329 330 331 332
Section 4. Within the limits set forth in this act, the Director of Budget and Management shall establish accounts indicating the source and amount of funds for each appropriation made in this act, and shall determine the form and manner in which appropriation accounts shall be maintained. Expenditures from appropriations contained in this act shall be accounted for as though made in Am. Sub. H.B. 49 of the 132nd General Assembly.		333 334 335 336 337 338 339 340
The appropriations made in this act are subject to all provisions of Am. Sub. H.B. 49 of the 132nd General Assembly that are generally applicable to such appropriations.		341 342 343

Section 5. On the effective date of this section, or as 344
soon as possible thereafter, the Director of Budget and 345
Management shall transfer the cash balance in the Income Tax 346
Reduction Fund (Fund 4R80) to the Ohio College Opportunity Grant 347
Program Reserve Fund (Fund 5PU0). Upon completion of the 348
transfer, Fund 4R80 is hereby abolished. 349