

As Introduced

135th General Assembly

Regular Session

2023-2024

H. B. No. 406

Representative Demetriou

Cosponsors: Representatives McClain, Williams

A BILL

To amend sections 301.30, 504.04, 715.013, 718.01, 1315.01, and 5747.01 and to enact sections 101.88, 1352.01, 1352.02, 1352.03, and 1352.04 of the Revised Code to prohibit certain state and local government actions respecting digital asset mining, to exempt certain digital currency transactions from state and local income taxes, to prohibit local charges on digital assets, to require the state retirement systems to evaluate certain digital asset investments, and to name this act the Ohio Blockchain Basics Act.

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

Section 1. That sections 301.30, 504.04, 715.013, 718.01, 1315.01, and 5747.01 be amended and sections 101.88, 1352.01, 1352.02, 1352.03, and 1352.04 of the Revised Code be enacted to read as follows:

Sec. 101.88. The general assembly shall not enact a bill that proposes to impose a fee, tax, assessment, or other charge on digital assets used as a method of payment for goods and

services that is based on the use of the digital assets as a 19
method of payment, on the sales, use, or consumption of such 20
digital assets, or on the basis of receipts received from the 21
sale of such digital assets. As used in this section, "digital 22
asset" has the same meaning as in section 1352.01 of the Revised 23
Code. 24

This section does not prohibit the general assembly from 25
enacting a bill imposing a fee, tax, assessment, or other charge 26
if the fee, tax, assessment, or charge would apply if the 27
transaction had taken place with legal tender of the United 28
States. 29

Sec. 301.30. No county that has adopted a charter under 30
Section 3 of Article X, Ohio Constitution, may ~~impose~~ do either 31
of the following: 32

(A) Impose a fee, tax, assessment, or other charge on 33
auxiliary containers, on the sales, use, or consumption of such 34
containers, except as authorized in Chapters 5739. and 5741. of 35
the Revised Code, or on the basis of receipts received from the 36
sale of such containers. As used in this section, "auxiliary 37
container" has the same meaning as in section 3767.32 of the 38
Revised Code. 39

(B) Impose a fee, tax, assessment, or other charge on 40
digital assets used as a method of payment for goods and 41
services that is based on the use of the digital assets as a 42
method of payment, on the sales, use, or consumption of such 43
digital assets, or on the basis of receipts received from the 44
sale of such digital assets. As used in this section, "digital 45
asset" has the same meaning as in section 1352.01 of the Revised 46
Code. 47

Division (B) of this section does not prohibit the 48
imposition of a fee, tax, assessment, or other charge if the 49
fee, tax, assessment, or charge would apply if the transaction 50
had taken place with legal tender of the United States. 51

Sec. 504.04. (A) A township that adopts a limited home 52
rule government may do all of the following by resolution, 53
provided that any of these resolutions, other than a resolution 54
to supply water or sewer services in accordance with sections 55
504.18 to 504.20 of the Revised Code, may be enforced only by 56
the imposition of civil fines as authorized in this chapter: 57

(1) Exercise all powers of local self-government within 58
the unincorporated area of the township, other than powers that 59
are in conflict with general laws, except that the township 60
shall comply with the requirements and prohibitions of this 61
chapter, and shall enact no taxes other than those authorized by 62
general law, and except that no resolution adopted pursuant to 63
this chapter shall encroach upon the powers, duties, and 64
privileges of elected township officers or change, alter, 65
combine, eliminate, or otherwise modify the form or structure of 66
the township government unless the change is required or 67
permitted by this chapter; 68

(2) Adopt and enforce within the unincorporated area of 69
the township local police, sanitary, and other similar 70
regulations that are not in conflict with general laws or 71
otherwise prohibited by division (B) of this section; 72

(3) Supply water and sewer services to users within the 73
unincorporated area of the township in accordance with sections 74
504.18 to 504.20 of the Revised Code; 75

(4) Adopt and enforce within the unincorporated area of 76

the township any resolution of a type described in section	77
503.52 or 503.60 of the Revised Code.	78
(B) No resolution adopted pursuant to this chapter shall	79
do any of the following:	80
(1) Create a criminal offense or impose criminal	81
penalties, except as authorized by division (A) of this section	82
or by section 503.52 of the Revised Code;	83
(2) Impose civil fines other than as authorized by this	84
chapter;	85
(3) Establish or revise subdivision regulations, road	86
construction standards, urban sediment rules, or storm water and	87
drainage regulations, except as provided in section 504.21 of	88
the Revised Code;	89
(4) Establish or revise building standards, building	90
codes, and other standard codes except as provided in section	91
504.13 of the Revised Code;	92
(5) Increase, decrease, or otherwise alter the powers or	93
duties of a township under any other chapter of the Revised Code	94
pertaining to agriculture or the conservation or development of	95
natural resources;	96
(6) Establish regulations affecting hunting, trapping,	97
fishing, or the possession, use, or sale of firearms;	98
(7) Establish or revise water or sewer regulations, except	99
in accordance with section 504.18, 504.19, or 504.21 of the	100
Revised Code;	101
(8) Impose a fee, assessment, or other charge on auxiliary	102
containers, on the sale, use, or consumption of such containers,	103
or on the basis of receipts received from the sale of such	104

containers. As used in this division, "auxiliary container" has 105
the same meaning as in section 3767.32 of the Revised Code. 106

(9) Impose a fee, tax, assessment, or other charge on 107
digital assets used as a method of payment for goods and 108
services that is based on the use of the digital assets as a 109
method of payment, on the sales, use, or consumption of such 110
digital assets, or on the basis of receipts received from the 111
sale of such digital assets. As used in this section, "digital 112
asset" has the same meaning as in section 1352.01 of the Revised 113
Code. 114

Division (B) (9) of this section does not prohibit the 115
imposition of a fee, tax, assessment, or other charge if the 116
fee, tax, assessment, or charge would apply if the transaction 117
had taken place with legal tender of the United States. 118

Nothing in this chapter shall be construed as affecting 119
the powers of counties with regard to the subjects listed in 120
divisions (B) (3) to (5) of this section. 121

(C) Under a limited home rule government, all officers 122
shall have the qualifications, and be nominated, elected, or 123
appointed, as provided in Chapter 505. of the Revised Code, 124
except that the board of township trustees shall appoint a full- 125
time or part-time law director pursuant to section 504.15 of the 126
Revised Code, and except that a five-member board of township 127
trustees approved for the township before September 26, 2003, 128
shall continue to serve as the legislative authority with 129
successive members serving for four-year terms of office until a 130
termination of a limited home rule government under section 131
504.03 of the Revised Code. 132

(D) In case of conflict between resolutions enacted by a 133

board of township trustees and municipal ordinances or 134
resolutions, the ordinance or resolution enacted by the 135
municipal corporation prevails. In case of conflict between 136
resolutions enacted by a board of township trustees and any 137
county resolution, the resolution enacted by the board of 138
township trustees prevails. 139

Sec. 715.013. (A) Except as otherwise expressly authorized 140
by the Revised Code, no municipal corporation shall levy a tax 141
that is the same as or similar to a tax levied under Chapter 142
322., 3734., 3769., 4123., 4141., 4301., 4303., 4305., 4307., 143
4309., 5707., 5725., 5726., 5727., 5728., 5729., 5731., 5735., 144
5736., 5737., 5739., 5741., 5743., 5747., 5749., or 5751. of the 145
Revised Code. 146

(B) No municipal corporation may impose ~~any~~ either of the 147
following: 148

(1) A tax, fee, assessment, or other charge on auxiliary 149
containers, on the sale, use, or consumption of such containers, 150
or on the basis of receipts received from the sale of such 151
containers. As used in this division, "auxiliary container" has 152
the same meaning as in section 3767.32 of the Revised Code. 153

(2) A fee, tax, assessment, or other charge on digital 154
assets used as a method of payment for goods and services that 155
is based on the use of the digital assets as a method of 156
payment, on the sales, use, or consumption of such digital 157
assets, or on the basis of receipts received from the sale of 158
such digital assets. As used in this section, "digital asset" 159
has the same meaning as in section 1352.01 of the Revised Code. 160

Division (B) (2) of this section does not prohibit the 161
imposition of a fee, tax, assessment, or other charge if the 162

fee, tax, assessment, or charge would apply if the transaction 163
had taken place with legal tender of the United States. 164

(C) This section does not prohibit a municipal corporation 165
from levying an income tax or withholding tax in accordance with 166
Chapter 718. of the Revised Code, or a tax on any of the 167
following: 168

(1) Amounts received for admission to any place; 169

(2) The income of an electric company or combined company, 170
as defined in section 5727.01 of the Revised Code; 171

(3) On and after January 1, 2004, the income of a 172
telephone company, as defined in section 5727.01 of the Revised 173
Code. 174

Sec. 718.01. Any term used in this chapter that is not 175
otherwise defined in this chapter has the same meaning as when 176
used in a comparable context in laws of the United States 177
relating to federal income taxation or in Title LVII of the 178
Revised Code, unless a different meaning is clearly required. 179
Except as provided in section 718.81 of the Revised Code, if a 180
term used in this chapter that is not otherwise defined in this 181
chapter is used in a comparable context in both the laws of the 182
United States relating to federal income tax and in Title LVII 183
of the Revised Code and the use is not consistent, then the use 184
of the term in the laws of the United States relating to federal 185
income tax shall control over the use of the term in Title LVII 186
of the Revised Code. 187

Except as otherwise provided in section 718.81 of the 188
Revised Code, as used in this chapter: 189

(A) (1) "Municipal taxable income" means the following: 190

(a) For a person other than an individual, income 191
apportioned or sitused to the municipal corporation under 192
section 718.02 of the Revised Code, as applicable, reduced by 193
any pre-2017 net operating loss carryforward available to the 194
person for the municipal corporation. 195

(b) (i) For an individual who is a resident of a municipal 196
corporation other than a qualified municipal corporation, income 197
reduced by exempt income to the extent otherwise included in 198
income, then reduced as provided in division (A) (2) of this 199
section, and further reduced by any pre-2017 net operating loss 200
carryforward available to the individual for the municipal 201
corporation. 202

(ii) For an individual who is a resident of a qualified 203
municipal corporation, Ohio adjusted gross income reduced by 204
income exempted, and increased by deductions excluded, by the 205
qualified municipal corporation from the qualified municipal 206
corporation's tax. If a qualified municipal corporation, on or 207
before December 31, 2013, exempts income earned by individuals 208
who are not residents of the qualified municipal corporation and 209
net profit of persons that are not wholly located within the 210
qualified municipal corporation, such individual or person shall 211
have no municipal taxable income for the purposes of the tax 212
levied by the qualified municipal corporation and may be 213
exempted by the qualified municipal corporation from the 214
requirements of section 718.03 of the Revised Code. 215

(c) For an individual who is a nonresident of a municipal 216
corporation, income reduced by exempt income to the extent 217
otherwise included in income and then, as applicable, 218
apportioned or sitused to the municipal corporation under 219
section 718.02 of the Revised Code, then reduced as provided in 220

division (A) (2) of this section, and further reduced by any pre- 221
2017 net operating loss carryforward available to the individual 222
for the municipal corporation. 223

(2) In computing the municipal taxable income of a 224
taxpayer who is an individual, the taxpayer may subtract, as 225
provided in division (A) (1) (b) (i) or (c) of this section, the 226
amount of the individual's employee business expenses reported 227
on the individual's form 2106 that the individual deducted for 228
federal income tax purposes for the taxable year, subject to the 229
limitation imposed by section 67 of the Internal Revenue Code. 230
For the municipal corporation in which the taxpayer is a 231
resident, the taxpayer may deduct all such expenses allowed for 232
federal income tax purposes. For a municipal corporation in 233
which the taxpayer is not a resident, the taxpayer may deduct 234
such expenses only to the extent the expenses are related to the 235
taxpayer's performance of personal services in that nonresident 236
municipal corporation. 237

(B) "Income" means the following: 238

(1) (a) For residents, all income, salaries, qualifying 239
wages, commissions, and other compensation from whatever source 240
earned or received by the resident, including the resident's 241
distributive share of the net profit of pass-through entities 242
owned directly or indirectly by the resident and any net profit 243
of the resident, except as provided in division (D) (5) of this 244
section. 245

(b) For the purposes of division (B) (1) (a) of this 246
section: 247

(i) Any net operating loss of the resident incurred in the 248
taxable year and the resident's distributive share of any net 249

operating loss generated in the same taxable year and 250
attributable to the resident's ownership interest in a pass- 251
through entity shall be allowed as a deduction, for that taxable 252
year and the following five taxable years, against any other net 253
profit of the resident or the resident's distributive share of 254
any net profit attributable to the resident's ownership interest 255
in a pass-through entity until fully utilized, subject to 256
division (B) (1) (d) of this section; 257

(ii) The resident's distributive share of the net profit 258
of each pass-through entity owned directly or indirectly by the 259
resident shall be calculated without regard to any net operating 260
loss that is carried forward by that entity from a prior taxable 261
year and applied to reduce the entity's net profit for the 262
current taxable year. 263

(c) Division (B) (1) (b) of this section does not apply with 264
respect to any net profit or net operating loss attributable to 265
an ownership interest in an S corporation unless shareholders' 266
distributive shares of net profits from S corporations are 267
subject to tax in the municipal corporation as provided in 268
division (C) (14) (b) or (c) of this section. 269

(d) Any amount of a net operating loss used to reduce a 270
taxpayer's net profit for a taxable year shall reduce the amount 271
of net operating loss that may be carried forward to any 272
subsequent year for use by that taxpayer. In no event shall the 273
cumulative deductions for all taxable years with respect to a 274
taxpayer's net operating loss exceed the original amount of that 275
net operating loss available to that taxpayer. 276

(2) In the case of nonresidents, all income, salaries, 277
qualifying wages, commissions, and other compensation from 278
whatever source earned or received by the nonresident for work 279

done, services performed or rendered, or activities conducted in 280
the municipal corporation, including any net profit of the 281
nonresident, but excluding the nonresident's distributive share 282
of the net profit or loss of only pass-through entities owned 283
directly or indirectly by the nonresident. 284

(3) For taxpayers that are not individuals, net profit of 285
the taxpayer; 286

(4) Lottery, sweepstakes, gambling and sports winnings, 287
winnings from games of chance, and prizes and awards. If the 288
taxpayer is a professional gambler for federal income tax 289
purposes, the taxpayer may deduct related wagering losses and 290
expenses to the extent authorized under the Internal Revenue 291
Code and claimed against such winnings. 292

(C) "Exempt income" means all of the following: 293

(1) The military pay or allowances of members of the armed 294
forces of the United States or members of their reserve 295
components, including the national guard of any state; 296

(2) (a) Except as provided in division (C) (2) (b) of this 297
section, intangible income; 298

(b) A municipal corporation that taxed any type of 299
intangible income on March 29, 1988, pursuant to Section 3 of 300
S.B. 238 of the 116th general assembly, may continue to tax that 301
type of income, except for capital gains received from the sale 302
of a digital asset, as defined in section 1352.01 of the Revised 303
Code, used as a method of payment for goods or services, 304
provided the amount of payment in the transaction does not 305
exceed the deduction threshold, as applicable to the taxable 306
year under division (A) (44) of section 5747.01 of the Revised 307
Code, if a majority of the electors of the municipal corporation 308

voting on the question of whether to permit the taxation of that 309
type of intangible income after 1988 voted in favor thereof at 310
an election held on November 8, 1988. 311

(3) Social security benefits, railroad retirement 312
benefits, unemployment compensation, pensions, retirement 313
benefit payments, payments from annuities, and similar payments 314
made to an employee or to the beneficiary of an employee under a 315
retirement program or plan, disability payments received from 316
private industry or local, state, or federal governments or from 317
charitable, religious or educational organizations, and the 318
proceeds of sickness, accident, or liability insurance policies. 319
As used in division (C)(3) of this section, "unemployment 320
compensation" does not include supplemental unemployment 321
compensation described in section 3402(o)(2) of the Internal 322
Revenue Code. 323

(4) The income of religious, fraternal, charitable, 324
scientific, literary, or educational institutions to the extent 325
such income is derived from tax-exempt real estate, tax-exempt 326
tangible or intangible property, or tax-exempt activities. 327

(5) Compensation paid under section 3501.28 or 3501.36 of 328
the Revised Code to a person serving as a precinct election 329
official to the extent that such compensation does not exceed 330
one thousand dollars for the taxable year. Such compensation in 331
excess of one thousand dollars for the taxable year may be 332
subject to taxation by a municipal corporation. A municipal 333
corporation shall not require the payer of such compensation to 334
withhold any tax from that compensation. 335

(6) Dues, contributions, and similar payments received by 336
charitable, religious, educational, or literary organizations or 337
labor unions, lodges, and similar organizations; 338

(7) Alimony and child support received;	339
(8) Compensation for personal injuries or for damages to	340
property from insurance proceeds or otherwise, excluding	341
compensation paid for lost salaries or wages or compensation	342
from punitive damages;	343
(9) Income of a public utility when that public utility is	344
subject to the tax levied under section 5727.24 or 5727.30 of	345
the Revised Code. Division (C) (9) of this section does not apply	346
for purposes of Chapter 5745. of the Revised Code.	347
(10) Gains from involuntary conversions, interest on	348
federal obligations, items of income subject to a tax levied by	349
the state and that a municipal corporation is specifically	350
prohibited by law from taxing, and income of a decedent's estate	351
during the period of administration except such income from the	352
operation of a trade or business;	353
(11) Compensation or allowances excluded from federal	354
gross income under section 107 of the Internal Revenue Code;	355
(12) Employee compensation that is not qualifying wages as	356
defined in division (R) of this section;	357
(13) Compensation paid to a person employed within the	358
boundaries of a United States air force base under the	359
jurisdiction of the United States air force that is used for the	360
housing of members of the United States air force and is a	361
center for air force operations, unless the person is subject to	362
taxation because of residence or domicile. If the compensation	363
is subject to taxation because of residence or domicile, tax on	364
such income shall be payable only to the municipal corporation	365
of residence or domicile.	366
(14) (a) Except as provided in division (C) (14) (b) or (c)	367

of this section, an S corporation shareholder's distributive 368
share of net profits of the S corporation, other than any part 369
of the distributive share of net profits that represents wages 370
as defined in section 3121(a) of the Internal Revenue Code or 371
net earnings from self-employment as defined in section 1402(a) 372
of the Internal Revenue Code. 373

(b) If, pursuant to division (H) of former section 718.01 374
of the Revised Code as it existed before March 11, 2004, a 375
majority of the electors of a municipal corporation voted in 376
favor of the question at an election held on November 4, 2003, 377
the municipal corporation may continue after 2002 to tax an S 378
corporation shareholder's distributive share of net profits of 379
an S corporation. 380

(c) If, on December 6, 2002, a municipal corporation was 381
imposing, assessing, and collecting a tax on an S corporation 382
shareholder's distributive share of net profits of the S 383
corporation to the extent the distributive share would be 384
allocated or apportioned to this state under divisions (B) (1) 385
and (2) of section 5733.05 of the Revised Code if the S 386
corporation were a corporation subject to taxes imposed under 387
Chapter 5733. of the Revised Code, the municipal corporation may 388
continue to impose the tax on such distributive shares to the 389
extent such shares would be so allocated or apportioned to this 390
state only until December 31, 2004, unless a majority of the 391
electors of the municipal corporation voting on the question of 392
continuing to tax such shares after that date voted in favor of 393
that question at an election held November 2, 2004. If a 394
majority of those electors voted in favor of the question, the 395
municipal corporation may continue after December 31, 2004, to 396
impose the tax on such distributive shares only to the extent 397
such shares would be so allocated or apportioned to this state. 398

(d) A municipal corporation shall be deemed to have 399
elected to tax S corporation shareholders' distributive shares 400
of net profits of the S corporation in the hands of the 401
shareholders if a majority of the electors of a municipal 402
corporation voted in favor of a question at an election held 403
under division (C) (14) (b) or (c) of this section. The municipal 404
corporation shall specify by resolution or ordinance that the 405
tax applies to the distributive share of a shareholder of an S 406
corporation in the hands of the shareholder of the S 407
corporation. 408

(15) The income of individuals under eighteen years of 409
age. 410

(16) (a) Except as provided in divisions (C) (16) (b), (c), 411
and (d) of this section, qualifying wages described in division 412
(B) (1) or (E) of section 718.011 of the Revised Code to the 413
extent the qualifying wages are not subject to withholding for 414
the municipal corporation under either of those divisions. 415

(b) The exemption provided in division (C) (16) (a) of this 416
section does not apply with respect to the municipal corporation 417
in which the employee resided at the time the employee earned 418
the qualifying wages. 419

(c) The exemption provided in division (C) (16) (a) of this 420
section does not apply to qualifying wages that an employer 421
elects to withhold under division (D) (2) of section 718.011 of 422
the Revised Code. 423

(d) The exemption provided in division (C) (16) (a) of this 424
section does not apply to qualifying wages if both of the 425
following conditions apply: 426

(i) For qualifying wages described in division (B) (1) of 427

section 718.011 of the Revised Code, the employee's employer 428
withholds and remits tax on the qualifying wages to the 429
municipal corporation in which the employee's principal place of 430
work is situated, or, for qualifying wages described in division 431
(E) of section 718.011 of the Revised Code, the employee's 432
employer withholds and remits tax on the qualifying wages to the 433
municipal corporation in which the employer's fixed location is 434
located; 435

(ii) The employee receives a refund of the tax described 436
in division (C) (16) (d) (i) of this section on the basis of the 437
employee not performing services in that municipal corporation. 438

(17) (a) Except as provided in division (C) (17) (b) or (c) 439
of this section, compensation that is not qualifying wages paid 440
to a nonresident individual for personal services performed in 441
the municipal corporation on not more than twenty days in a 442
taxable year. 443

(b) The exemption provided in division (C) (17) (a) of this 444
section does not apply under either of the following 445
circumstances: 446

(i) The individual's base of operation is located in the 447
municipal corporation. 448

(ii) The individual is a professional athlete, 449
professional entertainer, or public figure, and the compensation 450
is paid for the performance of services in the individual's 451
capacity as a professional athlete, professional entertainer, or 452
public figure. For purposes of division (C) (17) (b) (ii) of this 453
section, "professional athlete," "professional entertainer," and 454
"public figure" have the same meanings as in section 718.011 of 455
the Revised Code. 456

(c) Compensation to which division (C)(17) of this section 457
applies shall be treated as earned or received at the 458
individual's base of operation. If the individual does not have 459
a base of operation, the compensation shall be treated as earned 460
or received where the individual is domiciled. 461

(d) For purposes of division (C)(17) of this section, 462
"base of operation" means the location where an individual owns 463
or rents an office, storefront, or similar facility to which the 464
individual regularly reports and at which the individual 465
regularly performs personal services for compensation. 466

(18) Compensation paid to a person for personal services 467
performed for a political subdivision on property owned by the 468
political subdivision, regardless of whether the compensation is 469
received by an employee of the subdivision or another person 470
performing services for the subdivision under a contract with 471
the subdivision, if the property on which services are performed 472
is annexed to a municipal corporation pursuant to section 473
709.023 of the Revised Code on or after March 27, 2013, unless 474
the person is subject to such taxation because of residence. If 475
the compensation is subject to taxation because of residence, 476
municipal income tax shall be payable only to the municipal 477
corporation of residence. 478

(19) In the case of a tax administered, collected, and 479
enforced by a municipal corporation pursuant to an agreement 480
with the board of directors of a joint economic development 481
district under section 715.72 of the Revised Code, the net 482
profits of a business, and the income of the employees of that 483
business, exempted from the tax under division (Q) of that 484
section. 485

(20) All of the following: 486

(a) Income derived from disaster work conducted in this 487
state by an out-of-state disaster business during a disaster 488
response period pursuant to a qualifying solicitation received 489
by the business; 490

(b) Income of a qualifying employee described in division 491
(A) (14) (a) of section 5703.94 of the Revised Code, to the extent 492
such income is derived from disaster work conducted in this 493
state by the employee during a disaster response period pursuant 494
to a qualifying solicitation received by the employee's 495
employer; 496

(c) Income of a qualifying employee described in division 497
(A) (14) (b) of section 5703.94 of the Revised Code, to the extent 498
such income is derived from disaster work conducted in this 499
state by the employee during a disaster response period on 500
critical infrastructure owned or used by the employee's 501
employer. 502

(21) Income the taxation of which is prohibited by the 503
constitution or laws of the United States. 504

Any item of income that is exempt income of a pass-through 505
entity under division (C) of this section is exempt income of 506
each owner of the pass-through entity to the extent of that 507
owner's distributive or proportionate share of that item of the 508
entity's income. 509

(D) (1) "Net profit" for a person who is an individual 510
means the individual's net profit required to be reported on 511
schedule C, schedule E, or schedule F reduced by any net 512
operating loss carried forward. For the purposes of division (D) 513
(1) of this section, the net operating loss carried forward 514
shall be calculated and deducted in the same manner as provided 515

in division (D) (3) of this section. 516

(2) "Net profit" for a person other than an individual 517
means adjusted federal taxable income reduced by any net 518
operating loss incurred by the person in a taxable year 519
beginning on or after January 1, 2017, subject to the 520
limitations of division (D) (3) of this section. 521

(3) (a) The amount of such net operating loss shall be 522
deducted from net profit to the extent necessary to reduce 523
municipal taxable income to zero, with any remaining unused 524
portion of the net operating loss carried forward to not more 525
than five consecutive taxable years following the taxable year 526
in which the loss was incurred, but in no case for more years 527
than necessary for the deduction to be fully utilized. 528

(b) No person shall use the deduction allowed by division 529
(D) (3) of this section to offset qualifying wages. 530

(c) (i) For taxable years beginning in 2018, 2019, 2020, 531
2021, or 2022, a person may not deduct, for purposes of an 532
income tax levied by a municipal corporation that levies an 533
income tax before January 1, 2016, more than fifty per cent of 534
the amount of the deduction otherwise allowed by division (D) (3) 535
of this section. 536

(ii) For taxable years beginning in 2023 or thereafter, a 537
person may deduct, for purposes of an income tax levied by a 538
municipal corporation that levies an income tax before January 539
1, 2016, the full amount allowed by division (D) (3) of this 540
section without regard to the limitation of division (D) (3) (c) 541
(i) of this section. 542

(d) Any pre-2017 net operating loss carryforward deduction 543
that is available may be utilized before a taxpayer may deduct 544

any amount pursuant to division (D) (3) of this section. 545

(e) Nothing in division (D) (3) (c) (i) of this section 546
precludes a person from carrying forward, for use with respect 547
to any return filed for a taxable year beginning after 2018, any 548
amount of net operating loss that was not fully utilized by 549
operation of division (D) (3) (c) (i) of this section. To the 550
extent that an amount of net operating loss that was not fully 551
utilized in one or more taxable years by operation of division 552
(D) (3) (c) (i) of this section is carried forward for use with 553
respect to a return filed for a taxable year beginning in 2019, 554
2020, 2021, or 2022, the limitation described in division (D) (3) 555
(c) (i) of this section shall apply to the amount carried 556
forward. 557

(4) For the purposes of this chapter, and notwithstanding 558
division (D) (2) of this section, net profit of a disregarded 559
entity shall not be taxable as against that disregarded entity, 560
but shall instead be included in the net profit of the owner of 561
the disregarded entity. 562

(5) For the purposes of this chapter, and notwithstanding 563
any other provision of this chapter, the net profit of a 564
publicly traded partnership that makes the election described in 565
division (D) (5) of this section shall be taxed as if the 566
partnership were a C corporation, and shall not be treated as 567
the net profit or income of any owner of the partnership. 568

A publicly traded partnership that is treated as a 569
partnership for federal income tax purposes and that is subject 570
to tax on its net profits in one or more municipal corporations 571
in this state may elect to be treated as a C corporation for 572
municipal income tax purposes. The publicly traded partnership 573
shall make the election in every municipal corporation in which 574

the partnership is subject to taxation on its net profits. The 575
election shall be made on the annual tax return filed in each 576
such municipal corporation. The publicly traded partnership 577
shall not be required to file the election with any municipal 578
corporation in which the partnership is not subject to taxation 579
on its net profits, but division (D) (5) of this section applies 580
to all municipal corporations in which an individual owner of 581
the partnership resides. 582

(E) "Adjusted federal taxable income," for a person 583
required to file as a C corporation, or for a person that has 584
elected to be taxed as a C corporation under division (D) (5) of 585
this section, means a C corporation's federal taxable income 586
before net operating losses and special deductions as determined 587
under the Internal Revenue Code, adjusted as follows: 588

(1) Deduct intangible income to the extent included in 589
federal taxable income. The deduction shall be allowed 590
regardless of whether the intangible income relates to assets 591
used in a trade or business or assets held for the production of 592
income. 593

(2) Add an amount equal to five per cent of intangible 594
income deducted under division (E) (1) of this section, but 595
excluding that portion of intangible income directly related to 596
the sale, exchange, or other disposition of property described 597
in section 1221 of the Internal Revenue Code; 598

(3) Add any losses allowed as a deduction in the 599
computation of federal taxable income if the losses directly 600
relate to the sale, exchange, or other disposition of an asset 601
described in section 1221 or 1231 of the Internal Revenue Code; 602

(4) (a) Except as provided in division (E) (4) (b) of this 603

section, deduct income and gain included in federal taxable 604
income to the extent the income and gain directly relate to the 605
sale, exchange, or other disposition of an asset described in 606
section 1221 or 1231 of the Internal Revenue Code; 607

(b) Division (E)(4)(a) of this section does not apply to 608
the extent the income or gain is income or gain described in 609
section 1245 or 1250 of the Internal Revenue Code. 610

(5) Add taxes on or measured by net income allowed as a 611
deduction in the computation of federal taxable income; 612

(6) In the case of a real estate investment trust or 613
regulated investment company, add all amounts with respect to 614
dividends to, distributions to, or amounts set aside for or 615
credited to the benefit of investors and allowed as a deduction 616
in the computation of federal taxable income; 617

(7) Deduct, to the extent not otherwise deducted or 618
excluded in computing federal taxable income, any income derived 619
from a transfer agreement or from the enterprise transferred 620
under that agreement under section 4313.02 of the Revised Code; 621

(8) Deduct exempt income to the extent not otherwise 622
deducted or excluded in computing adjusted federal taxable 623
income. 624

(9) Deduct any net profit of a pass-through entity owned 625
directly or indirectly by the taxpayer and included in the 626
taxpayer's federal taxable income unless an affiliated group of 627
corporations includes that net profit in the group's federal 628
taxable income in accordance with division (E)(3)(b) of section 629
718.06 of the Revised Code. 630

(10) Add any loss incurred by a pass-through entity owned 631
directly or indirectly by the taxpayer and included in the 632

taxpayer's federal taxable income unless an affiliated group of 633
corporations includes that loss in the group's federal taxable 634
income in accordance with division (E) (3) (b) of section 718.06 635
of the Revised Code. 636

If the taxpayer is not a C corporation, is not a 637
disregarded entity that has made the election described in 638
division (L) (2) of this section, is not a publicly traded 639
partnership that has made the election described in division (D) 640
(5) of this section, and is not an individual, the taxpayer 641
shall compute adjusted federal taxable income under this section 642
as if the taxpayer were a C corporation, except guaranteed 643
payments and other similar amounts paid or accrued to a partner, 644
former partner, shareholder, former shareholder, member, or 645
former member shall not be allowed as a deductible expense 646
unless such payments are a pension or retirement benefit payment 647
paid to a retired partner, retired shareholder, or retired 648
member or are in consideration for the use of capital and 649
treated as payment of interest under section 469 of the Internal 650
Revenue Code or United States treasury regulations. Amounts paid 651
or accrued to a qualified self-employed retirement plan with 652
respect to a partner, former partner, shareholder, former 653
shareholder, member, or former member of the taxpayer, amounts 654
paid or accrued to or for health insurance for a partner, former 655
partner, shareholder, former shareholder, member, or former 656
member, and amounts paid or accrued to or for life insurance for 657
a partner, former partner, shareholder, former shareholder, 658
member, or former member shall not be allowed as a deduction. 659

Nothing in division (E) of this section shall be construed 660
as allowing the taxpayer to add or deduct any amount more than 661
once or shall be construed as allowing any taxpayer to deduct 662
any amount paid to or accrued for purposes of federal self- 663

employment tax. 664

(F) "Schedule C" means internal revenue service schedule C 665
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 666
Code. 667

(G) "Schedule E" means internal revenue service schedule E 668
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 669
Code. 670

(H) "Schedule F" means internal revenue service schedule F 671
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 672
Code. 673

(I) "Internal Revenue Code" has the same meaning as in 674
section 5747.01 of the Revised Code. 675

(J) "Resident" means an individual who is domiciled in the 676
municipal corporation as determined under section 718.012 of the 677
Revised Code. 678

(K) "Nonresident" means an individual that is not a 679
resident. 680

(L) (1) "Taxpayer" means a person subject to a tax levied 681
on income by a municipal corporation in accordance with this 682
chapter. "Taxpayer" does not include a grantor trust or, except 683
as provided in division (L) (2) (a) of this section, a disregarded 684
entity. 685

(2) (a) A single member limited liability company that is a 686
disregarded entity for federal tax purposes may be a separate 687
taxpayer from its single member in all Ohio municipal 688
corporations in which it either filed as a separate taxpayer or 689
did not file for its taxable year ending in 2003, if all of the 690
following conditions are met: 691

(i) The limited liability company's single member is also 692
a limited liability company. 693

(ii) The limited liability company and its single member 694
were formed and doing business in one or more Ohio municipal 695
corporations for at least five years before January 1, 2004. 696

(iii) Not later than December 31, 2004, the limited 697
liability company and its single member each made an election to 698
be treated as a separate taxpayer under division (L) of this 699
section as this section existed on December 31, 2004. 700

(iv) The limited liability company was not formed for the 701
purpose of evading or reducing Ohio municipal corporation income 702
tax liability of the limited liability company or its single 703
member. 704

(v) The Ohio municipal corporation that was the primary 705
place of business of the sole member of the limited liability 706
company consented to the election. 707

(b) For purposes of division (L) (2) (a) (v) of this section, 708
a municipal corporation was the primary place of business of a 709
limited liability company if, for the limited liability 710
company's taxable year ending in 2003, its income tax liability 711
was greater in that municipal corporation than in any other 712
municipal corporation in Ohio, and that tax liability to that 713
municipal corporation for its taxable year ending in 2003 was at 714
least four hundred thousand dollars. 715

(M) "Person" includes individuals, firms, companies, joint 716
stock companies, business trusts, estates, trusts, partnerships, 717
limited liability partnerships, limited liability companies, 718
associations, C corporations, S corporations, governmental 719
entities, and any other entity. 720

(N) "Pass-through entity" means a partnership not treated 721
as an association taxable as a C corporation for federal income 722
tax purposes, a limited liability company not treated as an 723
association taxable as a C corporation for federal income tax 724
purposes, an S corporation, or any other class of entity from 725
which the income or profits of the entity are given pass-through 726
treatment for federal income tax purposes. "Pass-through entity" 727
does not include a trust, estate, grantor of a grantor trust, or 728
disregarded entity. 729

(O) "S corporation" means a person that has made an 730
election under subchapter S of Chapter 1 of Subtitle A of the 731
Internal Revenue Code for its taxable year. 732

(P) "Single member limited liability company" means a 733
limited liability company that has one direct member. 734

(Q) "Limited liability company" means a limited liability 735
company formed under former Chapter 1705. of the Revised Code as 736
that chapter existed prior to February 11, 2022, Chapter 1706. 737
of the Revised Code, or the laws of another state. 738

(R) "Qualifying wages" means wages, as defined in section 739
3121(a) of the Internal Revenue Code, without regard to any wage 740
limitations, adjusted as follows: 741

(1) Deduct the following amounts: 742

(a) Any amount included in wages if the amount constitutes 743
compensation attributable to a plan or program described in 744
section 125 of the Internal Revenue Code. 745

(b) Any amount included in wages if the amount constitutes 746
payment on account of a disability related to sickness or an 747
accident paid by a party unrelated to the employer, agent of an 748
employer, or other payer. 749

(c) Any amount attributable to a nonqualified deferred 750
compensation plan or program described in section 3121(v) (2) (C) 751
of the Internal Revenue Code if the compensation is included in 752
wages and the municipal corporation has, by resolution or 753
ordinance adopted before January 1, 2016, exempted the amount 754
from withholding and tax. 755

(d) Any amount included in wages if the amount arises from 756
the sale, exchange, or other disposition of a stock option, the 757
exercise of a stock option, or the sale, exchange, or other 758
disposition of stock purchased under a stock option and the 759
municipal corporation has, by resolution or ordinance adopted 760
before January 1, 2016, exempted the amount from withholding and 761
tax. 762

(e) Any amount included in wages that is exempt income. 763

(2) Add the following amounts: 764

(a) Any amount not included in wages solely because the 765
employee was employed by the employer before April 1, 1986. 766

(b) Any amount not included in wages because the amount 767
arises from the sale, exchange, or other disposition of a stock 768
option, the exercise of a stock option, or the sale, exchange, 769
or other disposition of stock purchased under a stock option and 770
the municipal corporation has not, by resolution or ordinance, 771
exempted the amount from withholding and tax adopted before 772
January 1, 2016. Division (R) (2) (b) of this section applies only 773
to those amounts constituting ordinary income. 774

(c) Any amount not included in wages if the amount is an 775
amount described in section 401(k), 403(b), or 457 of the 776
Internal Revenue Code. Division (R) (2) (c) of this section 777
applies only to employee contributions and employee deferrals. 778

(d) Any amount that is supplemental unemployment 779
compensation benefits described in section 3402(o) (2) of the 780
Internal Revenue Code and not included in wages. 781

(e) Any amount received that is treated as self-employment 782
income for federal tax purposes in accordance with section 783
1402(a) (8) of the Internal Revenue Code. 784

(f) Any amount not included in wages if all of the 785
following apply: 786

(i) For the taxable year the amount is employee 787
compensation that is earned outside of the United States and 788
that either is included in the taxpayer's gross income for 789
federal income tax purposes or would have been included in the 790
taxpayer's gross income for such purposes if the taxpayer did 791
not elect to exclude the income under section 911 of the 792
Internal Revenue Code; 793

(ii) For no preceding taxable year did the amount 794
constitute wages as defined in section 3121(a) of the Internal 795
Revenue Code; 796

(iii) For no succeeding taxable year will the amount 797
constitute wages; and 798

(iv) For any taxable year the amount has not otherwise 799
been added to wages pursuant to either division (R) (2) of this 800
section or section 718.03 of the Revised Code, as that section 801
existed before the effective date of H.B. 5 of the 130th general 802
assembly, March 23, 2015. 803

(S) "Intangible income" means income of any of the 804
following types: income yield, interest, capital gains, 805
dividends, or other income arising from the ownership, sale, 806
exchange, or other disposition of intangible property including, 807

but not limited to, investments, deposits, money, or credits as 808
those terms are defined in Chapter 5701. of the Revised Code, 809
and patents, copyrights, trademarks, tradenames, investments in 810
real estate investment trusts, investments in regulated 811
investment companies, and appreciation on deferred compensation. 812
"Intangible income" does not include prizes, awards, or other 813
income associated with any lottery winnings, gambling winnings, 814
or other similar games of chance. 815

(T) "Taxable year" means the corresponding tax reporting 816
period as prescribed for the taxpayer under the Internal Revenue 817
Code. 818

(U) (1) "Tax administrator" means, subject to division (U) 819
(2) of this section, the individual charged with direct 820
responsibility for administration of an income tax levied by a 821
municipal corporation in accordance with this chapter, and also 822
includes the following: 823

(a) A municipal corporation acting as the agent of another 824
municipal corporation; 825

(b) A person retained by a municipal corporation to 826
administer a tax levied by the municipal corporation, but only 827
if the municipal corporation does not compensate the person in 828
whole or in part on a contingency basis; 829

(c) The central collection agency or the regional income 830
tax agency or their successors in interest, or another entity 831
organized to perform functions similar to those performed by the 832
central collection agency and the regional income tax agency. 833

(2) "Tax administrator" does not include the tax 834
commissioner. 835

(3) A private individual or entity serving in any position 836

described in division (U) (1) (b) or (c) of this section shall 837
have no access to criminal history record information. 838

(V) "Employer" means a person that is an employer for 839
federal income tax purposes. 840

(W) "Employee" means an individual who is an employee for 841
federal income tax purposes. 842

(X) "Other payer" means any person, other than an 843
individual's employer or the employer's agent, that pays an 844
individual any amount included in the federal gross income of 845
the individual. "Other payer" includes casino operators and 846
video lottery terminal sales agents. 847

(Y) "Calendar quarter" means the three-month period ending 848
on the last day of March, June, September, or December. 849

(Z) "Form 2106" means internal revenue service form 2106 850
filed by a taxpayer pursuant to the Internal Revenue Code. 851

(AA) "Municipal corporation" includes a joint economic 852
development district or joint economic development zone that 853
levies an income tax under section 715.691, 715.70, 715.71, or 854
715.72 of the Revised Code. 855

(BB) "Disregarded entity" means a single member limited 856
liability company, a qualifying subchapter S subsidiary, or 857
another entity if the company, subsidiary, or entity is a 858
disregarded entity for federal income tax purposes. 859

(CC) "Generic form" means an electronic or paper form that 860
is not prescribed by a particular municipal corporation and that 861
is designed for reporting taxes withheld by an employer, agent 862
of an employer, or other payer, estimated municipal income 863
taxes, or annual municipal income tax liability or for filing a 864

refund claim. 865

(DD) "Tax return preparer" means any individual described 866
in section 7701(a) (36) of the Internal Revenue Code and 26 867
C.F.R. 301.7701-15. 868

(EE) "Ohio business gateway" means the online computer 869
network system created under section 125.30 of the Revised Code 870
or any successor electronic filing and payment system. 871

(FF) "Local board of tax review" and "board of tax review" 872
mean the entity created under section 718.11 of the Revised 873
Code. 874

(GG) "Net operating loss" means a loss incurred by a 875
person in the operation of a trade or business. "Net operating 876
loss" does not include unutilized losses resulting from basis 877
limitations, at-risk limitations, or passive activity loss 878
limitations. 879

(HH) "Casino operator" and "casino facility" have the same 880
meanings as in section 3772.01 of the Revised Code. 881

(II) "Video lottery terminal" has the same meaning as in 882
section 3770.21 of the Revised Code. 883

(JJ) "Video lottery terminal sales agent" means a lottery 884
sales agent licensed under Chapter 3770. of the Revised Code to 885
conduct video lottery terminals on behalf of the state pursuant 886
to section 3770.21 of the Revised Code. 887

(KK) "Postal service" means the United States postal 888
service. 889

(LL) "Certified mail," "express mail," "United States 890
mail," "postal service," and similar terms include any delivery 891
service authorized pursuant to section 5703.056 of the Revised 892

Code. 893

(MM) "Postmark date," "date of postmark," and similar 894
terms include the date recorded and marked in the manner 895
described in division (B) (3) of section 5703.056 of the Revised 896
Code. 897

(NN) "Related member" means a person that, with respect to 898
the taxpayer during all or any portion of the taxable year, is 899
either a related entity, a component member as defined in 900
section 1563(b) of the Internal Revenue Code, or a person to or 901
from whom there is attribution of stock ownership in accordance 902
with section 1563(e) of the Internal Revenue Code except, for 903
purposes of determining whether a person is a related member 904
under this division, "twenty per cent" shall be substituted for 905
"5 percent" wherever "5 percent" appears in section 1563(e) of 906
the Internal Revenue Code. 907

(OO) "Related entity" means any of the following: 908

(1) An individual stockholder, or a member of the 909
stockholder's family enumerated in section 318 of the Internal 910
Revenue Code, if the stockholder and the members of the 911
stockholder's family own directly, indirectly, beneficially, or 912
constructively, in the aggregate, at least fifty per cent of the 913
value of the taxpayer's outstanding stock; 914

(2) A stockholder, or a stockholder's partnership, estate, 915
trust, or corporation, if the stockholder and the stockholder's 916
partnerships, estates, trusts, or corporations own directly, 917
indirectly, beneficially, or constructively, in the aggregate, 918
at least fifty per cent of the value of the taxpayer's 919
outstanding stock; 920

(3) A corporation, or a party related to the corporation 921

in a manner that would require an attribution of stock from the 922
corporation to the party or from the party to the corporation 923
under division (00) (4) of this section, provided the taxpayer 924
owns directly, indirectly, beneficially, or constructively, at 925
least fifty per cent of the value of the corporation's 926
outstanding stock; 927

(4) The attribution rules described in section 318 of the 928
Internal Revenue Code apply for the purpose of determining 929
whether the ownership requirements in divisions (00) (1) to (3) 930
of this section have been met. 931

(PP) (1) "Assessment" means a written finding by the tax 932
administrator that a person has underpaid municipal income tax, 933
or owes penalty and interest, or any combination of tax, 934
penalty, or interest, to the municipal corporation that 935
commences the person's time limitation for making an appeal to 936
the local board of tax review pursuant to section 718.11 of the 937
Revised Code, and has "ASSESSMENT" written in all capital 938
letters at the top of such finding. 939

(2) "Assessment" does not include an informal notice 940
denying a request for refund issued under division (B) (3) of 941
section 718.19 of the Revised Code, a billing statement 942
notifying a taxpayer of current or past-due balances owed to the 943
municipal corporation, a tax administrator's request for 944
additional information, a notification to the taxpayer of 945
mathematical errors, or a tax administrator's other written 946
correspondence to a person or taxpayer that does not meet the 947
criteria prescribed by division (PP) (1) of this section. 948

(QQ) "Taxpayers' rights and responsibilities" means the 949
rights provided to taxpayers in sections 718.11, 718.12, 718.19, 950
718.23, 718.36, 718.37, 718.38, 5717.011, and 5717.03 of the 951

Revised Code and the responsibilities of taxpayers to file, 952
report, withhold, remit, and pay municipal income tax and 953
otherwise comply with Chapter 718. of the Revised Code and 954
resolutions, ordinances, and rules adopted by a municipal 955
corporation for the imposition and administration of a municipal 956
income tax. 957

(RR) "Qualified municipal corporation" means a municipal 958
corporation that, by resolution or ordinance adopted on or 959
before December 31, 2011, adopted Ohio adjusted gross income, as 960
defined by section 5747.01 of the Revised Code, as the income 961
subject to tax for the purposes of imposing a municipal income 962
tax. 963

(SS) (1) "Pre-2017 net operating loss carryforward" means 964
any net operating loss incurred in a taxable year beginning 965
before January 1, 2017, to the extent such loss was permitted, 966
by a resolution or ordinance of the municipal corporation that 967
was adopted by the municipal corporation before January 1, 2016, 968
to be carried forward and utilized to offset income or net 969
profit generated in such municipal corporation in future taxable 970
years. 971

(2) For the purpose of calculating municipal taxable 972
income, any pre-2017 net operating loss carryforward may be 973
carried forward to any taxable year, including taxable years 974
beginning in 2017 or thereafter, for the number of taxable years 975
provided in the resolution or ordinance or until fully utilized, 976
whichever is earlier. 977

(TT) "Small employer" means any employer that had total 978
revenue of less than five hundred thousand dollars during the 979
preceding taxable year. For purposes of this division, "total 980
revenue" means receipts of any type or kind, including, but not 981

limited to, sales receipts; payments; rents; profits; gains, 982
dividends, and other investment income; compensation; 983
commissions; premiums; money; property; grants; contributions; 984
donations; gifts; program service revenue; patient service 985
revenue; premiums; fees, including premium fees and service 986
fees; tuition payments; unrelated business revenue; 987
reimbursements; any type of payment from a governmental unit, 988
including grants and other allocations; and any other similar 989
receipts reported for federal income tax purposes or under 990
generally accepted accounting principles. "Small employer" does 991
not include the federal government; any state government, 992
including any state agency or instrumentality; any political 993
subdivision; or any entity treated as a government for financial 994
accounting and reporting purposes. 995

(UU) "Audit" means the examination of a person or the 996
inspection of the books, records, memoranda, or accounts of a 997
person for the purpose of determining liability for a municipal 998
income tax. 999

(VV) "Publicly traded partnership" means any partnership, 1000
an interest in which is regularly traded on an established 1001
securities market. A "publicly traded partnership" may have any 1002
number of partners. 1003

(WW) "Tax commissioner" means the tax commissioner 1004
appointed under section 121.03 of the Revised Code. 1005

(XX) "Out-of-state disaster business," "qualifying 1006
solicitation," "qualifying employee," "disaster work," "critical 1007
infrastructure," and "disaster response period" have the same 1008
meanings as in section 5703.94 of the Revised Code. 1009

(YY) "Pension" means a retirement benefit plan, regardless 1010

of whether the plan satisfies the qualifications described under 1011
section 401(a) of the Internal Revenue Code, including amounts 1012
that are taxable under the "Federal Insurance Contributions 1013
Act," Chapter 21 of the Internal Revenue Code, excluding 1014
employee contributions and elective deferrals, and regardless of 1015
whether such amounts are paid in the same taxable year in which 1016
the amounts are included in the employee's wages, as defined by 1017
section 3121(a) of the Internal Revenue Code. 1018

(ZZ) "Retirement benefit plan" means an arrangement 1019
whereby an entity provides benefits to individuals either on or 1020
after their termination of service because of retirement or 1021
disability. "Retirement benefit plan" does not include wage 1022
continuation payments, severance payments, or payments made for 1023
accrued personal or vacation time. 1024

Sec. 1315.01. Except when the context otherwise requires, 1025
as used in sections 1315.01 to 1315.18 of the Revised Code: 1026

(A) "Authorized delegate" means a person designated by a 1027
licensee under section 1315.11 of the Revised Code to receive, 1028
directly or indirectly, money or its equivalent for transmission 1029
by the licensee. 1030

(B) "Control" means the power, directly or indirectly, to 1031
direct the management and policies of a licensee or the 1032
ownership, control of, or power to vote twenty-five per cent or 1033
more of any class of the outstanding voting securities of a 1034
controlling person. For purposes of determining the percentage 1035
of a licensee controlled by any person, the person's interest 1036
shall be aggregated with the interest of any other person 1037
controlled by the person or by any spouse, parent, or child of 1038
the person. 1039

(C) "Controlling person" means any person that controls a 1040
licensee. 1041

(D) "Executive officer" means the licensee's president, 1042
treasurer, secretary, each senior officer responsible for the 1043
licensee's business, and any other person that performs similar 1044
functions. 1045

(E) "Licensee" means a person licensed under sections 1046
1315.01 to 1315.18 of the Revised Code to receive, directly or 1047
indirectly, for transmission, money or its equivalent from 1048
persons located in this state. 1049

(F) "Outstandings" means the total of all moneys received 1050
for transmission that are not yet delivered, paid, or accessed. 1051

(G) "Transmit money" means to receive, directly or 1052
indirectly and by any means, money or its equivalent from a 1053
person and to deliver, pay, or make accessible, by any means, 1054
method, manner, or device, whether or not a payment instrument 1055
is used, the money received or its equivalent to the same or 1056
another person, at the same or another time, and at the same or 1057
another place, but does not include transactions in which the 1058
recipient of the money or its equivalent is the principal or 1059
authorized representative of the principal in a transaction for 1060
which the money or its equivalent is received, other than the 1061
transmission of money or its equivalent. "Transmit money" also 1062
includes the sale of checks and other payment instruments. 1063
"Transmit money" does not include digital asset mining or 1064
operating a node on a blockchain protocol, as those terms are 1065
defined in section 1352.01 of the Revised Code. 1066

Sec. 1352.01. As used in this chapter: 1067

(A) "Blockchain" means data that is all of the following: 1068

- (1) Shared across a network to create a ledger of verified transactions or information among network participants; 1069
1070
- (2) Linked using cryptocurrency to maintain the integrity of the ledger and to execute other functions; 1071
1072
- (3) Distributed among network participants in an automated fashion to concurrently update network participants on the state of the ledger and any other functions. 1073
1074
1075
- (B) "Blockchain protocol" means any executable software deployed to a blockchain composed of source code that is publicly available and accessible, including a smart contract or network of smart contracts. 1076
1077
1078
1079
- (C) "Digital asset" means virtual currency, cryptocurrencies, native electronic assets, including stablecoins and non-fungible tokens, and other digital-only assets that confer economic, proprietary, or access rights or powers. 1080
1081
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- (D) "Digital asset mining" means using electricity to power a computer or node for the purpose of securing a blockchain network. 1085
1086
1087
- (E) "Digital asset mining business" means a group of computers that consume more than one megawatt of electricity for the purpose of securing a blockchain protocol. 1088
1089
1090
- (F) "Hardware wallet" means a physical device that is not continuously connected to the internet, allows an individual to secure and transfer digital assets, and under which the owner of the digital assets retains independent control over the digital assets. 1091
1092
1093
1094
1095
- (G) "Home digital asset mining" means digital asset mining 1096

in an area zoned for residential use. 1097

(H) "Node" means a computational device that communicates 1098
with other devices or participants on a blockchain to maintain 1099
consensus and integrity of that blockchain, create and validate 1100
transaction blocks, contain and update a copy of a blockchain, 1101
or any combination of the foregoing. 1102

(I) "Political subdivision" means a county, township, or 1103
municipal corporation. 1104

(J) "Self-hosted wallet" means a digital interface used to 1105
secure and transfer digital assets and under which the owner of 1106
the digital assets retains independent control over the digital 1107
assets. 1108

(K) "Staking" means the act of committing digital assets 1109
for a period of time to validate and secure a specific 1110
blockchain network. 1111

(L) "Staking services" means the provision of technical 1112
staking services, including the operation of nodes and 1113
associated infrastructure, necessary to facilitate participation 1114
in the consensus mechanisms of a blockchain network. 1115

Sec. 1352.02. No department, agency, or instrumentality of 1116
this state and no political subdivision of this state shall 1117
prohibit, restrict, or otherwise impair the ability of an 1118
individual to do either of the following: 1119

(A) Use digital assets to purchase legal goods or 1120
services; 1121

(B) Hold custody of digital assets using a hardware 1122
wallet, self-hosted wallet, or third-party wallet. 1123

Sec. 1352.03. (A) Any person may engage in home digital 1124

asset mining in this state as long as the person complies with 1125
all applicable local ordinances, resolutions, regulations, and 1126
orders concerning noise in areas zoned for residential use, 1127
including those adopted in accordance with sections 505.172 and 1128
715.49 of the Revised Code. 1129

(B) No political subdivision of this state shall adopt or 1130
enforce a noise ordinance, resolution, regulation, or order 1131
specific to home digital asset mining. 1132

(C) A digital asset mining business may operate in any 1133
area of this state that is zoned for industrial use. 1134

(D) A political subdivision of this state shall not adopt 1135
or enforce an ordinance, resolution, regulation, or order 1136
specific to digital asset mining businesses that does not also 1137
apply to data centers and other similarly situated businesses. 1138

(E) A political subdivision of this state shall not rezone 1139
or redistrict parcels in a manner that affects a digital asset 1140
mining business without going through the proper notice and 1141
comment process. 1142

(F) A digital asset mining business that believes a 1143
political subdivision rezoned or redistricted parcels in a 1144
manner that discriminates against the business may appeal the 1145
rezoning or redistricting to the court of common pleas of the 1146
county where the business is located. A judge shall reject a 1147
change that was made to discriminate against a digital asset 1148
mining business. 1149

Sec. 1352.04. (A) No person is required to obtain a money 1150
transmitter license under Chapter 1315. of the Revised Code 1151
solely to engage in either of the following: 1152

(1) Digital asset mining; 1153

(2) Operating a node or series of nodes on a blockchain 1154
protocol. 1155

(B) A business providing or offering to provide digital 1156
asset mining or staking services is not considered to be 1157
offering a security or investment contract for the purposes of 1158
Chapter 1308. of the Revised Code. 1159

(C) Notwithstanding any contrary provision of law, anyone 1160
engaged in digital asset mining, operating a node or series of 1161
nodes on a blockchain network, or providing digital asset mining 1162
or staking services is not civilly or criminally liable in 1163
connection with any specific transaction merely for validating 1164
that transaction. 1165

Sec. 5747.01. Except as otherwise expressly provided or 1166
clearly appearing from the context, any term used in this 1167
chapter that is not otherwise defined in this section has the 1168
same meaning as when used in a comparable context in the laws of 1169
the United States relating to federal income taxes or if not 1170
used in a comparable context in those laws, has the same meaning 1171
as in section 5733.40 of the Revised Code. Any reference in this 1172
chapter to the Internal Revenue Code includes other laws of the 1173
United States relating to federal income taxes. 1174

As used in this chapter: 1175

(A) "Adjusted gross income" or "Ohio adjusted gross 1176
income" means federal adjusted gross income, as defined and used 1177
in the Internal Revenue Code, adjusted as provided in this 1178
section: 1179

(1) Add interest or dividends on obligations or securities 1180
of any state or of any political subdivision or authority of any 1181
state, other than this state and its subdivisions and 1182

authorities. 1183

(2) Add interest or dividends on obligations of any 1184
authority, commission, instrumentality, territory, or possession 1185
of the United States to the extent that the interest or 1186
dividends are exempt from federal income taxes but not from 1187
state income taxes. 1188

(3) Deduct interest or dividends on obligations of the 1189
United States and its territories and possessions or of any 1190
authority, commission, or instrumentality of the United States 1191
to the extent that the interest or dividends are included in 1192
federal adjusted gross income but exempt from state income taxes 1193
under the laws of the United States. 1194

(4) Deduct disability and survivor's benefits to the 1195
extent included in federal adjusted gross income. 1196

(5) Deduct the following, to the extent not otherwise 1197
deducted or excluded in computing federal or Ohio adjusted gross 1198
income: 1199

(a) Benefits under Title II of the Social Security Act and 1200
tier 1 railroad retirement; 1201

(b) Railroad retirement benefits, other than tier 1 1202
railroad retirement benefits, to the extent such amounts are 1203
exempt from state taxation under federal law. 1204

(6) Deduct the amount of wages and salaries, if any, not 1205
otherwise allowable as a deduction but that would have been 1206
allowable as a deduction in computing federal adjusted gross 1207
income for the taxable year, had the work opportunity tax credit 1208
allowed and determined under sections 38, 51, and 52 of the 1209
Internal Revenue Code not been in effect. 1210

(7) Deduct any interest or interest equivalent on public 1211
obligations and purchase obligations to the extent that the 1212
interest or interest equivalent is included in federal adjusted 1213
gross income. 1214

(8) Add any loss or deduct any gain resulting from the 1215
sale, exchange, or other disposition of public obligations to 1216
the extent that the loss has been deducted or the gain has been 1217
included in computing federal adjusted gross income. 1218

(9) Deduct or add amounts, as provided under section 1219
5747.70 of the Revised Code, related to contributions made to or 1220
tuition units purchased under a qualified tuition program 1221
established pursuant to section 529 of the Internal Revenue 1222
Code. 1223

(10) (a) Deduct, to the extent not otherwise allowable as a 1224
deduction or exclusion in computing federal or Ohio adjusted 1225
gross income for the taxable year, the amount the taxpayer paid 1226
during the taxable year for medical care insurance and qualified 1227
long-term care insurance for the taxpayer, the taxpayer's 1228
spouse, and dependents. No deduction for medical care insurance 1229
under division (A) (10) (a) of this section shall be allowed 1230
either to any taxpayer who is eligible to participate in any 1231
subsidized health plan maintained by any employer of the 1232
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 1233
entitled to, or on application would be entitled to, benefits 1234
under part A of Title XVIII of the "Social Security Act," 49 1235
Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 1236
division (A) (10) (a) of this section, "subsidized health plan" 1237
means a health plan for which the employer pays any portion of 1238
the plan's cost. The deduction allowed under division (A) (10) (a) 1239
of this section shall be the net of any related premium refunds, 1240

related premium reimbursements, or related insurance premium 1241
dividends received during the taxable year. 1242

(b) Deduct, to the extent not otherwise deducted or 1243
excluded in computing federal or Ohio adjusted gross income 1244
during the taxable year, the amount the taxpayer paid during the 1245
taxable year, not compensated for by any insurance or otherwise, 1246
for medical care of the taxpayer, the taxpayer's spouse, and 1247
dependents, to the extent the expenses exceed seven and one-half 1248
per cent of the taxpayer's federal adjusted gross income. 1249

(c) For purposes of division (A)(10) of this section, 1250
"medical care" has the meaning given in section 213 of the 1251
Internal Revenue Code, subject to the special rules, 1252
limitations, and exclusions set forth therein, and "qualified 1253
long-term care" has the same meaning given in section 7702B(c) 1254
of the Internal Revenue Code. Solely for purposes of division 1255
(A)(10)(a) of this section, "dependent" includes a person who 1256
otherwise would be a "qualifying relative" and thus a 1257
"dependent" under section 152 of the Internal Revenue Code but 1258
for the fact that the person fails to meet the income and 1259
support limitations under section 152(d)(1)(B) and (C) of the 1260
Internal Revenue Code. 1261

(11)(a) Deduct any amount included in federal adjusted 1262
gross income solely because the amount represents a 1263
reimbursement or refund of expenses that in any year the 1264
taxpayer had deducted as an itemized deduction pursuant to 1265
section 63 of the Internal Revenue Code and applicable United 1266
States department of the treasury regulations. The deduction 1267
otherwise allowed under division (A)(11)(a) of this section 1268
shall be reduced to the extent the reimbursement is attributable 1269
to an amount the taxpayer deducted under this section in any 1270

taxable year. 1271

(b) Add any amount not otherwise included in Ohio adjusted 1272
gross income for any taxable year to the extent that the amount 1273
is attributable to the recovery during the taxable year of any 1274
amount deducted or excluded in computing federal or Ohio 1275
adjusted gross income in any taxable year. 1276

(12) Deduct any portion of the deduction described in 1277
section 1341(a)(2) of the Internal Revenue Code, for repaying 1278
previously reported income received under a claim of right, that 1279
meets both of the following requirements: 1280

(a) It is allowable for repayment of an item that was 1281
included in the taxpayer's adjusted gross income for a prior 1282
taxable year and did not qualify for a credit under division (A) 1283
or (B) of section 5747.05 of the Revised Code for that year; 1284

(b) It does not otherwise reduce the taxpayer's adjusted 1285
gross income for the current or any other taxable year. 1286

(13) Deduct an amount equal to the deposits made to, and 1287
net investment earnings of, a medical savings account during the 1288
taxable year, in accordance with section 3924.66 of the Revised 1289
Code. The deduction allowed by division (A)(13) of this section 1290
does not apply to medical savings account deposits and earnings 1291
otherwise deducted or excluded for the current or any other 1292
taxable year from the taxpayer's federal adjusted gross income. 1293

(14)(a) Add an amount equal to the funds withdrawn from a 1294
medical savings account during the taxable year, and the net 1295
investment earnings on those funds, when the funds withdrawn 1296
were used for any purpose other than to reimburse an account 1297
holder for, or to pay, eligible medical expenses, in accordance 1298
with section 3924.66 of the Revised Code; 1299

(b) Add the amounts distributed from a medical savings 1300
account under division (A) (2) of section 3924.68 of the Revised 1301
Code during the taxable year. 1302

(15) Add any amount claimed as a credit under section 1303
5747.059 of the Revised Code to the extent that such amount 1304
satisfies either of the following: 1305

(a) The amount was deducted or excluded from the 1306
computation of the taxpayer's federal adjusted gross income as 1307
required to be reported for the taxpayer's taxable year under 1308
the Internal Revenue Code; 1309

(b) The amount resulted in a reduction of the taxpayer's 1310
federal adjusted gross income as required to be reported for any 1311
of the taxpayer's taxable years under the Internal Revenue Code. 1312

(16) Deduct the amount contributed by the taxpayer to an 1313
individual development account program established by a county 1314
department of job and family services pursuant to sections 1315
329.11 to 329.14 of the Revised Code for the purpose of matching 1316
funds deposited by program participants. On request of the tax 1317
commissioner, the taxpayer shall provide any information that, 1318
in the tax commissioner's opinion, is necessary to establish the 1319
amount deducted under division (A) (16) of this section. 1320

(17) (a) (i) Subject to divisions (A) (17) (a) (iii), (iv), and 1321
(v) of this section, add five-sixths of the amount of 1322
depreciation expense allowed by subsection (k) of section 168 of 1323
the Internal Revenue Code, including the taxpayer's 1324
proportionate or distributive share of the amount of 1325
depreciation expense allowed by that subsection to a pass- 1326
through entity in which the taxpayer has a direct or indirect 1327
ownership interest. 1328

(ii) Subject to divisions (A) (17) (a) (iii), (iv), and (v) 1329
of this section, add five-sixths of the amount of qualifying 1330
section 179 depreciation expense, including the taxpayer's 1331
proportionate or distributive share of the amount of qualifying 1332
section 179 depreciation expense allowed to any pass-through 1333
entity in which the taxpayer has a direct or indirect ownership 1334
interest. 1335

(iii) Subject to division (A) (17) (a) (v) of this section, 1336
for taxable years beginning in 2012 or thereafter, if the 1337
increase in income taxes withheld by the taxpayer is equal to or 1338
greater than ten per cent of income taxes withheld by the 1339
taxpayer during the taxpayer's immediately preceding taxable 1340
year, "two-thirds" shall be substituted for "five-sixths" for 1341
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 1342

(iv) Subject to division (A) (17) (a) (v) of this section, 1343
for taxable years beginning in 2012 or thereafter, a taxpayer is 1344
not required to add an amount under division (A) (17) of this 1345
section if the increase in income taxes withheld by the taxpayer 1346
and by any pass-through entity in which the taxpayer has a 1347
direct or indirect ownership interest is equal to or greater 1348
than the sum of (I) the amount of qualifying section 179 1349
depreciation expense and (II) the amount of depreciation expense 1350
allowed to the taxpayer by subsection (k) of section 168 of the 1351
Internal Revenue Code, and including the taxpayer's 1352
proportionate or distributive shares of such amounts allowed to 1353
any such pass-through entities. 1354

(v) If a taxpayer directly or indirectly incurs a net 1355
operating loss for the taxable year for federal income tax 1356
purposes, to the extent such loss resulted from depreciation 1357
expense allowed by subsection (k) of section 168 of the Internal 1358

Revenue Code and by qualifying section 179 depreciation expense, 1359
"the entire" shall be substituted for "five-sixths of the" for 1360
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 1361

The tax commissioner, under procedures established by the 1362
commissioner, may waive the add-backs related to a pass-through 1363
entity if the taxpayer owns, directly or indirectly, less than 1364
five per cent of the pass-through entity. 1365

(b) Nothing in division (A) (17) of this section shall be 1366
construed to adjust or modify the adjusted basis of any asset. 1367

(c) To the extent the add-back required under division (A) 1368
(17) (a) of this section is attributable to property generating 1369
nonbusiness income or loss allocated under section 5747.20 of 1370
the Revised Code, the add-back shall be situated to the same 1371
location as the nonbusiness income or loss generated by the 1372
property for the purpose of determining the credit under 1373
division (A) of section 5747.05 of the Revised Code. Otherwise, 1374
the add-back shall be apportioned, subject to one or more of the 1375
four alternative methods of apportionment enumerated in section 1376
5747.21 of the Revised Code. 1377

(d) For the purposes of division (A) (17) (a) (v) of this 1378
section, net operating loss carryback and carryforward shall not 1379
include the allowance of any net operating loss deduction 1380
carryback or carryforward to the taxable year to the extent such 1381
loss resulted from depreciation allowed by section 168(k) of the 1382
Internal Revenue Code and by the qualifying section 179 1383
depreciation expense amount. 1384

(e) For the purposes of divisions (A) (17) and (18) of this 1385
section: 1386

(i) "Income taxes withheld" means the total amount 1387

withheld and remitted under sections 5747.06 and 5747.07 of the 1388
Revised Code by an employer during the employer's taxable year. 1389

(ii) "Increase in income taxes withheld" means the amount 1390
by which the amount of income taxes withheld by an employer 1391
during the employer's current taxable year exceeds the amount of 1392
income taxes withheld by that employer during the employer's 1393
immediately preceding taxable year. 1394

(iii) "Qualifying section 179 depreciation expense" means 1395
the difference between (I) the amount of depreciation expense 1396
directly or indirectly allowed to a taxpayer under section 179 1397
of the Internal Revised Code, and (II) the amount of 1398
depreciation expense directly or indirectly allowed to the 1399
taxpayer under section 179 of the Internal Revenue Code as that 1400
section existed on December 31, 2002. 1401

(18)(a) If the taxpayer was required to add an amount 1402
under division (A)(17)(a) of this section for a taxable year, 1403
deduct one of the following: 1404

(i) One-fifth of the amount so added for each of the five 1405
succeeding taxable years if the amount so added was five-sixths 1406
of qualifying section 179 depreciation expense or depreciation 1407
expense allowed by subsection (k) of section 168 of the Internal 1408
Revenue Code; 1409

(ii) One-half of the amount so added for each of the two 1410
succeeding taxable years if the amount so added was two-thirds 1411
of such depreciation expense; 1412

(iii) One-sixth of the amount so added for each of the six 1413
succeeding taxable years if the entire amount of such 1414
depreciation expense was so added. 1415

(b) If the amount deducted under division (A)(18)(a) of 1416

this section is attributable to an add-back allocated under 1417
division (A) (17) (c) of this section, the amount deducted shall 1418
be situated to the same location. Otherwise, the add-back shall 1419
be apportioned using the apportionment factors for the taxable 1420
year in which the deduction is taken, subject to one or more of 1421
the four alternative methods of apportionment enumerated in 1422
section 5747.21 of the Revised Code. 1423

(c) No deduction is available under division (A) (18) (a) of 1424
this section with regard to any depreciation allowed by section 1425
168(k) of the Internal Revenue Code and by the qualifying 1426
section 179 depreciation expense amount to the extent that such 1427
depreciation results in or increases a federal net operating 1428
loss carryback or carryforward. If no such deduction is 1429
available for a taxable year, the taxpayer may carry forward the 1430
amount not deducted in such taxable year to the next taxable 1431
year and add that amount to any deduction otherwise available 1432
under division (A) (18) (a) of this section for that next taxable 1433
year. The carryforward of amounts not so deducted shall continue 1434
until the entire addition required by division (A) (17) (a) of 1435
this section has been deducted. 1436

(19) Deduct, to the extent not otherwise deducted or 1437
excluded in computing federal or Ohio adjusted gross income for 1438
the taxable year, the amount the taxpayer received during the 1439
taxable year as reimbursement for life insurance premiums under 1440
section 5919.31 of the Revised Code. 1441

(20) Deduct, to the extent not otherwise deducted or 1442
excluded in computing federal or Ohio adjusted gross income for 1443
the taxable year, the amount the taxpayer received during the 1444
taxable year as a death benefit paid by the adjutant general 1445
under section 5919.33 of the Revised Code. 1446

(21) Deduct, to the extent included in federal adjusted 1447
gross income and not otherwise allowable as a deduction or 1448
exclusion in computing federal or Ohio adjusted gross income for 1449
the taxable year, military pay and allowances received by the 1450
taxpayer during the taxable year for active duty service in the 1451
United States army, air force, navy, marine corps, or coast 1452
guard or reserve components thereof or the national guard. The 1453
deduction may not be claimed for military pay and allowances 1454
received by the taxpayer while the taxpayer is stationed in this 1455
state. 1456

(22) Deduct, to the extent not otherwise allowable as a 1457
deduction or exclusion in computing federal or Ohio adjusted 1458
gross income for the taxable year and not otherwise compensated 1459
for by any other source, the amount of qualified organ donation 1460
expenses incurred by the taxpayer during the taxable year, not 1461
to exceed ten thousand dollars. A taxpayer may deduct qualified 1462
organ donation expenses only once for all taxable years 1463
beginning with taxable years beginning in 2007. 1464

For the purposes of division (A) (22) of this section: 1465

(a) "Human organ" means all or any portion of a human 1466
liver, pancreas, kidney, intestine, or lung, and any portion of 1467
human bone marrow. 1468

(b) "Qualified organ donation expenses" means travel 1469
expenses, lodging expenses, and wages and salary forgone by a 1470
taxpayer in connection with the taxpayer's donation, while 1471
living, of one or more of the taxpayer's human organs to another 1472
human being. 1473

(23) Deduct, to the extent not otherwise deducted or 1474
excluded in computing federal or Ohio adjusted gross income for 1475

the taxable year, amounts received by the taxpayer as retired 1476
personnel pay for service in the uniformed services or reserve 1477
components thereof, or the national guard, or received by the 1478
surviving spouse or former spouse of such a taxpayer under the 1479
survivor benefit plan on account of such a taxpayer's death. If 1480
the taxpayer receives income on account of retirement paid under 1481
the federal civil service retirement system or federal employees 1482
retirement system, or under any successor retirement program 1483
enacted by the congress of the United States that is established 1484
and maintained for retired employees of the United States 1485
government, and such retirement income is based, in whole or in 1486
part, on credit for the taxpayer's uniformed service, the 1487
deduction allowed under this division shall include only that 1488
portion of such retirement income that is attributable to the 1489
taxpayer's uniformed service, to the extent that portion of such 1490
retirement income is otherwise included in federal adjusted 1491
gross income and is not otherwise deducted under this section. 1492
Any amount deducted under division (A) (23) of this section is 1493
not included in a taxpayer's adjusted gross income for the 1494
purposes of section 5747.055 of the Revised Code. No amount may 1495
be deducted under division (A) (23) of this section on the basis 1496
of which a credit was claimed under section 5747.055 of the 1497
Revised Code. 1498

(24) Deduct, to the extent not otherwise deducted or 1499
excluded in computing federal or Ohio adjusted gross income for 1500
the taxable year, the amount the taxpayer received during the 1501
taxable year from the military injury relief fund created in 1502
section 5902.05 of the Revised Code. 1503

(25) Deduct, to the extent not otherwise deducted or 1504
excluded in computing federal or Ohio adjusted gross income for 1505
the taxable year, the amount the taxpayer received as a veterans 1506

bonus during the taxable year from the Ohio department of 1507
veterans services as authorized by Section 2r of Article VIII, 1508
Ohio Constitution. 1509

(26) Deduct, to the extent not otherwise deducted or 1510
excluded in computing federal or Ohio adjusted gross income for 1511
the taxable year, any income derived from a transfer agreement 1512
or from the enterprise transferred under that agreement under 1513
section 4313.02 of the Revised Code. 1514

(27) Deduct, to the extent not otherwise deducted or 1515
excluded in computing federal or Ohio adjusted gross income for 1516
the taxable year, Ohio college opportunity or federal Pell grant 1517
amounts received by the taxpayer or the taxpayer's spouse or 1518
dependent pursuant to section 3333.122 of the Revised Code or 20 1519
U.S.C. 1070a, et seq., and used to pay room or board furnished 1520
by the educational institution for which the grant was awarded 1521
at the institution's facilities, including meal plans 1522
administered by the institution. For the purposes of this 1523
division, receipt of a grant includes the distribution of a 1524
grant directly to an educational institution and the crediting 1525
of the grant to the enrollee's account with the institution. 1526

(28) Deduct from the portion of an individual's federal 1527
adjusted gross income that is business income, to the extent not 1528
otherwise deducted or excluded in computing federal adjusted 1529
gross income for the taxable year, one hundred twenty-five 1530
thousand dollars for each spouse if spouses file separate 1531
returns under section 5747.08 of the Revised Code or two hundred 1532
fifty thousand dollars for all other individuals. 1533

(29) Deduct, as provided under section 5747.78 of the 1534
Revised Code, contributions to ABLE savings accounts made in 1535
accordance with sections 113.50 to 113.56 of the Revised Code. 1536

(30) (a) Deduct, to the extent not otherwise deducted or 1537
excluded in computing federal or Ohio adjusted gross income 1538
during the taxable year, all of the following: 1539

(i) Compensation paid to a qualifying employee described 1540
in division (A) (14) (a) of section 5703.94 of the Revised Code to 1541
the extent such compensation is for disaster work conducted in 1542
this state during a disaster response period pursuant to a 1543
qualifying solicitation received by the employee's employer; 1544

(ii) Compensation paid to a qualifying employee described 1545
in division (A) (14) (b) of section 5703.94 of the Revised Code to 1546
the extent such compensation is for disaster work conducted in 1547
this state by the employee during the disaster response period 1548
on critical infrastructure owned or used by the employee's 1549
employer; 1550

(iii) Income received by an out-of-state disaster business 1551
for disaster work conducted in this state during a disaster 1552
response period, or, if the out-of-state disaster business is a 1553
pass-through entity, a taxpayer's distributive share of the 1554
pass-through entity's income from the business conducting 1555
disaster work in this state during a disaster response period, 1556
if, in either case, the disaster work is conducted pursuant to a 1557
qualifying solicitation received by the business. 1558

(b) All terms used in division (A) (30) of this section 1559
have the same meanings as in section 5703.94 of the Revised 1560
Code. 1561

(31) For a taxpayer who is a qualifying Ohio educator, 1562
deduct, to the extent not otherwise deducted or excluded in 1563
computing federal or Ohio adjusted gross income for the taxable 1564
year, the lesser of two hundred fifty dollars or the amount of 1565

expenses described in subsections (a) (2) (D) (i) and (ii) of 1566
section 62 of the Internal Revenue Code paid or incurred by the 1567
taxpayer during the taxpayer's taxable year in excess of the 1568
amount the taxpayer is authorized to deduct for that taxable 1569
year under subsection (a) (2) (D) of that section. 1570

(32) Deduct, to the extent not otherwise deducted or 1571
excluded in computing federal or Ohio adjusted gross income for 1572
the taxable year, amounts received by the taxpayer as a 1573
disability severance payment, computed under 10 U.S.C. 1212, 1574
following discharge or release under honorable conditions from 1575
the armed forces, as defined by 10 U.S.C. 101. 1576

(33) Deduct, to the extent not otherwise deducted or 1577
excluded in computing federal adjusted gross income or Ohio 1578
adjusted gross income, amounts not subject to tax due to an 1579
agreement entered into under division (A) (2) of section 5747.05 1580
of the Revised Code. 1581

(34) Deduct amounts as provided under section 5747.79 of 1582
the Revised Code related to the taxpayer's qualifying capital 1583
gains and deductible payroll. 1584

To the extent a qualifying capital gain described under 1585
division (A) (34) of this section is business income, the 1586
taxpayer shall deduct those gains under this division before 1587
deducting any such gains under division (A) (28) of this section. 1588

(35) (a) For taxable years beginning in or after 2026, 1589
deduct, to the extent not otherwise deducted or excluded in 1590
computing federal or Ohio adjusted gross income for the taxable 1591
year: 1592

(i) One hundred per cent of the capital gain received by 1593
the taxpayer in the taxable year from a qualifying interest in 1594

an Ohio venture capital operating company attributable to the 1595
company's investments in Ohio businesses during the period for 1596
which the company was an Ohio venture operating company; and 1597

(ii) Fifty per cent of the capital gain received by the 1598
taxpayer in the taxable year from a qualifying interest in an 1599
Ohio venture capital operating company attributable to the 1600
company's investments in all other businesses during the period 1601
for which the company was an Ohio venture operating company. 1602

(b) Add amounts previously deducted by the taxpayer under 1603
division (A) (35) (a) of this section if the director of 1604
development certifies to the tax commissioner that the 1605
requirements for the deduction were not met. 1606

(c) All terms used in division (A) (35) of this section 1607
have the same meanings as in section 122.851 of the Revised 1608
Code. 1609

(d) To the extent a capital gain described in division (A) 1610
(35) (a) of this section is business income, the taxpayer shall 1611
apply that division before applying division (A) (28) of this 1612
section. 1613

(36) Add, to the extent not otherwise included in 1614
computing federal or Ohio adjusted gross income for any taxable 1615
year, the taxpayer's proportionate share of the amount of the 1616
tax levied under section 5747.38 of the Revised Code and paid by 1617
an electing pass-through entity for the taxable year. 1618

Notwithstanding any provision of the Revised Code to the 1619
contrary, the portion of the addition required by division (A) 1620
(36) of this section related to the apportioned business income 1621
of the pass-through entity shall be considered business income 1622
under division (B) of this section. Such addition is eligible 1623

for the deduction in division (A) (28) of this section, subject 1624
to the applicable dollar limitations, and the tax rate 1625
prescribed by division (A) (4) (a) of section 5747.02 of the 1626
Revised Code. The taxpayer shall provide, upon request of the 1627
tax commissioner, any documentation necessary to verify the 1628
portion of the addition that is business income under this 1629
division. 1630

(37) Deduct, to the extent not otherwise deducted or 1631
excluded in computing federal or Ohio adjusted gross income for 1632
the taxable year, amounts delivered to a qualifying institution 1633
pursuant to section 3333.128 of the Revised Code for the benefit 1634
of the taxpayer or the taxpayer's spouse or dependent. 1635

(38) Deduct, to the extent not otherwise deducted or 1636
excluded in computing federal or Ohio adjusted gross income for 1637
the taxable year, amounts received under the Ohio adoption grant 1638
program pursuant to section 5101.191 of the Revised Code. 1639

(39) Deduct, to the extent included in federal adjusted 1640
gross income, income attributable to amounts provided to a 1641
taxpayer for any of the purposes for which a deduction is 1642
authorized under section 139 of the Internal Revenue Code, 1643
assuming that the train derailment near the city of East 1644
Palestine on February 3, 2023, is a qualified disaster pursuant 1645
to that section, or to compensate for lost business resulting 1646
from that derailment, if such amounts are provided by any of the 1647
following: 1648

(a) A federal, state, or local government agency; 1649

(b) A railroad company, as that term is defined in section 1650
5727.01 of the Revised Code; 1651

(c) Any subsidiary, insurer, or agent of a railroad 1652

company or any related person. 1653

(40) Deduct, to the extent included in federal adjusted 1654
gross income, income attributable to loan repayments on behalf 1655
of the taxpayer under the rural practice incentive program under 1656
section 3333.135 of the Revised Code. 1657

(41) Add any income taxes deducted in computing federal or 1658
Ohio adjusted gross income to the extent the income taxes were 1659
derived from income subject to a tax levied in another state or 1660
the District of Columbia when such tax was enacted for purposes 1661
of complying with internal revenue service notice 2020-75. 1662

Notwithstanding any provision of the Revised Code to the 1663
contrary, the portion of the addition required by division (A) 1664
(41) of this section related to the apportioned business income 1665
of the pass-through entity shall be considered business income 1666
under division (B) of this section. Such addition is eligible 1667
for the deduction in division (A)(28) of this section, subject 1668
to the applicable dollar limitations, and the tax rate 1669
prescribed by division (A)(4)(a) of section 5747.02 of the 1670
Revised Code. The taxpayer shall provide, upon request of the 1671
tax commissioner, any documentation necessary to verify the 1672
portion of the addition that is business income under this 1673
division. 1674

(42) Deduct amounts contributed to a homeownership savings 1675
account and calculated pursuant to divisions (B) and (C) of 1676
section 5747.85 of the Revised Code. 1677

(43) If the taxpayer is the account owner, add the amount 1678
of funds withdrawn from a homeownership savings account not used 1679
for eligible expenses, regardless of who deposited those funds. 1680
As used in division (A)(43) of this section, "homeownership 1681

savings account," "account owner," and "eligible expenses" have 1682
the same meanings as in section 5747.85 of the Revised Code. 1683

(44) Deduct, to the extent not otherwise deducted or 1684
excluded in computing federal or Ohio adjusted gross income for 1685
the taxable year, capital gains received by the taxpayer from 1686
the sale of a digital asset used as a method of payment for 1687
goods or services, provided the amount of payment in the 1688
transaction does not exceed the deduction threshold. 1689

For the purpose of division (A) (44) of this section: 1690

(a) The "deduction threshold" equals two hundred dollars 1691
for the taxable year ending on or after the effective date of 1692
this amendment. In August of each year, starting in the first 1693
following taxable year, the tax commissioner shall determine the 1694
percentage increase in the consumer price index from the first 1695
day of January of the preceding calendar year to the last day of 1696
December of the preceding year, and make a new adjustment to the 1697
deduction threshold for taxable years beginning in the current 1698
calendar year by multiplying that amount by the percentage 1699
increase in the consumer price index for that period; adding the 1700
resulting product to the deduction threshold for taxable years 1701
beginning in the preceding calendar year; and rounding the 1702
resulting sum upward to the nearest multiple of five dollars. 1703
The adjusted amount applies to taxable years beginning in the 1704
calendar year in which the adjustment is made and to taxable 1705
years beginning in each ensuing calendar year until a calendar 1706
year in which a new adjustment is made pursuant to this 1707
division. The commissioner shall not make a new adjustment in 1708
any calendar year in which the amount resulting from the 1709
adjustment would be less than the amount resulting from the 1710
adjustment in the preceding calendar year. After making an 1711

adjustment, the commissioner shall certify the new deduction 1712
threshold to the tax administrator of each municipal corporation 1713
to which division (C) (2) (b) of section 718.01 of the Revised 1714
Code applies. 1715

(b) "Consumer price index" means the consumer price index 1716
for all urban consumers (United States city average, all items), 1717
prepared by the United States department of labor, bureau of 1718
labor statistics. 1719

(c) "Digital asset" has the same meaning as in section 1720
1352.01 of the Revised Code. 1721

(B) "Business income" means income, including gain or 1722
loss, arising from transactions, activities, and sources in the 1723
regular course of a trade or business and includes income, gain, 1724
or loss from real property, tangible property, and intangible 1725
property if the acquisition, rental, management, and disposition 1726
of the property constitute integral parts of the regular course 1727
of a trade or business operation. "Business income" includes 1728
income, including gain or loss, from a partial or complete 1729
liquidation of a business, including, but not limited to, gain 1730
or loss from the sale or other disposition of goodwill or the 1731
sale of an equity or ownership interest in a business. 1732

As used in this division, the "sale of an equity or 1733
ownership interest in a business" means sales to which either or 1734
both of the following apply: 1735

(1) The sale is treated for federal income tax purposes as 1736
the sale of assets. 1737

(2) The seller materially participated, as described in 26 1738
C.F.R. 1.469-5T, in the activities of the business during the 1739
taxable year in which the sale occurs or during any of the five 1740

preceding taxable years. 1741

(C) "Nonbusiness income" means all income other than 1742
business income and may include, but is not limited to, 1743
compensation, rents and royalties from real or tangible personal 1744
property, capital gains, interest, dividends and distributions, 1745
patent or copyright royalties, or lottery winnings, prizes, and 1746
awards. 1747

(D) "Compensation" means any form of remuneration paid to 1748
an employee for personal services. 1749

(E) "Fiduciary" means a guardian, trustee, executor, 1750
administrator, receiver, conservator, or any other person acting 1751
in any fiduciary capacity for any individual, trust, or estate. 1752

(F) "Fiscal year" means an accounting period of twelve 1753
months ending on the last day of any month other than December. 1754

(G) "Individual" means any natural person. 1755

(H) "Internal Revenue Code" means the "Internal Revenue 1756
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 1757

(I) "Resident" means any of the following: 1758

(1) An individual who is domiciled in this state, subject 1759
to section 5747.24 of the Revised Code; 1760

(2) The estate of a decedent who at the time of death was 1761
domiciled in this state. The domicile tests of section 5747.24 1762
of the Revised Code are not controlling for purposes of division 1763
(I) (2) of this section. 1764

(3) A trust that, in whole or part, resides in this state. 1765
If only part of a trust resides in this state, the trust is a 1766
resident only with respect to that part. 1767

For the purposes of division (I)(3) of this section: 1768

(a) A trust resides in this state for the trust's current 1769
taxable year to the extent, as described in division (I)(3)(d) 1770
of this section, that the trust consists directly or indirectly, 1771
in whole or in part, of assets, net of any related liabilities, 1772
that were transferred, or caused to be transferred, directly or 1773
indirectly, to the trust by any of the following: 1774

(i) A person, a court, or a governmental entity or 1775
instrumentality on account of the death of a decedent, but only 1776
if the trust is described in division (I)(3)(e)(i) or (ii) of 1777
this section; 1778

(ii) A person who was domiciled in this state for the 1779
purposes of this chapter when the person directly or indirectly 1780
transferred assets to an irrevocable trust, but only if at least 1781
one of the trust's qualifying beneficiaries is domiciled in this 1782
state for the purposes of this chapter during all or some 1783
portion of the trust's current taxable year; 1784

(iii) A person who was domiciled in this state for the 1785
purposes of this chapter when the trust document or instrument 1786
or part of the trust document or instrument became irrevocable, 1787
but only if at least one of the trust's qualifying beneficiaries 1788
is a resident domiciled in this state for the purposes of this 1789
chapter during all or some portion of the trust's current 1790
taxable year. If a trust document or instrument became 1791
irrevocable upon the death of a person who at the time of death 1792
was domiciled in this state for purposes of this chapter, that 1793
person is a person described in division (I)(3)(a)(iii) of this 1794
section. 1795

(b) A trust is irrevocable to the extent that the 1796

transferor is not considered to be the owner of the net assets 1797
of the trust under sections 671 to 678 of the Internal Revenue 1798
Code. 1799

(c) With respect to a trust other than a charitable lead 1800
trust, "qualifying beneficiary" has the same meaning as 1801
"potential current beneficiary" as defined in section 1361(e) (2) 1802
of the Internal Revenue Code, and with respect to a charitable 1803
lead trust "qualifying beneficiary" is any current, future, or 1804
contingent beneficiary, but with respect to any trust 1805
"qualifying beneficiary" excludes a person or a governmental 1806
entity or instrumentality to any of which a contribution would 1807
qualify for the charitable deduction under section 170 of the 1808
Internal Revenue Code. 1809

(d) For the purposes of division (I) (3) (a) of this 1810
section, the extent to which a trust consists directly or 1811
indirectly, in whole or in part, of assets, net of any related 1812
liabilities, that were transferred directly or indirectly, in 1813
whole or part, to the trust by any of the sources enumerated in 1814
that division shall be ascertained by multiplying the fair 1815
market value of the trust's assets, net of related liabilities, 1816
by the qualifying ratio, which shall be computed as follows: 1817

(i) The first time the trust receives assets, the 1818
numerator of the qualifying ratio is the fair market value of 1819
those assets at that time, net of any related liabilities, from 1820
sources enumerated in division (I) (3) (a) of this section. The 1821
denominator of the qualifying ratio is the fair market value of 1822
all the trust's assets at that time, net of any related 1823
liabilities. 1824

(ii) Each subsequent time the trust receives assets, a 1825
revised qualifying ratio shall be computed. The numerator of the 1826

revised qualifying ratio is the sum of (1) the fair market value 1827
of the trust's assets immediately prior to the subsequent 1828
transfer, net of any related liabilities, multiplied by the 1829
qualifying ratio last computed without regard to the subsequent 1830
transfer, and (2) the fair market value of the subsequently 1831
transferred assets at the time transferred, net of any related 1832
liabilities, from sources enumerated in division (I) (3) (a) of 1833
this section. The denominator of the revised qualifying ratio is 1834
the fair market value of all the trust's assets immediately 1835
after the subsequent transfer, net of any related liabilities. 1836

(iii) Whether a transfer to the trust is by or from any of 1837
the sources enumerated in division (I) (3) (a) of this section 1838
shall be ascertained without regard to the domicile of the 1839
trust's beneficiaries. 1840

(e) For the purposes of division (I) (3) (a) (i) of this 1841
section: 1842

(i) A trust is described in division (I) (3) (e) (i) of this 1843
section if the trust is a testamentary trust and the testator of 1844
that testamentary trust was domiciled in this state at the time 1845
of the testator's death for purposes of the taxes levied under 1846
Chapter 5731. of the Revised Code. 1847

(ii) A trust is described in division (I) (3) (e) (ii) of 1848
this section if the transfer is a qualifying transfer described 1849
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 1850
trust is an irrevocable inter vivos trust, and at least one of 1851
the trust's qualifying beneficiaries is domiciled in this state 1852
for purposes of this chapter during all or some portion of the 1853
trust's current taxable year. 1854

(f) For the purposes of division (I) (3) (e) (ii) of this 1855

section, a "qualifying transfer" is a transfer of assets, net of 1856
any related liabilities, directly or indirectly to a trust, if 1857
the transfer is described in any of the following: 1858

(i) The transfer is made to a trust, created by the 1859
decedent before the decedent's death and while the decedent was 1860
domiciled in this state for the purposes of this chapter, and, 1861
prior to the death of the decedent, the trust became irrevocable 1862
while the decedent was domiciled in this state for the purposes 1863
of this chapter. 1864

(ii) The transfer is made to a trust to which the 1865
decedent, prior to the decedent's death, had directly or 1866
indirectly transferred assets, net of any related liabilities, 1867
while the decedent was domiciled in this state for the purposes 1868
of this chapter, and prior to the death of the decedent the 1869
trust became irrevocable while the decedent was domiciled in 1870
this state for the purposes of this chapter. 1871

(iii) The transfer is made on account of a contractual 1872
relationship existing directly or indirectly between the 1873
transferor and either the decedent or the estate of the decedent 1874
at any time prior to the date of the decedent's death, and the 1875
decedent was domiciled in this state at the time of death for 1876
purposes of the taxes levied under Chapter 5731. of the Revised 1877
Code. 1878

(iv) The transfer is made to a trust on account of a 1879
contractual relationship existing directly or indirectly between 1880
the transferor and another person who at the time of the 1881
decedent's death was domiciled in this state for purposes of 1882
this chapter. 1883

(v) The transfer is made to a trust on account of the will 1884

of a testator who was domiciled in this state at the time of the 1885
testator's death for purposes of the taxes levied under Chapter 1886
5731. of the Revised Code. 1887

(vi) The transfer is made to a trust created by or caused 1888
to be created by a court, and the trust was directly or 1889
indirectly created in connection with or as a result of the 1890
death of an individual who, for purposes of the taxes levied 1891
under Chapter 5731. of the Revised Code, was domiciled in this 1892
state at the time of the individual's death. 1893

(g) The tax commissioner may adopt rules to ascertain the 1894
part of a trust residing in this state. 1895

(J) "Nonresident" means an individual or estate that is 1896
not a resident. An individual who is a resident for only part of 1897
a taxable year is a nonresident for the remainder of that 1898
taxable year. 1899

(K) "Pass-through entity" has the same meaning as in 1900
section 5733.04 of the Revised Code. 1901

(L) "Return" means the notifications and reports required 1902
to be filed pursuant to this chapter for the purpose of 1903
reporting the tax due and includes declarations of estimated tax 1904
when so required. 1905

(M) "Taxable year" means the calendar year or the 1906
taxpayer's fiscal year ending during the calendar year, or 1907
fractional part thereof, upon which the adjusted gross income is 1908
calculated pursuant to this chapter. 1909

(N) "Taxpayer" means any person subject to the tax imposed 1910
by section 5747.02 of the Revised Code or any pass-through 1911
entity that makes the election under division (D) of section 1912
5747.08 of the Revised Code. 1913

(O) "Dependents" means one of the following:	1914
(1) For taxable years beginning on or after January 1,	1915
2018, and before January 1, 2026, dependents as defined in the	1916
Internal Revenue Code;	1917
(2) For all other taxable years, dependents as defined in	1918
the Internal Revenue Code and as claimed in the taxpayer's	1919
federal income tax return for the taxable year or which the	1920
taxpayer would have been permitted to claim had the taxpayer	1921
filed a federal income tax return.	1922
(P) "Principal county of employment" means, in the case of	1923
a nonresident, the county within the state in which a taxpayer	1924
performs services for an employer or, if those services are	1925
performed in more than one county, the county in which the major	1926
portion of the services are performed.	1927
(Q) As used in sections 5747.50 to 5747.55 of the Revised	1928
Code:	1929
(1) "Subdivision" means any county, municipal corporation,	1930
park district, or township.	1931
(2) "Essential local government purposes" includes all	1932
functions that any subdivision is required by general law to	1933
exercise, including like functions that are exercised under a	1934
charter adopted pursuant to the Ohio Constitution.	1935
(R) "Overpayment" means any amount already paid that	1936
exceeds the figure determined to be the correct amount of the	1937
tax.	1938
(S) "Taxable income" or "Ohio taxable income" applies only	1939
to estates and trusts, and means federal taxable income, as	1940
defined and used in the Internal Revenue Code, adjusted as	1941

follows: 1942

(1) Add interest or dividends, net of ordinary, necessary, 1943
and reasonable expenses not deducted in computing federal 1944
taxable income, on obligations or securities of any state or of 1945
any political subdivision or authority of any state, other than 1946
this state and its subdivisions and authorities, but only to the 1947
extent that such net amount is not otherwise includible in Ohio 1948
taxable income and is described in either division (S) (1) (a) or 1949
(b) of this section: 1950

(a) The net amount is not attributable to the S portion of 1951
an electing small business trust and has not been distributed to 1952
beneficiaries for the taxable year; 1953

(b) The net amount is attributable to the S portion of an 1954
electing small business trust for the taxable year. 1955

(2) Add interest or dividends, net of ordinary, necessary, 1956
and reasonable expenses not deducted in computing federal 1957
taxable income, on obligations of any authority, commission, 1958
instrumentality, territory, or possession of the United States 1959
to the extent that the interest or dividends are exempt from 1960
federal income taxes but not from state income taxes, but only 1961
to the extent that such net amount is not otherwise includible 1962
in Ohio taxable income and is described in either division (S) 1963
(1) (a) or (b) of this section; 1964

(3) Add the amount of personal exemption allowed to the 1965
estate pursuant to section 642(b) of the Internal Revenue Code; 1966

(4) Deduct interest or dividends, net of related expenses 1967
deducted in computing federal taxable income, on obligations of 1968
the United States and its territories and possessions or of any 1969
authority, commission, or instrumentality of the United States 1970

to the extent that the interest or dividends are exempt from 1971
state taxes under the laws of the United States, but only to the 1972
extent that such amount is included in federal taxable income 1973
and is described in either division (S) (1) (a) or (b) of this 1974
section; 1975

(5) Deduct the amount of wages and salaries, if any, not 1976
otherwise allowable as a deduction but that would have been 1977
allowable as a deduction in computing federal taxable income for 1978
the taxable year, had the work opportunity tax credit allowed 1979
under sections 38, 51, and 52 of the Internal Revenue Code not 1980
been in effect, but only to the extent such amount relates 1981
either to income included in federal taxable income for the 1982
taxable year or to income of the S portion of an electing small 1983
business trust for the taxable year; 1984

(6) Deduct any interest or interest equivalent, net of 1985
related expenses deducted in computing federal taxable income, 1986
on public obligations and purchase obligations, but only to the 1987
extent that such net amount relates either to income included in 1988
federal taxable income for the taxable year or to income of the 1989
S portion of an electing small business trust for the taxable 1990
year; 1991

(7) Add any loss or deduct any gain resulting from sale, 1992
exchange, or other disposition of public obligations to the 1993
extent that such loss has been deducted or such gain has been 1994
included in computing either federal taxable income or income of 1995
the S portion of an electing small business trust for the 1996
taxable year; 1997

(8) Except in the case of the final return of an estate, 1998
add any amount deducted by the taxpayer on both its Ohio estate 1999
tax return pursuant to section 5731.14 of the Revised Code, and 2000

on its federal income tax return in determining federal taxable
income; 2001
2002

(9) (a) Deduct any amount included in federal taxable 2003
income solely because the amount represents a reimbursement or 2004
refund of expenses that in a previous year the decedent had 2005
deducted as an itemized deduction pursuant to section 63 of the 2006
Internal Revenue Code and applicable treasury regulations. The 2007
deduction otherwise allowed under division (S) (9) (a) of this 2008
section shall be reduced to the extent the reimbursement is 2009
attributable to an amount the taxpayer or decedent deducted 2010
under this section in any taxable year. 2011

(b) Add any amount not otherwise included in Ohio taxable 2012
income for any taxable year to the extent that the amount is 2013
attributable to the recovery during the taxable year of any 2014
amount deducted or excluded in computing federal or Ohio taxable 2015
income in any taxable year, but only to the extent such amount 2016
has not been distributed to beneficiaries for the taxable year. 2017

(10) Deduct any portion of the deduction described in 2018
section 1341(a) (2) of the Internal Revenue Code, for repaying 2019
previously reported income received under a claim of right, that 2020
meets both of the following requirements: 2021

(a) It is allowable for repayment of an item that was 2022
included in the taxpayer's taxable income or the decedent's 2023
adjusted gross income for a prior taxable year and did not 2024
qualify for a credit under division (A) or (B) of section 2025
5747.05 of the Revised Code for that year. 2026

(b) It does not otherwise reduce the taxpayer's taxable 2027
income or the decedent's adjusted gross income for the current 2028
or any other taxable year. 2029

(11) Add any amount claimed as a credit under section 2030
5747.059 of the Revised Code to the extent that the amount 2031
satisfies either of the following: 2032

(a) The amount was deducted or excluded from the 2033
computation of the taxpayer's federal taxable income as required 2034
to be reported for the taxpayer's taxable year under the 2035
Internal Revenue Code; 2036

(b) The amount resulted in a reduction in the taxpayer's 2037
federal taxable income as required to be reported for any of the 2038
taxpayer's taxable years under the Internal Revenue Code. 2039

(12) Deduct any amount, net of related expenses deducted 2040
in computing federal taxable income, that a trust is required to 2041
report as farm income on its federal income tax return, but only 2042
if the assets of the trust include at least ten acres of land 2043
satisfying the definition of "land devoted exclusively to 2044
agricultural use" under section 5713.30 of the Revised Code, 2045
regardless of whether the land is valued for tax purposes as 2046
such land under sections 5713.30 to 5713.38 of the Revised Code. 2047
If the trust is a pass-through entity investor, section 5747.231 2048
of the Revised Code applies in ascertaining if the trust is 2049
eligible to claim the deduction provided by division (S)(12) of 2050
this section in connection with the pass-through entity's farm 2051
income. 2052

Except for farm income attributable to the S portion of an 2053
electing small business trust, the deduction provided by 2054
division (S)(12) of this section is allowed only to the extent 2055
that the trust has not distributed such farm income. 2056

(13) Add the net amount of income described in section 2057
641(c) of the Internal Revenue Code to the extent that amount is 2058

not included in federal taxable income. 2059

(14) Deduct the amount the taxpayer would be required to 2060
deduct under division (A) (18) of this section if the taxpayer's 2061
Ohio taxable income ~~were~~was computed in the same manner as an 2062
individual's Ohio adjusted gross income is computed under this 2063
section. 2064

(15) Add, to the extent not otherwise included in 2065
computing taxable income or Ohio taxable income for any taxable 2066
year, the taxpayer's proportionate share of the amount of the 2067
tax levied under section 5747.38 of the Revised Code and paid by 2068
an electing pass-through entity for the taxable year. 2069

(16) Add any income taxes deducted in computing federal 2070
taxable income or Ohio taxable income to the extent the income 2071
taxes were derived from income subject to a tax levied in 2072
another state or the District of Columbia when such tax was 2073
enacted for purposes of complying with internal revenue service 2074
notice 2020-75. 2075

(17) Deduct, to the extent not otherwise deducted or 2076
excluded in computing federal or Ohio taxable income for the 2077
taxable year, capital gains received by the trust from the sale 2078
of a digital asset, as defined in section 1352.01 of the Revised 2079
Code, used as a method of payment for goods or services, 2080
provided the amount of payment in the transaction does not 2081
exceed the deduction threshold, as applicable to the taxable 2082
year under division (A) (44) of this section. 2083

(T) "School district income" and "school district income 2084
tax" have the same meanings as in section 5748.01 of the Revised 2085
Code. 2086

(U) As used in divisions (A) (7), (A) (8), (S) (6), and (S) 2087

(7) of this section, "public obligations," "purchase obligations," and "interest or interest equivalent" have the same meanings as in section 5709.76 of the Revised Code.

(V) "Limited liability company" means any limited liability company formed under former Chapter 1705. of the Revised Code as that chapter existed prior to February 11, 2022, Chapter 1706. of the Revised Code, or the laws of any other state.

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

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

(Y) "Month" means a calendar month.

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

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

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

(a) The book value of the qualifying investee's physical 2116
assets in this state and everywhere, as of the last day of the 2117
qualifying investee's fiscal or calendar year ending immediately 2118
prior to the date on which the trust recognizes the gain or 2119
loss, is available to the trust. 2120

(b) The requirements of section 5747.011 of the Revised 2121
Code are satisfied for the trust's taxable year in which the 2122
trust recognizes the gain or loss. 2123

Any gain or loss that is not a qualifying trust amount is 2124
modified business income, qualifying investment income, or 2125
modified nonbusiness income, as the case may be. 2126

(3) "Modified nonbusiness income" means a trust's Ohio 2127
taxable income other than modified business income, other than 2128
the qualifying trust amount, and other than qualifying 2129
investment income, as defined in section 5747.012 of the Revised 2130
Code, to the extent such qualifying investment income is not 2131
otherwise part of modified business income. 2132

(4) "Modified Ohio taxable income" applies only to trusts, 2133
and means the sum of the amounts described in divisions (AA) (4) 2134
(a) to (c) of this section: 2135

(a) The fraction, calculated under section 5747.013, and 2136
applying section 5747.231 of the Revised Code, multiplied by the 2137
sum of the following amounts: 2138

(i) The trust's modified business income; 2139

(ii) The trust's qualifying investment income, as defined 2140
in section 5747.012 of the Revised Code, but only to the extent 2141
the qualifying investment income does not otherwise constitute 2142
modified business income and does not otherwise constitute a 2143
qualifying trust amount. 2144

(b) The qualifying trust amount multiplied by a fraction, 2145
the numerator of which is the sum of the book value of the 2146
qualifying investee's physical assets in this state on the last 2147
day of the qualifying investee's fiscal or calendar year ending 2148
immediately prior to the day on which the trust recognizes the 2149
qualifying trust amount, and the denominator of which is the sum 2150
of the book value of the qualifying investee's total physical 2151
assets everywhere on the last day of the qualifying investee's 2152
fiscal or calendar year ending immediately prior to the day on 2153
which the trust recognizes the qualifying trust amount. If, for 2154
a taxable year, the trust recognizes a qualifying trust amount 2155
with respect to more than one qualifying investee, the amount 2156
described in division (AA) (4) (b) of this section shall equal the 2157
sum of the products so computed for each such qualifying 2158
investee. 2159

(c) (i) With respect to a trust or portion of a trust that 2160
is a resident as ascertained in accordance with division (I) (3) 2161
(d) of this section, its modified nonbusiness income. 2162

(ii) With respect to a trust or portion of a trust that is 2163
not a resident as ascertained in accordance with division (I) (3) 2164
(d) of this section, the amount of its modified nonbusiness 2165
income satisfying the descriptions in divisions (B) (2) to (5) of 2166
section 5747.20 of the Revised Code, except as otherwise 2167
provided in division (AA) (4) (c) (ii) of this section. With 2168
respect to a trust or portion of a trust that is not a resident 2169
as ascertained in accordance with division (I) (3) (d) of this 2170
section, the trust's portion of modified nonbusiness income 2171
recognized from the sale, exchange, or other disposition of a 2172
debt interest in or equity interest in a section 5747.212 2173
entity, as defined in section 5747.212 of the Revised Code, 2174
without regard to division (A) of that section, shall not be 2175

allocated to this state in accordance with section 5747.20 of 2176
the Revised Code but shall be apportioned to this state in 2177
accordance with division (B) of section 5747.212 of the Revised 2178
Code without regard to division (A) of that section. 2179

If the allocation and apportionment of a trust's income 2180
under divisions (AA) (4) (a) and (c) of this section do not fairly 2181
represent the modified Ohio taxable income of the trust in this 2182
state, the alternative methods described in division (C) of 2183
section 5747.21 of the Revised Code may be applied in the manner 2184
and to the same extent provided in that section. 2185

(5) (a) Except as set forth in division (AA) (5) (b) of this 2186
section, "qualifying investee" means a person in which a trust 2187
has an equity or ownership interest, or a person or unit of 2188
government the debt obligations of either of which are owned by 2189
a trust. For the purposes of division (AA) (2) (a) of this section 2190
and for the purpose of computing the fraction described in 2191
division (AA) (4) (b) of this section, all of the following apply: 2192

(i) If the qualifying investee is a member of a qualifying 2193
controlled group on the last day of the qualifying investee's 2194
fiscal or calendar year ending immediately prior to the date on 2195
which the trust recognizes the gain or loss, then "qualifying 2196
investee" includes all persons in the qualifying controlled 2197
group on such last day. 2198

(ii) If the qualifying investee, or if the qualifying 2199
investee and any members of the qualifying controlled group of 2200
which the qualifying investee is a member on the last day of the 2201
qualifying investee's fiscal or calendar year ending immediately 2202
prior to the date on which the trust recognizes the gain or 2203
loss, separately or cumulatively own, directly or indirectly, on 2204
the last day of the qualifying investee's fiscal or calendar 2205

year ending immediately prior to the date on which the trust 2206
recognizes the qualifying trust amount, more than fifty per cent 2207
of the equity of a pass-through entity, then the qualifying 2208
investee and the other members are deemed to own the 2209
proportionate share of the pass-through entity's physical assets 2210
which the pass-through entity directly or indirectly owns on the 2211
last day of the pass-through entity's calendar or fiscal year 2212
ending within or with the last day of the qualifying investee's 2213
fiscal or calendar year ending immediately prior to the date on 2214
which the trust recognizes the qualifying trust amount. 2215

(iii) For the purposes of division (AA) (5) (a) (iii) of this 2216
section, "upper level pass-through entity" means a pass-through 2217
entity directly or indirectly owning any equity of another pass- 2218
through entity, and "lower level pass-through entity" means that 2219
other pass-through entity. 2220

An upper level pass-through entity, whether or not it is 2221
also a qualifying investee, is deemed to own, on the last day of 2222
the upper level pass-through entity's calendar or fiscal year, 2223
the proportionate share of the lower level pass-through entity's 2224
physical assets that the lower level pass-through entity 2225
directly or indirectly owns on the last day of the lower level 2226
pass-through entity's calendar or fiscal year ending within or 2227
with the last day of the upper level pass-through entity's 2228
fiscal or calendar year. If the upper level pass-through entity 2229
directly and indirectly owns less than fifty per cent of the 2230
equity of the lower level pass-through entity on each day of the 2231
upper level pass-through entity's calendar or fiscal year in 2232
which or with which ends the calendar or fiscal year of the 2233
lower level pass-through entity and if, based upon clear and 2234
convincing evidence, complete information about the location and 2235
cost of the physical assets of the lower pass-through entity is 2236

not available to the upper level pass-through entity, then 2237
solely for purposes of ascertaining if a gain or loss 2238
constitutes a qualifying trust amount, the upper level pass- 2239
through entity shall be deemed as owning no equity of the lower 2240
level pass-through entity for each day during the upper level 2241
pass-through entity's calendar or fiscal year in which or with 2242
which ends the lower level pass-through entity's calendar or 2243
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 2244
shall be construed to provide for any deduction or exclusion in 2245
computing any trust's Ohio taxable income. 2246

(b) With respect to a trust that is not a resident for the 2247
taxable year and with respect to a part of a trust that is not a 2248
resident for the taxable year, "qualifying investee" for that 2249
taxable year does not include a C corporation if both of the 2250
following apply: 2251

(i) During the taxable year the trust or part of the trust 2252
recognizes a gain or loss from the sale, exchange, or other 2253
disposition of equity or ownership interests in, or debt 2254
obligations of, the C corporation. 2255

(ii) Such gain or loss constitutes nonbusiness income. 2256

(6) "Available" means information is such that a person is 2257
able to learn of the information by the due date plus 2258
extensions, if any, for filing the return for the taxable year 2259
in which the trust recognizes the gain or loss. 2260

(BB) "Qualifying controlled group" has the same meaning as 2261
in section 5733.04 of the Revised Code. 2262

(CC) "Related member" has the same meaning as in section 2263
5733.042 of the Revised Code. 2264

(DD) (1) For the purposes of division (DD) of this section: 2265

(a) "Qualifying person" means any person other than a 2266
qualifying corporation. 2267

(b) "Qualifying corporation" means any person classified 2268
for federal income tax purposes as an association taxable as a 2269
corporation, except either of the following: 2270

(i) A corporation that has made an election under 2271
subchapter S, chapter one, subtitle A, of the Internal Revenue 2272
Code for its taxable year ending within, or on the last day of, 2273
the investor's taxable year; 2274

(ii) A subsidiary that is wholly owned by any corporation 2275
that has made an election under subchapter S, chapter one, 2276
subtitle A of the Internal Revenue Code for its taxable year 2277
ending within, or on the last day of, the investor's taxable 2278
year. 2279

(2) For the purposes of this chapter, unless expressly 2280
stated otherwise, no qualifying person indirectly owns any asset 2281
directly or indirectly owned by any qualifying corporation. 2282

(EE) For purposes of this chapter and Chapter 5751. of the 2283
Revised Code: 2284

(1) "Trust" does not include a qualified pre-income tax 2285
trust. 2286

(2) A "qualified pre-income tax trust" is any pre-income 2287
tax trust that makes a qualifying pre-income tax trust election 2288
as described in division (EE) (3) of this section. 2289

(3) A "qualifying pre-income tax trust election" is an 2290
election by a pre-income tax trust to subject to the tax imposed 2291
by section 5751.02 of the Revised Code the pre-income tax trust 2292
and all pass-through entities of which the trust owns or 2293

controls, directly, indirectly, or constructively through 2294
related interests, five per cent or more of the ownership or 2295
equity interests. The trustee shall notify the tax commissioner 2296
in writing of the election on or before April 15, 2006. The 2297
election, if timely made, shall be effective on and after 2298
January 1, 2006, and shall apply for all tax periods and tax 2299
years until revoked by the trustee of the trust. 2300

(4) A "pre-income tax trust" is a trust that satisfies all 2301
of the following requirements: 2302

(a) The document or instrument creating the trust was 2303
executed by the grantor before January 1, 1972; 2304

(b) The trust became irrevocable upon the creation of the 2305
trust; and 2306

(c) The grantor was domiciled in this state at the time 2307
the trust was created. 2308

(FF) "Uniformed services" has the same meaning as in 10 2309
U.S.C. 101. 2310

(GG) "Taxable business income" means the amount by which 2311
an individual's business income that is included in federal 2312
adjusted gross income exceeds the amount of business income the 2313
individual is authorized to deduct under division (A) (28) of 2314
this section for the taxable year. 2315

(HH) "Employer" does not include a franchisor with respect 2316
to the franchisor's relationship with a franchisee or an 2317
employee of a franchisee, unless the franchisor agrees to assume 2318
that role in writing or a court of competent jurisdiction 2319
determines that the franchisor exercises a type or degree of 2320
control over the franchisee or the franchisee's employees that 2321
is not customarily exercised by a franchisor for the purpose of 2322

protecting the franchisor's trademark, brand, or both. For 2323
purposes of this division, "franchisor" and "franchisee" have 2324
the same meanings as in 16 C.F.R. 436.1. 2325

(II) "Modified adjusted gross income" means Ohio adjusted 2326
gross income plus any amount deducted under divisions (A) (28) 2327
and (34) of this section for the taxable year. 2328

(JJ) "Qualifying Ohio educator" means an individual who, 2329
for a taxable year, qualifies as an eligible educator, as that 2330
term is defined in section 62 of the Internal Revenue Code, and 2331
who holds a certificate, license, or permit described in Chapter 2332
3319. or section 3301.071 of the Revised Code. 2333

Section 2. That existing sections 301.30, 504.04, 715.013, 2334
718.01, 1315.01, and 5747.01 of the Revised Code are hereby 2335
repealed. 2336

Section 3. The amendment by this act of sections 718.01 2337
and 5747.01 of the Revised Code apply to taxable years ending on 2338
or after the effective date of this section. 2339

Section 4. (A) As used in this section: 2340

(1) "State retirement system" means the Public Employees 2341
Retirement System, Ohio Police and Fire Pension Fund, State 2342
Teachers Retirement System, School Employees Retirement System, 2343
and State Highway Patrol Retirement System. 2344

(2) "Digital assets" has the same meaning as in section 2345
1352.01 of the Revised Code, as enacted by this act. 2346

(B) Each state retirement system shall do both of the 2347
following: 2348

(1) Evaluate the potential risks and benefits of investing 2349
assets of the system's funds in an exchange-traded fund that has 2350

holdings in digital assets; 2351

(2) Consult, to the extent practicable, with businesses 2352
that have been granted approval by the United States Securities 2353
and Exchange Commission to offer an exchange-traded fund that 2354
has holdings in digital assets. 2355

(C) Not later than March 1, 2025, each state retirement 2356
system shall submit a report to the General Assembly that 2357
includes both of the following: 2358

(1) Information regarding the feasibility and potential 2359
risks and benefits of investing in an exchange-traded fund that 2360
has holdings in digital assets; 2361

(2) Options and recommendations for the state retirement 2362
system to minimize risk if it invests in an exchange-traded fund 2363
that has holdings in digital assets. 2364

Section 5. This act shall be known as the Ohio Blockchain 2365
Basics Act. 2366