

**As Reported by the House Ways and Means Committee**

**134th General Assembly**

**Regular Session**

**2021-2022**

**Sub. H. B. No. 186**

**Representatives Swearingen, Wilkin**

**Cosponsors: Representatives LaRe, Riedel, Seitz, Click, Carfagna, Gross,  
Edwards, Cross, Hillyer, Kelly, Weinstein, Ingram, Carruthers, Sobecki**

---

**A BILL**

To amend sections 2921.13 and 5747.01 and to enact 1  
sections 193.01, 193.02, 193.03, 193.04, 193.05, 2  
193.06, and 193.07 of the Revised Code to enact 3  
the First-time Home Buyer Savings Act, 4  
authorizing income tax deductions for 5  
contributions to and earnings on savings 6  
accounts designated for the purchase of a home. 7

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

**Section 1.** That sections 2921.13 and 5747.01 be amended 8  
and sections 193.01, 193.02, 193.03, 193.04, 193.05, 193.06, and 9  
193.07 of the Revised Code be enacted to read as follows: 10

**Sec. 193.01.** As used in this chapter: 11

(A) "Account holder" means an individual who establishes, 12  
individually or jointly with the individual's spouse, a first- 13  
time home buyer savings account. 14

(B) "Allowable closing costs" means a disbursement listed 15  
on a closing disclosure for the purchase of a single-family 16  
residence in this state by a qualified beneficiary. 17

(C) "Eligible costs" means the down payment and allowable closing costs for the purchase of a single-family residence in this state by a qualified beneficiary. 18  
19  
20

(D) "Financial institution" means any bank, trust company, savings institution, industrial loan association, consumer finance company, credit union, or any benefit association, insurance company, safe deposit company, money market mutual fund, or similar entity authorized to do business in this state. 21  
22  
23  
24  
25

(E) "First-time home buyer" means an individual who resides in this state and has not owned or purchased, either individually or jointly, a single-family residence before purchasing a single-family residence using amounts from a first-time home buyer savings account. 26  
27  
28  
29  
30

(F) "First-time home buyer savings account" or "account" means an account at a financial institution that is designated, in its entirety, by the account holder as a first-time home buyer savings account pursuant to this chapter for the purpose of paying or reimbursing eligible costs for the purchase of a single-family residence in this state by a qualified beneficiary. 31  
32  
33  
34  
35  
36  
37

(G) "Qualified beneficiary" means a first-time home buyer who is designated by the account holder of a first-time home buyer savings account. 38  
39  
40

(H) "Closing disclosure" means the statement of receipts and disbursement for a transaction related to real estate, including a statement prescribed under the "Real Estate Settlement Procedures Act of 1974," 12 U.S.C. 2601 et seq., as amended, and regulations thereunder. 41  
42  
43  
44  
45

(I) "Single-family residence" means a dwelling, including 46

a unit in a multiple-unit dwelling and a manufactured home or 47  
mobile home, owned and occupied by a qualified beneficiary as a 48  
principal residence. A single-family residence includes so much 49  
of the land surrounding it as is reasonably necessary for the 50  
use of the dwelling or unit as a home. 51

(J) "Manufactured home" has the same meaning as in section 52  
3781.06 of the Revised Code. 53

(K) "Mobile home" has the same meaning as in section 54  
4501.01 of the Revised Code. 55

(L) "Active duty" and "uniformed services" have the same 56  
meanings as in section 5906.01 of the Revised Code. 57

**Sec. 193.02.** (A) On or after January 1, 2023, any 58  
individual may open an account at a financial institution and 59  
designate the account, in its entirety, as a first-time home 60  
buyer savings account. All funds deposited to, or held in a 61  
first-time home buyer savings account shall be intended for use 62  
in paying or reimbursing eligible costs for the purchase of a 63  
single-family residence in this state by the account's qualified 64  
beneficiary. An account that includes funds intended for other 65  
purposes shall not be designated as a first-time home buyer 66  
savings account. Individuals who are married may jointly open, 67  
designate, and own a first-time home buyer savings account but, 68  
otherwise, a first-time home buyer savings account shall be 69  
owned by not more than one account holder. 70

(B) An account holder shall designate one first-time home 71  
buyer as the qualified beneficiary of the first-time home buyer 72  
savings account in the form and manner prescribed by the tax 73  
commissioner under section 193.07 of the Revised Code not later 74  
than the fifteenth day of April of the year following the year 75

in which the account holder first designated the account under 76  
this section. Account holders may change the designated 77  
qualified beneficiary not more than one time in each taxable 78  
year. The forms for initially designating or subsequently 79  
changing the qualified beneficiary associated with a first-time 80  
home buyer savings account shall include an affidavit signed by 81  
the account holder by which the account holder attests that, as 82  
of the date the form is executed, the designated beneficiary 83  
meets all qualifications prescribed by this chapter for a first- 84  
time home buyer. 85

(C) An account holder may designate the account holder as 86  
the qualified beneficiary. 87

(D) A first-time home buyer savings account shall not have 88  
more than one qualified beneficiary at any time. 89

(E) An individual may be the account holder of more than 90  
one first-time home buyer savings account. However, an account 91  
holder shall not designate the same qualified beneficiary for 92  
more than one account. 93

(F) An individual may be designated as the qualified 94  
beneficiary on more than one first-time home buyer savings 95  
account only if the accounts are owned by different account 96  
holders. 97

(G) Only cash and marketable securities may be deposited 98  
to a first-time home buyer savings account. 99

(H) Any person may deposit money in a first-time home 100  
buyer savings account. There is no limitation on the amount of 101  
money that may be deposited to or retained in a first-time home 102  
buyer savings account. Only deposits made by an account holder 103  
qualify for the income tax deduction authorized under section 104

193.05 of the Revised Code. 105

Sec. 193.03. (A) For the fourth taxable year following the 106  
taxable year that the account holder first designated a first- 107  
time home buyer savings account under section 193.02 of the 108  
Revised Code, and for each taxable year that the account holder 109  
claims a deduction or is required to make an addition to the 110  
account holder's federal adjusted gross income under section 111  
193.05 of the Revised Code, the account holder shall submit, 112  
along with the account holder's state income tax return filed 113  
pursuant to section 5747.08 of the Revised Code, all of the 114  
following information for each first-time home buyer savings 115  
account owned by the account holder during the taxable year: 116

(1) The account holder's name; 117

(2) The name of the qualified beneficiary; 118

(3) The name of the financial institution and the account 119  
number; 120

(4) The balance of the account at the beginning and at the 121  
end of the taxable year, and a ledger listing the deposits to 122  
and withdrawals from the account during that period, including 123  
debits for service fees associated with administering the 124  
account; 125

(5) The internal revenue service form 1099 issued pursuant 126  
to 26 C.F.R. 1.6049-4 by the financial institution with which 127  
the account is held or, if the financial institution is not 128  
required under that section to issue an internal revenue service 129  
form 1099 for the account, an account statement produced by the 130  
financial institution that states the aggregate amount of 131  
interest deposited to the account during the taxable year; 132

(6) The amount of the deduction claimed, or addition made 133

<u>under section 193.05 of the Revised Code for the taxable year;</u>	134
<u>(7) If money was withdrawn from the account during the</u>	135
<u>taxable year and used to pay or reimburse eligible costs for the</u>	136
<u>account's qualified beneficiary, a detailed accounting of the</u>	137
<u>eligible costs toward which the money was applied;</u>	138
<u>(8) If money was transferred during the taxable year from</u>	139
<u>the account to another first-time home buyer savings account,</u>	140
<u>the name of the financial institution with which the new account</u>	141
<u>is held and the qualified beneficiary of the new account;</u>	142
<u>(9) If money was withdrawn from the account during the</u>	143
<u>taxable year due to the death or disability of the account</u>	144
<u>holder, the name and address of each person to which the money</u>	145
<u>was distributed.</u>	146
<u>(B) Notwithstanding division (A) of this section, an</u>	147
<u>account holder shall not be required to submit the information</u>	148
<u>described by that division for the fourth taxable year following</u>	149
<u>the taxable year that the account holder first designated a</u>	150
<u>first-time home buyer savings account under section 193.02 of</u>	151
<u>the Revised Code if all of the following apply:</u>	152
<u>(1) The account holder did not claim a deduction and is</u>	153
<u>not required to make an addition to the account holder's federal</u>	154
<u>adjusted gross income under section 193.05 of the Revised Code</u>	155
<u>for that taxable year;</u>	156
<u>(2) The balance of the account was zero at the end of the</u>	157
<u>most recent taxable year for which the account holder submitted</u>	158
<u>information under division (A) of this section;</u>	159
<u>(3) No deposits were made to the account following the end</u>	160
<u>of the most recent taxable year for which the account holder</u>	161
<u>submitted information under division (A) of this section.</u>	162

(C) The account holder or holders shall comply with the reporting obligations prescribed by this section in the form and manner prescribed by the tax commissioner under section 193.07 of the Revised Code. 163  
164  
165  
166

**Sec. 193.04.** (A) A financial institution shall not be required to do any of the following: 167  
168

(1) Designate an account as a first-time home buyer savings account, or designate the qualified beneficiary of an account, in the financial institution's account contracts or systems or in any other way; 169  
170  
171  
172

(2) Track the use of money withdrawn from a first-time home buyer savings account; 173  
174

(3) Allocate funds in a first-time home buyer savings account among joint account holder or multiple qualified beneficiaries; 175  
176  
177

(4) Except as provided in division (D) of this section, report any information not otherwise required by law to the department of taxation or any other governmental agency. 178  
179  
180

(B) A financial institution is not responsible or liable for any of the following: 181  
182

(1) Determining or ensuring that an account satisfies the requirements to be a first-time home buyer savings account; 183  
184

(2) Determining or ensuring that funds in a first-time home buyer savings account are used for eligible costs; 185  
186

(3) Reporting or remitting taxes or penalties related to the use of a first-time home buyer savings account. 187  
188

(C) Upon being furnished proof of the death of the account 189

holder and such other information required by the contract 190  
governing the first-time home buyer savings account, a financial 191  
institution shall distribute the principal and accumulated 192  
interest or other income in the account in accordance with the 193  
terms of the contract governing the account. 194

(D) For the purpose of resolving discrepancies in 195  
information reported by an account holder under section 193.03 196  
of the Revised Code or investigating suspected false statements 197  
by an account holder, the tax commissioner may request that the 198  
financial institution at which the first-time home buyer savings 199  
account is held provide statements and other records associated 200  
with the account. The financial institution at which the account 201  
is held shall provide the commissioner with the requested 202  
statements and records within thirty days after receiving the 203  
request. 204

**Sec. 193.05.** (A) Subject to the limitations prescribed by 205  
division (C) of this section, in determining Ohio adjusted gross 206  
income under Chapter 5747. of the Revised Code an account holder 207  
may deduct the following amounts, to the extent such amounts 208  
have not otherwise been deducted or excluded in determining the 209  
account holder's federal adjusted gross income: 210

(1) The total of the deposits that the account holder made 211  
to one or more first-time home buyer savings accounts owned by 212  
the account holder or the account holder's spouse during the 213  
taxable year; 214

(2) The interest and other income on the principal balance 215  
of each of the account holder's first-time home buyer savings 216  
accounts. 217

(B) In determining Ohio adjusted gross income under 218



Chapter 5747. of the Revised Code, an account holder shall add 219  
to the account holder's federal adjusted gross income an amount 220  
equal to the sum of the amounts described in divisions (B) (1), 221  
(2), and (3) of this section to the extent that such amounts 222  
were included in the account holder's federal adjusted gross 223  
income in a prior taxable year and were deducted in determining 224  
the account holder's Ohio adjusted gross income for that taxable 225  
year. In determining the extent to which such amounts shall be 226  
included in the account holder's Ohio adjusted gross income, the 227  
tax commissioner shall be guided by sections 72 and 408 of the 228  
Internal Revenue Code governing the determination of the amount 229  
of withdrawals from an individual retirement account to be 230  
included in federal adjusted gross income. 231

(1) Amounts withdrawn from a first-time home buyer savings 232  
account owned by the account holder that are not transferred to 233  
another first-time home buyer savings account, debited by the 234  
financial institution with which the account is held to pay a 235  
service fee for administering the account, or used to pay 236  
eligible costs for the purchase of a single-family residence by 237  
a qualified beneficiary or to reimburse a qualified beneficiary 238  
for such eligible costs; 239

(2) Investment earnings during the taxable year on amounts 240  
withdrawn from the account that are described in division (B) (1) 241  
of this section; 242

(3) Amounts remaining in the account on the thirty-first 243  
day of December of the fourth taxable year following the taxable 244  
year in which the account holder first designated a first-time 245  
home buyer savings account under section 193.02 of the Revised 246  
Code. 247

(C) (1) The total amount of deposits deducted by an account 248

holder under division (A) (1) of this section for a taxable year, 249  
regardless of how many first-time home buyer savings accounts 250  
the account holder owns, shall not exceed six thousand dollars 251  
for spouses filing a joint income tax return under section 252  
5747.08 of the Revised Code, or three thousand dollars for all 253  
other account holders. 254

(2) The total amount of deposits, interest, and other 255  
income deducted by an account holder under divisions (A) (1) and 256  
(2) of this section for all taxable years, regardless of how 257  
many first-time home buyer savings accounts the account holder 258  
owns, shall not exceed thirty thousand dollars for spouses 259  
filing a joint income tax return under section 5747.08 of the 260  
Revised Code or fifteen thousand dollars for all other account 261  
holders. 262

(3) No account holder may claim a deduction under division 263  
(A) of this section after the fourth taxable year following the 264  
taxable year in which the account holder first designates a 265  
first-time home buyer savings account under section 193.02 of 266  
the Revised Code. 267

(D) A person other than the account holder who deposits 268  
money in a first-time home buyer savings account is not entitled 269  
to a deduction under this section. 270

**Sec. 193.06.** (A) Except as otherwise provided in division 271  
(B) of this section, an account holder shall pay a penalty equal 272  
to ten per cent of the amounts described in divisions (B) (1) and 273  
(3) of section 193.05 of the Revised Code for the taxable year 274  
in which the account holder is required to add the amounts in 275  
computing the account holder's Ohio adjusted gross income under 276  
Chapter 5747. of the Revised Code. The penalty imposed under 277  
this section shall be in addition to all other taxes and 278

penalties imposed on the amounts. The penalty shall be 279  
considered as revenue arising from the taxes imposed by Chapter 280  
5747. of the Revised Code and the tax commissioner may collect 281  
past due penalties and interest thereon by assessment under 282  
section 5747.13 of the Revised Code in the same manner as taxes 283  
that are past due. 284

(B) The penalty imposed under this section does not apply 285  
to any of the following: 286

(1) Amounts withdrawn by reason of the account holder's 287  
death or disability; 288

(2) A disbursement of assets of the account pursuant to a 289  
filing for protection under the United States Bankruptcy Code, 290  
11 U.S.C. 101, et seq., more than one year after the date the 291  
account was established under section 193.02 of the Revised Code 292  
or, if the account includes amounts transferred from other 293  
first-time home buyer savings accounts, more than one year after 294  
the earliest date that a first-time home buyer savings account 295  
from which the funds were transferred was established; 296

(3) Amounts transferred from one first-time home buyer 297  
savings account to another first-time home buyers savings 298  
account; 299

(4) Amounts debited from the account by the financial 300  
institution with which the account is held to pay a service fee 301  
for administering the account; 302

(5) Amounts withdrawn by an account holder who is a member 303  
of the uniformed services within one year of either of the 304  
following: 305

(a) The account holder is transferred or called into an 306  
active duty assignment outside this state; 307

(b) The account holder's active duty assignment in this 308  
state terminates or relocates outside this state. 309

**Sec. 193.07.** (A) The tax commissioner may adopt rules in 310  
accordance with Chapter 119. of the Revised Code to implement 311  
this chapter. 312

(B) The commissioner shall prepare forms and prescribe the 313  
manner of submission for all of the following: 314

(1) The designation of an account with a financial 315  
institution to serve as a first-time home buyer savings account; 316

(2) The initial designation or subsequent change of the 317  
qualified beneficiary associated with a first-time home buyer 318  
savings account, including the affidavit required to be included 319  
in such forms by division (B) of section 193.02 of the Revised 320  
Code; 321

(3) The submission of information about the first-time 322  
home buyer savings account, under division (A) of section 193.03 323  
of the Revised Code, for taxable years in which the account 324  
holder claims a deduction, or is required to make an addition 325  
under section 193.05 of the Revised Code. 326

**Sec. 2921.13.** (A) No person shall knowingly make a false 327  
statement, or knowingly swear or affirm the truth of a false 328  
statement previously made, when any of the following applies: 329

(1) The statement is made in any official proceeding. 330

(2) The statement is made with purpose to incriminate 331  
another. 332

(3) The statement is made with purpose to mislead a public 333  
official in performing the public official's official function. 334

- (4) The statement is made with purpose to secure the 335  
payment of unemployment compensation; Ohio works first; 336  
prevention, retention, and contingency benefits and services; 337  
disability financial assistance; retirement benefits or health 338  
care coverage from a state retirement system; economic 339  
development assistance, as defined in section 9.66 of the 340  
Revised Code; or other benefits administered by a governmental 341  
agency or paid out of a public treasury. 342
- (5) The statement is made with purpose to secure the 343  
issuance by a governmental agency of a license, permit, 344  
authorization, certificate, registration, release, or provider 345  
agreement. 346
- (6) The statement is sworn or affirmed before a notary 347  
public or another person empowered to administer oaths. 348
- (7) The statement is in writing on or in connection with a 349  
report or return that is required or authorized by law. 350
- (8) The statement is in writing and is made with purpose 351  
to induce another to extend credit to or employ the offender, to 352  
confer any degree, diploma, certificate of attainment, award of 353  
excellence, or honor on the offender, or to extend to or bestow 354  
upon the offender any other valuable benefit or distinction, 355  
when the person to whom the statement is directed relies upon it 356  
to that person's detriment. 357
- (9) The statement is made with purpose to commit or 358  
facilitate the commission of a theft offense. 359
- (10) The statement is knowingly made to a probate court in 360  
connection with any action, proceeding, or other matter within 361  
its jurisdiction, either orally or in a written document, 362  
including, but not limited to, an application, petition, 363

complaint, or other pleading, or an inventory, account, or	364
report.	365
(11) The statement is made on an account, form, record,	366
stamp, label, or other writing that is required by law.	367
(12) The statement is made in connection with the purchase	368
of a firearm, as defined in section 2923.11 of the Revised Code,	369
and in conjunction with the furnishing to the seller of the	370
firearm of a fictitious or altered driver's or commercial	371
driver's license or permit, a fictitious or altered	372
identification card, or any other document that contains false	373
information about the purchaser's identity.	374
(13) The statement is made in a document or instrument of	375
writing that purports to be a judgment, lien, or claim of	376
indebtedness and is filed or recorded with the secretary of	377
state, a county recorder, or the clerk of a court of record.	378
(14) The statement is made in an application filed with a	379
county sheriff pursuant to section 2923.125 of the Revised Code	380
in order to obtain or renew a concealed handgun license or is	381
made in an affidavit submitted to a county sheriff to obtain a	382
concealed handgun license on a temporary emergency basis under	383
section 2923.1213 of the Revised Code.	384
(15) The statement is required under section 5743.71 of	385
the Revised Code in connection with the person's purchase of	386
cigarettes or tobacco products in a delivery sale.	387
<u>(16) The statement is made in connection with a first-time</u>	388
<u>home buyer savings account and on a form, report, affidavit, or</u>	389
<u>other notification or communication required by Chapter 193. of</u>	390
<u>the Revised Code.</u>	391
(B) No person, in connection with the purchase of a	392

firearm, as defined in section 2923.11 of the Revised Code, 393  
shall knowingly furnish to the seller of the firearm a 394  
fictitious or altered driver's or commercial driver's license or 395  
permit, a fictitious or altered identification card, or any 396  
other document that contains false information about the 397  
purchaser's identity. 398

(C) No person, in an attempt to obtain a concealed handgun 399  
license under section 2923.125 of the Revised Code, shall 400  
knowingly present to a sheriff a fictitious or altered document 401  
that purports to be certification of the person's competence in 402  
handling a handgun as described in division (B)(3) of that 403  
section. 404

(D) It is no defense to a charge under division (A)(6) of 405  
this section that the oath or affirmation was administered or 406  
taken in an irregular manner. 407

(E) If contradictory statements relating to the same fact 408  
are made by the offender within the period of the statute of 409  
limitations for falsification, it is not necessary for the 410  
prosecution to prove which statement was false but only that one 411  
or the other was false. 412

(F)(1) Whoever violates division (A)(1), (2), (3), (4), 413  
(5), (6), (7), (8), (10), (11), (13), ~~or (15)~~, or (16) of this 414  
section is guilty of falsification. Except as otherwise provided 415  
in this division, falsification is a misdemeanor of the first 416  
degree. 417

(2) Whoever violates division (A)(9) of this section is 418  
guilty of falsification in a theft offense. Except as otherwise 419  
provided in this division, falsification in a theft offense is a 420  
misdemeanor of the first degree. If the value of the property or 421

services stolen is one thousand dollars or more and is less than 422  
seven thousand five hundred dollars, falsification in a theft 423  
offense is a felony of the fifth degree. If the value of the 424  
property or services stolen is seven thousand five hundred 425  
dollars or more and is less than one hundred fifty thousand 426  
dollars, falsification in a theft offense is a felony of the 427  
fourth degree. If the value of the property or services stolen 428  
is one hundred fifty thousand dollars or more, falsification in 429  
a theft offense is a felony of the third degree. 430

(3) Whoever violates division (A) (12) or (B) of this 431  
section is guilty of falsification to purchase a firearm, a 432  
felony of the fifth degree. 433

(4) Whoever violates division (A) (14) or (C) of this 434  
section is guilty of falsification to obtain a concealed handgun 435  
license, a felony of the fourth degree. 436

(5) Whoever violates division (A) of this section in 437  
removal proceedings under section 319.26, 321.37, 507.13, or 438  
733.78 of the Revised Code is guilty of falsification regarding 439  
a removal proceeding, a felony of the third degree. 440

(G) A person who violates this section is liable in a 441  
civil action to any person harmed by the violation for injury, 442  
death, or loss to person or property incurred as a result of the 443  
commission of the offense and for reasonable attorney's fees, 444  
court costs, and other expenses incurred as a result of 445  
prosecuting the civil action commenced under this division. A 446  
civil action under this division is not the exclusive remedy of 447  
a person who incurs injury, death, or loss to person or property 448  
as a result of a violation of this section. 449

**Sec. 5747.01.** Except as otherwise expressly provided or 450



clearly appearing from the context, any term used in this 451  
chapter that is not otherwise defined in this section has the 452  
same meaning as when used in a comparable context in the laws of 453  
the United States relating to federal income taxes or if not 454  
used in a comparable context in those laws, has the same meaning 455  
as in section 5733.40 of the Revised Code. Any reference in this 456  
chapter to the Internal Revenue Code includes other laws of the 457  
United States relating to federal income taxes. 458

As used in this chapter: 459

(A) "Adjusted gross income" or "Ohio adjusted gross 460  
income" means federal adjusted gross income, as defined and used 461  
in the Internal Revenue Code, adjusted as provided in this 462  
section: 463

(1) Add interest or dividends on obligations or securities 464  
of any state or of any political subdivision or authority of any 465  
state, other than this state and its subdivisions and 466  
authorities. 467

(2) Add interest or dividends on obligations of any 468  
authority, commission, instrumentality, territory, or possession 469  
of the United States to the extent that the interest or 470  
dividends are exempt from federal income taxes but not from 471  
state income taxes. 472

(3) Deduct interest or dividends on obligations of the 473  
United States and its territories and possessions or of any 474  
authority, commission, or instrumentality of the United States 475  
to the extent that the interest or dividends are included in 476  
federal adjusted gross income but exempt from state income taxes 477  
under the laws of the United States. 478

(4) Deduct disability and survivor's benefits to the 479

extent included in federal adjusted gross income.	480
(5) Deduct the following, to the extent not otherwise	481
deducted or excluded in computing federal or Ohio adjusted gross	482
income:	483
(a) Benefits under Title II of the Social Security Act and	484
tier 1 railroad retirement;	485
(b) Railroad retirement benefits, other than tier 1	486
railroad retirement benefits, to the extent such amounts are	487
exempt from state taxation under federal law.	488
(6) Deduct the amount of wages and salaries, if any, not	489
otherwise allowable as a deduction but that would have been	490
allowable as a deduction in computing federal adjusted gross	491
income for the taxable year, had the work opportunity tax credit	492
allowed and determined under sections 38, 51, and 52 of the	493
Internal Revenue Code not been in effect.	494
(7) Deduct any interest or interest equivalent on public	495
obligations and purchase obligations to the extent that the	496
interest or interest equivalent is included in federal adjusted	497
gross income.	498
(8) Add any loss or deduct any gain resulting from the	499
sale, exchange, or other disposition of public obligations to	500
the extent that the loss has been deducted or the gain has been	501
included in computing federal adjusted gross income.	502
(9) Deduct or add amounts, as provided under section	503
5747.70 of the Revised Code, related to contributions to	504
variable college savings program accounts made or tuition units	505
purchased pursuant to Chapter 3334. of the Revised Code.	506
(10) (a) Deduct, to the extent not otherwise allowable as a	507

deduction or exclusion in computing federal or Ohio adjusted 508  
gross income for the taxable year, the amount the taxpayer paid 509  
during the taxable year for medical care insurance and qualified 510  
long-term care insurance for the taxpayer, the taxpayer's 511  
spouse, and dependents. No deduction for medical care insurance 512  
under division (A)(10)(a) of this section shall be allowed 513  
either to any taxpayer who is eligible to participate in any 514  
subsidized health plan maintained by any employer of the 515  
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 516  
entitled to, or on application would be entitled to, benefits 517  
under part A of Title XVIII of the "Social Security Act," 49 518  
Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 519  
division (A)(10)(a) of this section, "subsidized health plan" 520  
means a health plan for which the employer pays any portion of 521  
the plan's cost. The deduction allowed under division (A)(10)(a) 522  
of this section shall be the net of any related premium refunds, 523  
related premium reimbursements, or related insurance premium 524  
dividends received during the taxable year. 525

(b) Deduct, to the extent not otherwise deducted or 526  
excluded in computing federal or Ohio adjusted gross income 527  
during the taxable year, the amount the taxpayer paid during the 528  
taxable year, not compensated for by any insurance or otherwise, 529  
for medical care of the taxpayer, the taxpayer's spouse, and 530  
dependents, to the extent the expenses exceed seven and one-half 531  
per cent of the taxpayer's federal adjusted gross income. 532

(c) For purposes of division (A)(10) of this section, 533  
"medical care" has the meaning given in section 213 of the 534  
Internal Revenue Code, subject to the special rules, 535  
limitations, and exclusions set forth therein, and "qualified 536  
long-term care" has the same meaning given in section 7702B(c) 537  
of the Internal Revenue Code. Solely for purposes of division 538

(A) (10) (a) of this section, "dependent" includes a person who 539  
otherwise would be a "qualifying relative" and thus a 540  
"dependent" under section 152 of the Internal Revenue Code but 541  
for the fact that the person fails to meet the income and 542  
support limitations under section 152(d) (1) (B) and (C) of the 543  
Internal Revenue Code. 544

(11) (a) Deduct any amount included in federal adjusted 545  
gross income solely because the amount represents a 546  
reimbursement or refund of expenses that in any year the 547  
taxpayer had deducted as an itemized deduction pursuant to 548  
section 63 of the Internal Revenue Code and applicable United 549  
States department of the treasury regulations. The deduction 550  
otherwise allowed under division (A) (11) (a) of this section 551  
shall be reduced to the extent the reimbursement is attributable 552  
to an amount the taxpayer deducted under this section in any 553  
taxable year. 554

(b) Add any amount not otherwise included in Ohio adjusted 555  
gross income for any taxable year to the extent that the amount 556  
is attributable to the recovery during the taxable year of any 557  
amount deducted or excluded in computing federal or Ohio 558  
adjusted gross income in any taxable year. 559

(12) Deduct any portion of the deduction described in 560  
section 1341(a) (2) of the Internal Revenue Code, for repaying 561  
previously reported income received under a claim of right, that 562  
meets both of the following requirements: 563

(a) It is allowable for repayment of an item that was 564  
included in the taxpayer's adjusted gross income for a prior 565  
taxable year and did not qualify for a credit under division (A) 566  
or (B) of section 5747.05 of the Revised Code for that year; 567

(b) It does not otherwise reduce the taxpayer's adjusted gross income for the current or any other taxable year.	568 569
(13) 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) (13) of this section does not apply to medical savings account deposits and earnings otherwise deducted or excluded for the current or any other taxable year from the taxpayer's federal adjusted gross income.	570 571 572 573 574 575 576
(14) (a) Add an amount equal to the funds withdrawn from a medical savings account during the taxable year, and the net investment earnings on those funds, when the funds withdrawn were used for any purpose other than to reimburse an account holder for, or to pay, eligible medical expenses, in accordance with section 3924.66 of the Revised Code;	577 578 579 580 581 582
(b) Add the amounts distributed from a medical savings account under division (A) (2) of section 3924.68 of the Revised Code during the taxable year.	583 584 585
(15) Add any amount claimed as a credit under section 5747.059 of the Revised Code to the extent that such amount satisfies either of the following:	586 587 588
(a) The amount was deducted or excluded from the computation of the taxpayer's federal adjusted gross income as required to be reported for the taxpayer's taxable year under the Internal Revenue Code;	589 590 591 592
(b) The amount resulted in a reduction of the taxpayer's federal adjusted gross income as required to be reported for any of the taxpayer's taxable years under the Internal Revenue Code.	593 594 595
(16) Deduct the amount contributed by the taxpayer to an	596

individual development account program established by a county 597  
department of job and family services pursuant to sections 598  
329.11 to 329.14 of the Revised Code for the purpose of matching 599  
funds deposited by program participants. On request of the tax 600  
commissioner, the taxpayer shall provide any information that, 601  
in the tax commissioner's opinion, is necessary to establish the 602  
amount deducted under division (A)(16) of this section. 603

(17)(a)(i) Subject to divisions (A)(17)(a)(iii), (iv), and 604  
(v) of this section, add five-sixths of the amount of 605  
depreciation expense allowed by subsection (k) of section 168 of 606  
the Internal Revenue Code, including the taxpayer's 607  
proportionate or distributive share of the amount of 608  
depreciation expense allowed by that subsection to a pass- 609  
through entity in which the taxpayer has a direct or indirect 610  
ownership interest. 611

(ii) Subject to divisions (A)(17)(a)(iii), (iv), and (v) 612  
of this section, add five-sixths of the amount of qualifying 613  
section 179 depreciation expense, including the taxpayer's 614  
proportionate or distributive share of the amount of qualifying 615  
section 179 depreciation expense allowed to any pass-through 616  
entity in which the taxpayer has a direct or indirect ownership 617  
interest. 618

(iii) Subject to division (A)(17)(a)(v) of this section, 619  
for taxable years beginning in 2012 or thereafter, if the 620  
increase in income taxes withheld by the taxpayer is equal to or 621  
greater than ten per cent of income taxes withheld by the 622  
taxpayer during the taxpayer's immediately preceding taxable 623  
year, "two-thirds" shall be substituted for "five-sixths" for 624  
the purpose of divisions (A)(17)(a)(i) and (ii) of this section. 625

(iv) Subject to division (A)(17)(a)(v) of this section, 626

for taxable years beginning in 2012 or thereafter, a taxpayer is 627  
not required to add an amount under division (A) (17) of this 628  
section if the increase in income taxes withheld by the taxpayer 629  
and by any pass-through entity in which the taxpayer has a 630  
direct or indirect ownership interest is equal to or greater 631  
than the sum of (I) the amount of qualifying section 179 632  
depreciation expense and (II) the amount of depreciation expense 633  
allowed to the taxpayer by subsection (k) of section 168 of the 634  
Internal Revenue Code, and including the taxpayer's 635  
proportionate or distributive shares of such amounts allowed to 636  
any such pass-through entities. 637

(v) If a taxpayer directly or indirectly incurs a net 638  
operating loss for the taxable year for federal income tax 639  
purposes, to the extent such loss resulted from depreciation 640  
expense allowed by subsection (k) of section 168 of the Internal 641  
Revenue Code and by qualifying section 179 depreciation expense, 642  
"the entire" shall be substituted for "five-sixths of the" for 643  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 644

The tax commissioner, under procedures established by the 645  
commissioner, may waive the add-backs related to a pass-through 646  
entity if the taxpayer owns, directly or indirectly, less than 647  
five per cent of the pass-through entity. 648

(b) Nothing in division (A) (17) of this section shall be 649  
construed to adjust or modify the adjusted basis of any asset. 650

(c) To the extent the add-back required under division (A) 651  
(17) (a) of this section is attributable to property generating 652  
nonbusiness income or loss allocated under section 5747.20 of 653  
the Revised Code, the add-back shall be situated to the same 654  
location as the nonbusiness income or loss generated by the 655  
property for the purpose of determining the credit under 656

division (A) of section 5747.05 of the Revised Code. Otherwise, 657  
the add-back shall be apportioned, subject to one or more of the 658  
four alternative methods of apportionment enumerated in section 659  
5747.21 of the Revised Code. 660

(d) For the purposes of division (A) (17) (a) (v) of this 661  
section, net operating loss carryback and carryforward shall not 662  
include the allowance of any net operating loss deduction 663  
carryback or carryforward to the taxable year to the extent such 664  
loss resulted from depreciation allowed by section 168(k) of the 665  
Internal Revenue Code and by the qualifying section 179 666  
depreciation expense amount. 667

(e) For the purposes of divisions (A) (17) and (18) of this 668  
section: 669

(i) "Income taxes withheld" means the total amount 670  
withheld and remitted under sections 5747.06 and 5747.07 of the 671  
Revised Code by an employer during the employer's taxable year. 672

(ii) "Increase in income taxes withheld" means the amount 673  
by which the amount of income taxes withheld by an employer 674  
during the employer's current taxable year exceeds the amount of 675  
income taxes withheld by that employer during the employer's 676  
immediately preceding taxable year. 677

(iii) "Qualifying section 179 depreciation expense" means 678  
the difference between (I) the amount of depreciation expense 679  
directly or indirectly allowed to a taxpayer under section 179 680  
of the Internal Revised Code, and (II) the amount of 681  
depreciation expense directly or indirectly allowed to the 682  
taxpayer under section 179 of the Internal Revenue Code as that 683  
section existed on December 31, 2002. 684

(18) (a) If the taxpayer was required to add an amount 685



under division (A) (17) (a) of this section for a taxable year, 686  
deduct one of the following: 687

(i) One-fifth of the amount so added for each of the five 688  
succeeding taxable years if the amount so added was five-sixths 689  
of qualifying section 179 depreciation expense or depreciation 690  
expense allowed by subsection (k) of section 168 of the Internal 691  
Revenue Code; 692

(ii) One-half of the amount so added for each of the two 693  
succeeding taxable years if the amount so added was two-thirds 694  
of such depreciation expense; 695

(iii) One-sixth of the amount so added for each of the six 696  
succeeding taxable years if the entire amount of such 697  
depreciation expense was so added. 698

(b) If the amount deducted under division (A) (18) (a) of 699  
this section is attributable to an add-back allocated under 700  
division (A) (17) (c) of this section, the amount deducted shall 701  
be situated to the same location. Otherwise, the add-back shall 702  
be apportioned using the apportionment factors for the taxable 703  
year in which the deduction is taken, subject to one or more of 704  
the four alternative methods of apportionment enumerated in 705  
section 5747.21 of the Revised Code. 706

(c) No deduction is available under division (A) (18) (a) of 707  
this section with regard to any depreciation allowed by section 708  
168(k) of the Internal Revenue Code and by the qualifying 709  
section 179 depreciation expense amount to the extent that such 710  
depreciation results in or increases a federal net operating 711  
loss carryback or carryforward. If no such deduction is 712  
available for a taxable year, the taxpayer may carry forward the 713  
amount not deducted in such taxable year to the next taxable 714

year and add that amount to any deduction otherwise available 715  
under division (A) (18) (a) of this section for that next taxable 716  
year. The carryforward of amounts not so deducted shall continue 717  
until the entire addition required by division (A) (17) (a) of 718  
this section has been deducted. 719

(19) Deduct, to the extent not otherwise deducted or 720  
excluded in computing federal or Ohio adjusted gross income for 721  
the taxable year, the amount the taxpayer received during the 722  
taxable year as reimbursement for life insurance premiums under 723  
section 5919.31 of the Revised Code. 724

(20) Deduct, to the extent not otherwise deducted or 725  
excluded in computing federal or Ohio adjusted gross income for 726  
the taxable year, the amount the taxpayer received during the 727  
taxable year as a death benefit paid by the adjutant general 728  
under section 5919.33 of the Revised Code. 729

(21) Deduct, to the extent included in federal adjusted 730  
gross income and not otherwise allowable as a deduction or 731  
exclusion in computing federal or Ohio adjusted gross income for 732  
the taxable year, military pay and allowances received by the 733  
taxpayer during the taxable year for active duty service in the 734  
United States army, air force, navy, marine corps, or coast 735  
guard or reserve components thereof or the national guard. The 736  
deduction may not be claimed for military pay and allowances 737  
received by the taxpayer while the taxpayer is stationed in this 738  
state. 739

(22) Deduct, to the extent not otherwise allowable as a 740  
deduction or exclusion in computing federal or Ohio adjusted 741  
gross income for the taxable year and not otherwise compensated 742  
for by any other source, the amount of qualified organ donation 743  
expenses incurred by the taxpayer during the taxable year, not 744

to exceed ten thousand dollars. A taxpayer may deduct qualified 745  
organ donation expenses only once for all taxable years 746  
beginning with taxable years beginning in 2007. 747

For the purposes of division (A)(22) of this section: 748

(a) "Human organ" means all or any portion of a human 749  
liver, pancreas, kidney, intestine, or lung, and any portion of 750  
human bone marrow. 751

(b) "Qualified organ donation expenses" means travel 752  
expenses, lodging expenses, and wages and salary forgone by a 753  
taxpayer in connection with the taxpayer's donation, while 754  
living, of one or more of the taxpayer's human organs to another 755  
human being. 756

(23) Deduct, to the extent not otherwise deducted or 757  
excluded in computing federal or Ohio adjusted gross income for 758  
the taxable year, amounts received by the taxpayer as retired 759  
personnel pay for service in the uniformed services or reserve 760  
components thereof, or the national guard, or received by the 761  
surviving spouse or former spouse of such a taxpayer under the 762  
survivor benefit plan on account of such a taxpayer's death. If 763  
the taxpayer receives income on account of retirement paid under 764  
the federal civil service retirement system or federal employees 765  
retirement system, or under any successor retirement program 766  
enacted by the congress of the United States that is established 767  
and maintained for retired employees of the United States 768  
government, and such retirement income is based, in whole or in 769  
part, on credit for the taxpayer's uniformed service, the 770  
deduction allowed under this division shall include only that 771  
portion of such retirement income that is attributable to the 772  
taxpayer's uniformed service, to the extent that portion of such 773  
retirement income is otherwise included in federal adjusted 774

gross income and is not otherwise deducted under this section. 775  
Any amount deducted under division (A) (23) of this section is 776  
not included in a taxpayer's adjusted gross income for the 777  
purposes of section 5747.055 of the Revised Code. No amount may 778  
be deducted under division (A) (23) of this section on the basis 779  
of which a credit was claimed under section 5747.055 of the 780  
Revised Code. 781

(24) Deduct, to the extent not otherwise deducted or 782  
excluded in computing federal or Ohio adjusted gross income for 783  
the taxable year, the amount the taxpayer received during the 784  
taxable year from the military injury relief fund created in 785  
section 5902.05 of the Revised Code. 786

(25) Deduct, to the extent not otherwise deducted or 787  
excluded in computing federal or Ohio adjusted gross income for 788  
the taxable year, the amount the taxpayer received as a veterans 789  
bonus during the taxable year from the Ohio department of 790  
veterans services as authorized by Section 2r of Article VIII, 791  
Ohio Constitution. 792

(26) Deduct, to the extent not otherwise deducted or 793  
excluded in computing federal or Ohio adjusted gross income for 794  
the taxable year, any income derived from a transfer agreement 795  
or from the enterprise transferred under that agreement under 796  
section 4313.02 of the Revised Code. 797

(27) Deduct, to the extent not otherwise deducted or 798  
excluded in computing federal or Ohio adjusted gross income for 799  
the taxable year, Ohio college opportunity or federal Pell grant 800  
amounts received by the taxpayer or the taxpayer's spouse or 801  
dependent pursuant to section 3333.122 of the Revised Code or 20 802  
U.S.C. 1070a, et seq., and used to pay room or board furnished 803  
by the educational institution for which the grant was awarded 804

at the institution's facilities, including meal plans 805  
administered by the institution. For the purposes of this 806  
division, receipt of a grant includes the distribution of a 807  
grant directly to an educational institution and the crediting 808  
of the grant to the enrollee's account with the institution. 809

(28) Deduct from the portion of an individual's federal 810  
adjusted gross income that is business income, to the extent not 811  
otherwise deducted or excluded in computing federal adjusted 812  
gross income for the taxable year, one hundred twenty-five 813  
thousand dollars for each spouse if spouses file separate 814  
returns under section 5747.08 of the Revised Code or two hundred 815  
fifty thousand dollars for all other individuals. 816

(29) Deduct, as provided under section 5747.78 of the 817  
Revised Code, contributions to ABLE savings accounts made in 818  
accordance with sections 113.50 to 113.56 of the Revised Code. 819

(30) (a) Deduct, to the extent not otherwise deducted or 820  
excluded in computing federal or Ohio adjusted gross income 821  
during the taxable year, all of the following: 822

(i) Compensation paid to a qualifying employee described 823  
in division (A) (14) (a) of section 5703.94 of the Revised Code to 824  
the extent such compensation is for disaster work conducted in 825  
this state during a disaster response period pursuant to a 826  
qualifying solicitation received by the employee's employer; 827

(ii) Compensation paid to a qualifying employee described 828  
in division (A) (14) (b) of section 5703.94 of the Revised Code to 829  
the extent such compensation is for disaster work conducted in 830  
this state by the employee during the disaster response period 831  
on critical infrastructure owned or used by the employee's 832  
employer; 833

(iii) Income received by an out-of-state disaster business 834  
for disaster work conducted in this state during a disaster 835  
response period, or, if the out-of-state disaster business is a 836  
pass-through entity, a taxpayer's distributive share of the 837  
pass-through entity's income from the business conducting 838  
disaster work in this state during a disaster response period, 839  
if, in either case, the disaster work is conducted pursuant to a 840  
qualifying solicitation received by the business. 841

(b) All terms used in division (A) (30) of this section 842  
have the same meanings as in section 5703.94 of the Revised 843  
Code. 844

(31) For a taxpayer who is a qualifying Ohio educator, 845  
deduct, to the extent not otherwise deducted or excluded in 846  
computing federal or Ohio adjusted gross income for the taxable 847  
year, the lesser of two hundred fifty dollars or the amount of 848  
expenses described in subsections (a) (2) (D) (i) and (ii) of 849  
section 62 of the Internal Revenue Code paid or incurred by the 850  
taxpayer during the taxpayer's taxable year in excess of the 851  
amount the taxpayer is authorized to deduct for that taxable 852  
year under subsection (a) (2) (D) of that section. 853

(32) Deduct, to the extent not otherwise deducted or 854  
excluded in computing federal or Ohio adjusted gross income for 855  
the taxable year, amounts received by the taxpayer as a 856  
disability severance payment, computed under 10 U.S.C. 1212, 857  
following discharge or release under honorable conditions from 858  
the armed forces, as defined by 10 U.S.C. 101. 859

(33) Deduct, to the extent not otherwise deducted or 860  
excluded in computing federal adjusted gross income or Ohio 861  
adjusted gross income, amounts not subject to tax due to an 862  
agreement entered into under division (A) (2) of section 5747.05 863

of the Revised Code. 864

(34) Deduct amounts as provided under section 5747.79 of 865  
the Revised Code related to the taxpayer's qualifying capital 866  
gains and deductible payroll. 867

To the extent a qualifying capital gain described under 868  
division (A) (34) of this section is business income, the 869  
taxpayer shall deduct those gains under this division before 870  
deducting any such gains under division (A) (28) of this section. 871

(35) (a) For taxable years beginning in or after 2026, 872  
deduct, to the extent not otherwise deducted or excluded in 873  
computing federal or Ohio adjusted gross income for the taxable 874  
year: 875

(i) One hundred per cent of the capital gain received by 876  
the taxpayer in the taxable year from a qualifying interest in 877  
an Ohio venture capital operating company attributable to the 878  
company's investments in Ohio businesses during the period for 879  
which the company was an Ohio venture operating company; and 880

(ii) Fifty per cent of the capital gain received by the 881  
taxpayer in the taxable year from a qualifying interest in an 882  
Ohio venture capital operating company attributable to the 883  
company's investments in all other businesses during the period 884  
for which the company was an Ohio venture operating company. 885

(b) Add amounts previously deducted by the taxpayer under 886  
division (A) (35) (a) of this section if the director of 887  
development certifies to the tax commissioner that the 888  
requirements for the deduction were not met. 889

(c) All terms used in division (A) (35) of this section 890  
have the same meanings as in section 122.851 of the Revised 891  
Code. 892

(d) To the extent a capital gain described in division (A) 893  
(35)(a) of this section is business income, the taxpayer shall 894  
apply that division before applying division (A)(28) of this 895  
section. 896

(36)(a) Deduct the amounts described in division (A) of 897  
section 193.05 of the Revised Code pertaining to deposits made 898  
to, and the interest and other income on the principal balance 899  
of, a first-time home buyer savings account during the taxable 900  
year. The deduction allowed by division (A)(36)(a) of this 901  
section does not apply to first-time home buyer savings account 902  
deposits and earnings otherwise deducted or excluded for the 903  
current or any other taxable year from the taxpayer's federal 904  
adjusted gross income. 905

(b) Add the amounts described in division (B) of section 906  
193.05 of the Revised Code pertaining to withdrawals from a 907  
first-time home buyer savings account during the taxable year 908  
that are not used to pay eligible costs for the purchase of a 909  
single-family residence by a qualified beneficiary, investment 910  
earnings on such withdrawals, and amounts remaining in a first- 911  
time home buyer savings account on the thirty-first day of 912  
December of the fourth taxable year following the taxable year 913  
that the account holder first designated a first-time home buyer 914  
savings account under section 193.02 of the Revised Code. 915

(B) "Business income" means income, including gain or 916  
loss, arising from transactions, activities, and sources in the 917  
regular course of a trade or business and includes income, gain, 918  
or loss from real property, tangible property, and intangible 919  
property if the acquisition, rental, management, and disposition 920  
of the property constitute integral parts of the regular course 921  
of a trade or business operation. "Business income" includes 922



income, including gain or loss, from a partial or complete 923  
liquidation of a business, including, but not limited to, gain 924  
or loss from the sale or other disposition of goodwill. 925

(C) "Nonbusiness income" means all income other than 926  
business income and may include, but is not limited to, 927  
compensation, rents and royalties from real or tangible personal 928  
property, capital gains, interest, dividends and distributions, 929  
patent or copyright royalties, or lottery winnings, prizes, and 930  
awards. 931

(D) "Compensation" means any form of remuneration paid to 932  
an employee for personal services. 933

(E) "Fiduciary" means a guardian, trustee, executor, 934  
administrator, receiver, conservator, or any other person acting 935  
in any fiduciary capacity for any individual, trust, or estate. 936

(F) "Fiscal year" means an accounting period of twelve 937  
months ending on the last day of any month other than December. 938

(G) "Individual" means any natural person. 939

(H) "Internal Revenue Code" means the "Internal Revenue 940  
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 941

(I) "Resident" means any of the following: 942

(1) An individual who is domiciled in this state, subject 943  
to section 5747.24 of the Revised Code; 944

(2) The estate of a decedent who at the time of death was 945  
domiciled in this state. The domicile tests of section 5747.24 946  
of the Revised Code are not controlling for purposes of division 947  
(I) (2) of this section. 948

(3) A trust that, in whole or part, resides in this state. 949

If only part of a trust resides in this state, the trust is a 950  
resident only with respect to that part. 951

For the purposes of division (I) (3) of this section: 952

(a) A trust resides in this state for the trust's current 953  
taxable year to the extent, as described in division (I) (3) (d) 954  
of this section, that the trust consists directly or indirectly, 955  
in whole or in part, of assets, net of any related liabilities, 956  
that were transferred, or caused to be transferred, directly or 957  
indirectly, to the trust by any of the following: 958

(i) A person, a court, or a governmental entity or 959  
instrumentality on account of the death of a decedent, but only 960  
if the trust is described in division (I) (3) (e) (i) or (ii) of 961  
this section; 962

(ii) A person who was domiciled in this state for the 963  
purposes of this chapter when the person directly or indirectly 964  
transferred assets to an irrevocable trust, but only if at least 965  
one of the trust's qualifying beneficiaries is domiciled in this 966  
state for the purposes of this chapter during all or some 967  
portion of the trust's current taxable year; 968

(iii) A person who was domiciled in this state for the 969  
purposes of this chapter when the trust document or instrument 970  
or part of the trust document or instrument became irrevocable, 971  
but only if at least one of the trust's qualifying beneficiaries 972  
is a resident domiciled in this state for the purposes of this 973  
chapter during all or some portion of the trust's current 974  
taxable year. If a trust document or instrument became 975  
irrevocable upon the death of a person who at the time of death 976  
was domiciled in this state for purposes of this chapter, that 977  
person is a person described in division (I) (3) (a) (iii) of this 978

section. 979

(b) A trust is irrevocable to the extent that the 980  
transferor is not considered to be the owner of the net assets 981  
of the trust under sections 671 to 678 of the Internal Revenue 982  
Code. 983

(c) With respect to a trust other than a charitable lead 984  
trust, "qualifying beneficiary" has the same meaning as 985  
"potential current beneficiary" as defined in section 1361(e)(2) 986  
of the Internal Revenue Code, and with respect to a charitable 987  
lead trust "qualifying beneficiary" is any current, future, or 988  
contingent beneficiary, but with respect to any trust 989  
"qualifying beneficiary" excludes a person or a governmental 990  
entity or instrumentality to any of which a contribution would 991  
qualify for the charitable deduction under section 170 of the 992  
Internal Revenue Code. 993

(d) For the purposes of division (I)(3)(a) of this 994  
section, the extent to which a trust consists directly or 995  
indirectly, in whole or in part, of assets, net of any related 996  
liabilities, that were transferred directly or indirectly, in 997  
whole or part, to the trust by any of the sources enumerated in 998  
that division shall be ascertained by multiplying the fair 999  
market value of the trust's assets, net of related liabilities, 1000  
by the qualifying ratio, which shall be computed as follows: 1001

(i) The first time the trust receives assets, the 1002  
numerator of the qualifying ratio is the fair market value of 1003  
those assets at that time, net of any related liabilities, from 1004  
sources enumerated in division (I)(3)(a) of this section. The 1005  
denominator of the qualifying ratio is the fair market value of 1006  
all the trust's assets at that time, net of any related 1007  
liabilities. 1008

(ii) Each subsequent time the trust receives assets, a 1009  
revised qualifying ratio shall be computed. The numerator of the 1010  
revised qualifying ratio is the sum of (1) the fair market value 1011  
of the trust's assets immediately prior to the subsequent 1012  
transfer, net of any related liabilities, multiplied by the 1013  
qualifying ratio last computed without regard to the subsequent 1014  
transfer, and (2) the fair market value of the subsequently 1015  
transferred assets at the time transferred, net of any related 1016  
liabilities, from sources enumerated in division (I) (3) (a) of 1017  
this section. The denominator of the revised qualifying ratio is 1018  
the fair market value of all the trust's assets immediately 1019  
after the subsequent transfer, net of any related liabilities. 1020

(iii) Whether a transfer to the trust is by or from any of 1021  
the sources enumerated in division (I) (3) (a) of this section 1022  
shall be ascertained without regard to the domicile of the 1023  
trust's beneficiaries. 1024

(e) For the purposes of division (I) (3) (a) (i) of this 1025  
section: 1026

(i) A trust is described in division (I) (3) (e) (i) of this 1027  
section if the trust is a testamentary trust and the testator of 1028  
that testamentary trust was domiciled in this state at the time 1029  
of the testator's death for purposes of the taxes levied under 1030  
Chapter 5731. of the Revised Code. 1031

(ii) A trust is described in division (I) (3) (e) (ii) of 1032  
this section if the transfer is a qualifying transfer described 1033  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 1034  
trust is an irrevocable inter vivos trust, and at least one of 1035  
the trust's qualifying beneficiaries is domiciled in this state 1036  
for purposes of this chapter during all or some portion of the 1037  
trust's current taxable year. 1038

(f) For the purposes of division (I) (3) (e) (ii) of this 1039  
section, a "qualifying transfer" is a transfer of assets, net of 1040  
any related liabilities, directly or indirectly to a trust, if 1041  
the transfer is described in any of the following: 1042

(i) The transfer is made to a trust, created by the 1043  
decedent before the decedent's death and while the decedent was 1044  
domiciled in this state for the purposes of this chapter, and, 1045  
prior to the death of the decedent, the trust became irrevocable 1046  
while the decedent was domiciled in this state for the purposes 1047  
of this chapter. 1048

(ii) The transfer is made to a trust to which the 1049  
decedent, prior to the decedent's death, had directly or 1050  
indirectly transferred assets, net of any related liabilities, 1051  
while the decedent was domiciled in this state for the purposes 1052  
of this chapter, and prior to the death of the decedent the 1053  
trust became irrevocable while the decedent was domiciled in 1054  
this state for the purposes of this chapter. 1055

(iii) The transfer is made on account of a contractual 1056  
relationship existing directly or indirectly between the 1057  
transferor and either the decedent or the estate of the decedent 1058  
at any time prior to the date of the decedent's death, and the 1059  
decedent was domiciled in this state at the time of death for 1060  
purposes of the taxes levied under Chapter 5731. of the Revised 1061  
Code. 1062

(iv) The transfer is made to a trust on account of a 1063  
contractual relationship existing directly or indirectly between 1064  
the transferor and another person who at the time of the 1065  
decedent's death was domiciled in this state for purposes of 1066  
this chapter. 1067

(v) The transfer is made to a trust on account of the will 1068  
of a testator who was domiciled in this state at the time of the 1069  
testator's death for purposes of the taxes levied under Chapter 1070  
5731. of the Revised Code. 1071

(vi) The transfer is made to a trust created by or caused 1072  
to be created by a court, and the trust was directly or 1073  
indirectly created in connection with or as a result of the 1074  
death of an individual who, for purposes of the taxes levied 1075  
under Chapter 5731. of the Revised Code, was domiciled in this 1076  
state at the time of the individual's death. 1077

(g) The tax commissioner may adopt rules to ascertain the 1078  
part of a trust residing in this state. 1079

(J) "Nonresident" means an individual or estate that is 1080  
not a resident. An individual who is a resident for only part of 1081  
a taxable year is a nonresident for the remainder of that 1082  
taxable year. 1083

(K) "Pass-through entity" has the same meaning as in 1084  
section 5733.04 of the Revised Code. 1085

(L) "Return" means the notifications and reports required 1086  
to be filed pursuant to this chapter for the purpose of 1087  
reporting the tax due and includes declarations of estimated tax 1088  
when so required. 1089

(M) "Taxable year" means the calendar year or the 1090  
taxpayer's fiscal year ending during the calendar year, or 1091  
fractional part thereof, upon which the adjusted gross income is 1092  
calculated pursuant to this chapter. 1093

(N) "Taxpayer" means any person subject to the tax imposed 1094  
by section 5747.02 of the Revised Code or any pass-through 1095  
entity that makes the election under division (D) of section 1096

5747.08 of the Revised Code.	1097
(O) "Dependents" means one of the following:	1098
(1) For taxable years beginning on or after January 1,	1099
2018, and before January 1, 2026, dependents as defined in the	1100
Internal Revenue Code;	1101
(2) For all other taxable years, dependents as defined in	1102
the Internal Revenue Code and as claimed in the taxpayer's	1103
federal income tax return for the taxable year or which the	1104
taxpayer would have been permitted to claim had the taxpayer	1105
filed a federal income tax return.	1106
(P) "Principal county of employment" means, in the case of	1107
a nonresident, the county within the state in which a taxpayer	1108
performs services for an employer or, if those services are	1109
performed in more than one county, the county in which the major	1110
portion of the services are performed.	1111
(Q) As used in sections 5747.50 to 5747.55 of the Revised	1112
Code:	1113
(1) "Subdivision" means any county, municipal corporation,	1114
park district, or township.	1115
(2) "Essential local government purposes" includes all	1116
functions that any subdivision is required by general law to	1117
exercise, including like functions that are exercised under a	1118
charter adopted pursuant to the Ohio Constitution.	1119
(R) "Overpayment" means any amount already paid that	1120
exceeds the figure determined to be the correct amount of the	1121
tax.	1122
(S) "Taxable income" or "Ohio taxable income" applies only	1123
to estates and trusts, and means federal taxable income, as	1124

defined and used in the Internal Revenue Code, adjusted as 1125  
follows: 1126

(1) Add interest or dividends, net of ordinary, necessary, 1127  
and reasonable expenses not deducted in computing federal 1128  
taxable income, on obligations or securities of any state or of 1129  
any political subdivision or authority of any state, other than 1130  
this state and its subdivisions and authorities, but only to the 1131  
extent that such net amount is not otherwise includible in Ohio 1132  
taxable income and is described in either division (S) (1) (a) or 1133  
(b) of this section: 1134

(a) The net amount is not attributable to the S portion of 1135  
an electing small business trust and has not been distributed to 1136  
beneficiaries for the taxable year; 1137

(b) The net amount is attributable to the S portion of an 1138  
electing small business trust for the taxable year. 1139

(2) Add interest or dividends, net of ordinary, necessary, 1140  
and reasonable expenses not deducted in computing federal 1141  
taxable income, on obligations of any authority, commission, 1142  
instrumentality, territory, or possession of the United States 1143  
to the extent that the interest or dividends are exempt from 1144  
federal income taxes but not from state income taxes, but only 1145  
to the extent that such net amount is not otherwise includible 1146  
in Ohio taxable income and is described in either division (S) 1147  
(1) (a) or (b) of this section; 1148

(3) Add the amount of personal exemption allowed to the 1149  
estate pursuant to section 642(b) of the Internal Revenue Code; 1150

(4) Deduct interest or dividends, net of related expenses 1151  
deducted in computing federal taxable income, on obligations of 1152  
the United States and its territories and possessions or of any 1153



authority, commission, or instrumentality of the United States 1154  
to the extent that the interest or dividends are exempt from 1155  
state taxes under the laws of the United States, but only to the 1156  
extent that such amount is included in federal taxable income 1157  
and is described in either division (S) (1) (a) or (b) of this 1158  
section; 1159

(5) Deduct the amount of wages and salaries, if any, not 1160  
otherwise allowable as a deduction but that would have been 1161  
allowable as a deduction in computing federal taxable income for 1162  
the taxable year, had the work opportunity tax credit allowed 1163  
under sections 38, 51, and 52 of the Internal Revenue Code not 1164  
been in effect, but only to the extent such amount relates 1165  
either to income included in federal taxable income for the 1166  
taxable year or to income of the S portion of an electing small 1167  
business trust for the taxable year; 1168

(6) Deduct any interest or interest equivalent, net of 1169  
related expenses deducted in computing federal taxable income, 1170  
on public obligations and purchase obligations, but only to the 1171  
extent that such net amount relates either to income included in 1172  
federal taxable income for the taxable year or to income of the 1173  
S portion of an electing small business trust for the taxable 1174  
year; 1175

(7) Add any loss or deduct any gain resulting from sale, 1176  
exchange, or other disposition of public obligations to the 1177  
extent that such loss has been deducted or such gain has been 1178  
included in computing either federal taxable income or income of 1179  
the S portion of an electing small business trust for the 1180  
taxable year; 1181

(8) Except in the case of the final return of an estate, 1182  
add any amount deducted by the taxpayer on both its Ohio estate 1183

tax return pursuant to section 5731.14 of the Revised Code, and 1184  
on its federal income tax return in determining federal taxable 1185  
income; 1186

(9) (a) Deduct any amount included in federal taxable 1187  
income solely because the amount represents a reimbursement or 1188  
refund of expenses that in a previous year the decedent had 1189  
deducted as an itemized deduction pursuant to section 63 of the 1190  
Internal Revenue Code and applicable treasury regulations. The 1191  
deduction otherwise allowed under division (S) (9) (a) of this 1192  
section shall be reduced to the extent the reimbursement is 1193  
attributable to an amount the taxpayer or decedent deducted 1194  
under this section in any taxable year. 1195

(b) Add any amount not otherwise included in Ohio taxable 1196  
income for any taxable year to the extent that the amount is 1197  
attributable to the recovery during the taxable year of any 1198  
amount deducted or excluded in computing federal or Ohio taxable 1199  
income in any taxable year, but only to the extent such amount 1200  
has not been distributed to beneficiaries for the taxable year. 1201

(10) Deduct any portion of the deduction described in 1202  
section 1341(a) (2) of the Internal Revenue Code, for repaying 1203  
previously reported income received under a claim of right, that 1204  
meets both of the following requirements: 1205

(a) It is allowable for repayment of an item that was 1206  
included in the taxpayer's taxable income or the decedent's 1207  
adjusted gross income for a prior taxable year and did not 1208  
qualify for a credit under division (A) or (B) of section 1209  
5747.05 of the Revised Code for that year. 1210

(b) It does not otherwise reduce the taxpayer's taxable 1211  
income or the decedent's adjusted gross income for the current 1212

or any other taxable year. 1213

(11) Add any amount claimed as a credit under section 1214  
5747.059 of the Revised Code to the extent that the amount 1215  
satisfies either of the following: 1216

(a) The amount was deducted or excluded from the 1217  
computation of the taxpayer's federal taxable income as required 1218  
to be reported for the taxpayer's taxable year under the 1219  
Internal Revenue Code; 1220

(b) The amount resulted in a reduction in the taxpayer's 1221  
federal taxable income as required to be reported for any of the 1222  
taxpayer's taxable years under the Internal Revenue Code. 1223

(12) Deduct any amount, net of related expenses deducted 1224  
in computing federal taxable income, that a trust is required to 1225  
report as farm income on its federal income tax return, but only 1226  
if the assets of the trust include at least ten acres of land 1227  
satisfying the definition of "land devoted exclusively to 1228  
agricultural use" under section 5713.30 of the Revised Code, 1229  
regardless of whether the land is valued for tax purposes as 1230  
such land under sections 5713.30 to 5713.38 of the Revised Code. 1231  
If the trust is a pass-through entity investor, section 5747.231 1232  
of the Revised Code applies in ascertaining if the trust is 1233  
eligible to claim the deduction provided by division (S) (12) of 1234  
this section in connection with the pass-through entity's farm 1235  
income. 1236

Except for farm income attributable to the S portion of an 1237  
electing small business trust, the deduction provided by 1238  
division (S) (12) of this section is allowed only to the extent 1239  
that the trust has not distributed such farm income. 1240

(13) Add the net amount of income described in section 1241

641(c) of the Internal Revenue Code to the extent that amount is 1242  
not included in federal taxable income. 1243

(14) Add or deduct the amount the taxpayer would be 1244  
required to add or deduct under division (A)(17) or (18) of this 1245  
section if the taxpayer's Ohio taxable income were computed in 1246  
the same manner as an individual's Ohio adjusted gross income is 1247  
computed under this section. 1248

(T) "School district income" and "school district income 1249  
tax" have the same meanings as in section 5748.01 of the Revised 1250  
Code. 1251

(U) As used in divisions (A)(7), (A)(8), (S)(6), and (S) 1252  
(7) of this section, "public obligations," "purchase 1253  
obligations," and "interest or interest equivalent" have the 1254  
same meanings as in section 5709.76 of the Revised Code. 1255

(V) "Limited liability company" means any limited 1256  
liability company formed under Chapter 1705. or 1706. of the 1257  
Revised Code or under the laws of any other state. 1258

(W) "Pass-through entity investor" means any person who, 1259  
during any portion of a taxable year of a pass-through entity, 1260  
is a partner, member, shareholder, or equity investor in that 1261  
pass-through entity. 1262

(X) "Banking day" has the same meaning as in section 1263  
1304.01 of the Revised Code. 1264

(Y) "Month" means a calendar month. 1265

(Z) "Quarter" means the first three months, the second 1266  
three months, the third three months, or the last three months 1267  
of the taxpayer's taxable year. 1268

(AA)(1) "Modified business income" means the business 1269

income included in a trust's Ohio taxable income after such 1270  
taxable income is first reduced by the qualifying trust amount, 1271  
if any. 1272

(2) "Qualifying trust amount" of a trust means capital 1273  
gains and losses from the sale, exchange, or other disposition 1274  
of equity or ownership interests in, or debt obligations of, a 1275  
qualifying investee to the extent included in the trust's Ohio 1276  
taxable income, but only if the following requirements are 1277  
satisfied: 1278

(a) The book value of the qualifying investee's physical 1279  
assets in this state and everywhere, as of the last day of the 1280  
qualifying investee's fiscal or calendar year ending immediately 1281  
prior to the date on which the trust recognizes the gain or 1282  
loss, is available to the trust. 1283

(b) The requirements of section 5747.011 of the Revised 1284  
Code are satisfied for the trust's taxable year in which the 1285  
trust recognizes the gain or loss. 1286

Any gain or loss that is not a qualifying trust amount is 1287  
modified business income, qualifying investment income, or 1288  
modified nonbusiness income, as the case may be. 1289

(3) "Modified nonbusiness income" means a trust's Ohio 1290  
taxable income other than modified business income, other than 1291  
the qualifying trust amount, and other than qualifying 1292  
investment income, as defined in section 5747.012 of the Revised 1293  
Code, to the extent such qualifying investment income is not 1294  
otherwise part of modified business income. 1295

(4) "Modified Ohio taxable income" applies only to trusts, 1296  
and means the sum of the amounts described in divisions (AA) (4) 1297  
(a) to (c) of this section: 1298

(a) The fraction, calculated under section 5747.013, and 1299  
applying section 5747.231 of the Revised Code, multiplied by the 1300  
sum of the following amounts: 1301

(i) The trust's modified business income; 1302

(ii) The trust's qualifying investment income, as defined 1303  
in section 5747.012 of the Revised Code, but only to the extent 1304  
the qualifying investment income does not otherwise constitute 1305  
modified business income and does not otherwise constitute a 1306  
qualifying trust amount. 1307

(b) The qualifying trust amount multiplied by a fraction, 1308  
the numerator of which is the sum of the book value of the 1309  
qualifying investee's physical assets in this state on the last 1310  
day of the qualifying investee's fiscal or calendar year ending 1311  
immediately prior to the day on which the trust recognizes the 1312  
qualifying trust amount, and the denominator of which is the sum 1313  
of the book value of the qualifying investee's total physical 1314  
assets everywhere on the last day of the qualifying investee's 1315  
fiscal or calendar year ending immediately prior to the day on 1316  
which the trust recognizes the qualifying trust amount. If, for 1317  
a taxable year, the trust recognizes a qualifying trust amount 1318  
with respect to more than one qualifying investee, the amount 1319  
described in division (AA) (4) (b) of this section shall equal the 1320  
sum of the products so computed for each such qualifying 1321  
investee. 1322

(c) (i) With respect to a trust or portion of a trust that 1323  
is a resident as ascertained in accordance with division (I) (3) 1324  
(d) of this section, its modified nonbusiness income. 1325

(ii) With respect to a trust or portion of a trust that is 1326  
not a resident as ascertained in accordance with division (I) (3) 1327

(d) of this section, the amount of its modified nonbusiness 1328  
income satisfying the descriptions in divisions (B) (2) to (5) of 1329  
section 5747.20 of the Revised Code, except as otherwise 1330  
provided in division (AA) (4) (c) (ii) of this section. With 1331  
respect to a trust or portion of a trust that is not a resident 1332  
as ascertained in accordance with division (I) (3) (d) of this 1333  
section, the trust's portion of modified nonbusiness income 1334  
recognized from the sale, exchange, or other disposition of a 1335  
debt interest in or equity interest in a section 5747.212 1336  
entity, as defined in section 5747.212 of the Revised Code, 1337  
without regard to division (A) of that section, shall not be 1338  
allocated to this state in accordance with section 5747.20 of 1339  
the Revised Code but shall be apportioned to this state in 1340  
accordance with division (B) of section 5747.212 of the Revised 1341  
Code without regard to division (A) of that section. 1342

If the allocation and apportionment of a trust's income 1343  
under divisions (AA) (4) (a) and (c) of this section do not fairly 1344  
represent the modified Ohio taxable income of the trust in this 1345  
state, the alternative methods described in division (C) of 1346  
section 5747.21 of the Revised Code may be applied in the manner 1347  
and to the same extent provided in that section. 1348

(5) (a) Except as set forth in division (AA) (5) (b) of this 1349  
section, "qualifying investee" means a person in which a trust 1350  
has an equity or ownership interest, or a person or unit of 1351  
government the debt obligations of either of which are owned by 1352  
a trust. For the purposes of division (AA) (2) (a) of this section 1353  
and for the purpose of computing the fraction described in 1354  
division (AA) (4) (b) of this section, all of the following apply: 1355

(i) If the qualifying investee is a member of a qualifying 1356  
controlled group on the last day of the qualifying investee's 1357

fiscal or calendar year ending immediately prior to the date on 1358  
which the trust recognizes the gain or loss, then "qualifying 1359  
investee" includes all persons in the qualifying controlled 1360  
group on such last day. 1361

(ii) If the qualifying investee, or if the qualifying 1362  
investee and any members of the qualifying controlled group of 1363  
which the qualifying investee is a member on the last day of the 1364  
qualifying investee's fiscal or calendar year ending immediately 1365  
prior to the date on which the trust recognizes the gain or 1366  
loss, separately or cumulatively own, directly or indirectly, on 1367  
the last day of the qualifying investee's fiscal or calendar 1368  
year ending immediately prior to the date on which the trust 1369  
recognizes the qualifying trust amount, more than fifty per cent 1370  
of the equity of a pass-through entity, then the qualifying 1371  
investee and the other members are deemed to own the 1372  
proportionate share of the pass-through entity's physical assets 1373  
which the pass-through entity directly or indirectly owns on the 1374  
last day of the pass-through entity's calendar or fiscal year 1375  
ending within or with the last day of the qualifying investee's 1376  
fiscal or calendar year ending immediately prior to the date on 1377  
which the trust recognizes the qualifying trust amount. 1378

(iii) For the purposes of division (AA) (5) (a) (iii) of this 1379  
section, "upper level pass-through entity" means a pass-through 1380  
entity directly or indirectly owning any equity of another pass- 1381  
through entity, and "lower level pass-through entity" means that 1382  
other pass-through entity. 1383

An upper level pass-through entity, whether or not it is 1384  
also a qualifying investee, is deemed to own, on the last day of 1385  
the upper level pass-through entity's calendar or fiscal year, 1386  
the proportionate share of the lower level pass-through entity's 1387



physical assets that the lower level pass-through entity 1388  
directly or indirectly owns on the last day of the lower level 1389  
pass-through entity's calendar or fiscal year ending within or 1390  
with the last day of the upper level pass-through entity's 1391  
fiscal or calendar year. If the upper level pass-through entity 1392  
directly and indirectly owns less than fifty per cent of the 1393  
equity of the lower level pass-through entity on each day of the 1394  
upper level pass-through entity's calendar or fiscal year in 1395  
which or with which ends the calendar or fiscal year of the 1396  
lower level pass-through entity and if, based upon clear and 1397  
convincing evidence, complete information about the location and 1398  
cost of the physical assets of the lower pass-through entity is 1399  
not available to the upper level pass-through entity, then 1400  
solely for purposes of ascertaining if a gain or loss 1401  
constitutes a qualifying trust amount, the upper level pass- 1402  
through entity shall be deemed as owning no equity of the lower 1403  
level pass-through entity for each day during the upper level 1404  
pass-through entity's calendar or fiscal year in which or with 1405  
which ends the lower level pass-through entity's calendar or 1406  
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 1407  
shall be construed to provide for any deduction or exclusion in 1408  
computing any trust's Ohio taxable income. 1409

(b) With respect to a trust that is not a resident for the 1410  
taxable year and with respect to a part of a trust that is not a 1411  
resident for the taxable year, "qualifying investee" for that 1412  
taxable year does not include a C corporation if both of the 1413  
following apply: 1414

(i) During the taxable year the trust or part of the trust 1415  
recognizes a gain or loss from the sale, exchange, or other 1416  
disposition of equity or ownership interests in, or debt 1417  
obligations of, the C corporation. 1418

(ii) Such gain or loss constitutes nonbusiness income.	1419
(6) "Available" means information is such that a person is able to learn of the information by the due date plus extensions, if any, for filing the return for the taxable year in which the trust recognizes the gain or loss.	1420 1421 1422 1423
(BB) "Qualifying controlled group" has the same meaning as in section 5733.04 of the Revised Code.	1424 1425
(CC) "Related member" has the same meaning as in section 5733.042 of the Revised Code.	1426 1427
(DD) (1) For the purposes of division (DD) of this section:	1428
(a) "Qualifying person" means any person other than a qualifying corporation.	1429 1430
(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:	1431 1432 1433
(i) A corporation that has made an election under subchapter S, chapter one, subtitle A, of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year;	1434 1435 1436 1437
(ii) A subsidiary that is wholly owned by any corporation that has made an election under subchapter S, chapter one, subtitle A of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year.	1438 1439 1440 1441 1442
(2) For the purposes of this chapter, unless expressly stated otherwise, no qualifying person indirectly owns any asset directly or indirectly owned by any qualifying corporation.	1443 1444 1445

(EE) For purposes of this chapter and Chapter 5751. of the Revised Code:	1446
	1447
(1) "Trust" does not include a qualified pre-income tax trust.	1448
	1449
(2) A "qualified pre-income tax trust" is any pre-income tax trust that makes a qualifying pre-income tax trust election as described in division (EE)(3) of this section.	1450
	1451
	1452
(3) A "qualifying pre-income tax trust election" is an election by a pre-income tax trust to subject to the tax imposed by section 5751.02 of the Revised Code the pre-income tax trust and all pass-through entities of which the trust owns or controls, directly, indirectly, or constructively through related interests, five per cent or more of the ownership or equity interests. The trustee shall notify the tax commissioner in writing of the election on or before April 15, 2006. The election, if timely made, shall be effective on and after January 1, 2006, and shall apply for all tax periods and tax years until revoked by the trustee of the trust.	1453
	1454
	1455
	1456
	1457
	1458
	1459
	1460
	1461
	1462
	1463
(4) A "pre-income tax trust" is a trust that satisfies all of the following requirements:	1464
	1465
(a) The document or instrument creating the trust was executed by the grantor before January 1, 1972;	1466
	1467
(b) The trust became irrevocable upon the creation of the trust; and	1468
	1469
(c) The grantor was domiciled in this state at the time the trust was created.	1470
	1471
(FF) "Uniformed services" has the same meaning as in 10 U.S.C. 101.	1472
	1473

(GG) "Taxable business income" means the amount by which 1474  
an individual's business income that is included in federal 1475  
adjusted gross income exceeds the amount of business income the 1476  
individual is authorized to deduct under division (A) (28) of 1477  
this section for the taxable year. 1478

(HH) "Employer" does not include a franchisor with respect 1479  
to the franchisor's relationship with a franchisee or an 1480  
employee of a franchisee, unless the franchisor agrees to assume 1481  
that role in writing or a court of competent jurisdiction 1482  
determines that the franchisor exercises a type or degree of 1483  
control over the franchisee or the franchisee's employees that 1484  
is not customarily exercised by a franchisor for the purpose of 1485  
protecting the franchisor's trademark, brand, or both. For 1486  
purposes of this division, "franchisor" and "franchisee" have 1487  
the same meanings as in 16 C.F.R. 436.1. 1488

(II) "Modified adjusted gross income" means Ohio adjusted 1489  
gross income plus any amount deducted under divisions (A) (28) 1490  
and (34) of this section for the taxable year. 1491

(JJ) "Qualifying Ohio educator" means an individual who, 1492  
for a taxable year, qualifies as an eligible educator, as that 1493  
term is defined in section 62 of the Internal Revenue Code, and 1494  
who holds a certificate, license, or permit described in Chapter 1495  
3319. or section 3301.071 of the Revised Code. 1496

**Section 2.** That existing sections 2921.13 and 5747.01 of 1497  
the Revised Code are hereby repealed. 1498

**Section 3.** This act shall be known as the First-time Home 1499  
Buyer Savings Act. 1500