

As Introduced

**135th General Assembly
Regular Session
2023-2024**

S. B. No. 118

Senator Schuring

A BILL

To amend sections 107.036 and 5747.98 and to enact 1
section 122.631 of the Revised Code to authorize 2
a nonrefundable, transferable income tax credit 3
for the construction of new, or conversion of 4
rental housing into, owner-occupied single 5
family homes. 6

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

Section 1. That sections 107.036 and 5747.98 be amended 7
and section 122.631 of the Revised Code be enacted to read as 8
follows: 9

Sec. 107.036. (A) For each business incentive tax credit, 10
the main operating appropriations act shall contain a detailed 11
estimate of the total amount of credits that may be authorized 12
in each year, an estimate of the amount of credits expected to 13
be claimed in each year, and an estimate of the amount of 14
credits expected to remain outstanding at the end of the 15
biennium. The governor shall include such estimates in the state 16
budget submitted to the general assembly pursuant to section 17
107.03 of the Revised Code. 18

(B) As used in this section, "business incentive tax 19

credit" means all of the following:	20
(1) The job creation tax credit under section 122.17 of the Revised Code;	21 22
(2) The job retention tax credit under section 122.171 of the Revised Code;	23 24
(3) The historic preservation tax credit under section 149.311 of the Revised Code;	25 26
(4) The motion picture and Broadway theatrical production tax credit under section 122.85 of the Revised Code;	27 28
(5) The new markets tax credit under section 5725.33 of the Revised Code;	29 30
(6) The research and development credit under section 166.21 of the Revised Code;	31 32
(7) The small business investment credit under section 122.86 of the Revised Code;	33 34
(8) The rural growth investment credit under section 122.152 of the Revised Code;	35 36
(9) The opportunity zone investment credit under section 122.84 of the Revised Code;	37 38
(10) The transformational mixed use development credit under section 122.09 of the Revised Code;	39 40
<u>(11) The home ownership potential energized (HOPE) credit under section 122.631 of the Revised Code.</u>	41 42
<u>Sec. 122.631.</u> (A) As used in this section:	43
<u>(1) "Eligible municipal corporation" means a municipal corporation in which greater than fifty per cent of all housing</u>	44 45

units located in the municipal corporation are renter occupied 46
according to any American community survey published by the 47
United States census bureau, under authority of 13 U.S.C. 141 48
and 193, on or after the effective date of this section. 49

(2) "Eligible area" means the area of an eligible 50
municipal corporation that has not been declared ineligible 51
pursuant to division (G) of this section. 52

(3) "Rental home" means a single family dwelling that is 53
rented pursuant to a rental agreement that is subject to Chapter 54
5321. of the Revised Code. 55

(4) "Newly constructed home" means a structure that has 56
never been occupied and is intended for use as a single family 57
dwelling. 58

(5) "Owner-occupied home" means a single family dwelling 59
that is owned by an individual who occupies it as the 60
individual's primary residence. 61

(6) "Single family dwelling" does not include a unit, as 62
that term is defined in section 5311.01 of the Revised Code. 63

(7) "Pass-through entity" has the same meaning as in 64
section 5733.04 of the Revised Code. 65

(8) "Tax credit certificate" means a certificate issued by 66
the director of development under division (D)(1) of this 67
section. 68

(B) There is created in the department of development the 69
home ownership potential energized (HOPE) program to facilitate 70
home ownership through the use of tax credits authorized by 71
division (C) of this section. 72

(C) A person that owns a rental home or a newly 73

constructed home located in an eligible area and sells that home 74
to an individual that occupies it as the individual's primary 75
residence may apply to the director of development for a 76
nonrefundable credit against the tax levied under section 77
5747.02 of the Revised Code. The credit application shall be 78
made on forms prescribed by the director. The credit shall equal 79
the lesser of fifty thousand dollars or fifty per cent of the 80
seller's cost to renovate the rental home in preparation for 81
sale or to construct the newly constructed home. 82

The person shall include the following information with 83
the person's application: 84

(1) The address of the home for which the credit is 85
requested; 86

(2) If the application is on the basis of the renovation 87
of a rental home, documentation demonstrating that the home was 88
not, before its sale, occupied as a home by the seller; 89

(3) If the application is on the basis of a newly 90
constructed home, documentation demonstrating that the home has 91
never been occupied before its sale; 92

(4) The seller's cost to renovate the rental home in 93
preparation for sale or to construct the newly constructed home 94
and documentation substantiating those costs; 95

(5) Documentation demonstrating that the single family 96
home on the basis of which a credit is sought is owned by an 97
individual who occupies it as the individual's primary 98
residence. 99

The director shall review and process applications in the 100
order in which they are received. 101

(D) (1) Subject to division (D) (2) of this section, if the 102
director determines that the applicant qualifies for a credit 103
under this section, the director shall issue, within sixty days 104
after the receipt of a complete application under division (C) 105
of this section, a tax credit certificate to the applicant 106
identified with a unique number and listing the amount of the 107
credit the director determines is eligible to be claimed or 108
transferred. 109

(2) The total amount of tax credits issued by the director 110
may not exceed one hundred million dollars in any fiscal year. 111

(3) The nonrefundable credit may be claimed by a taxpayer 112
against the taxpayer's aggregate tax liability under section 113
5747.02 of the Revised Code for the taxable year in which the 114
certificate is issued or in the ensuing taxable year. The 115
taxpayer shall claim the credit in the order prescribed by 116
section 5747.98 of the Revised Code. Any unused amount may be 117
carried forward for the following five taxable years. If the 118
certificate is issued to a pass-through entity, any taxpayer 119
that is a direct or indirect investor in the pass-through entity 120
on the last day of the entity's taxable year may claim the 121
taxpayer's proportionate or distributive share of the credit 122
against the taxpayer's aggregate amount of tax levied under that 123
section. A person that is not a taxpayer shall not claim the 124
credit but if the person is the applicant to which the 125
certificate was initially issued, the person may transfer the 126
right to claim the credit under division (F) of this section. 127

(E) A taxpayer claiming a credit under this section shall 128
submit a copy of the certificate with the taxpayer's return or 129
report. 130

(F) A person that holds a wholly or partially unclaimed 131

certificate issued under this section may transfer the right to 132
claim all or part of the remaining credit to any other person. 133
To effectuate the transfer, the transferor shall notify the tax 134
commissioner, in writing, that the transferor is transferring 135
the right to claim all or part of the remaining credit stated on 136
the certificate. The transferor shall identify in that 137
notification the certificate's number, the name and the tax 138
identification number of the transferee, the amount of the 139
remaining credit transferred to the transferee, and, if 140
applicable, the amount of remaining credit retained by the 141
transferor. The transferee may claim the amount of the credit 142
received under this division pursuant to and in the manner 143
required under divisions (D)(3) and (E) of this section. 144
Transferring a credit under this division does not extend the 145
taxable years in which the credit may be claimed or number of 146
years for which the unclaimed credit amount may be carried 147
forward under division (D)(3) of this section. 148

Any person to which a credit has been transferred under 149
this division may transfer the right to claim all or part of the 150
transferred credit amount to any other person, in the same 151
manner prescribed by this division for the initial transfer, 152
including that any such transfer be reported by the transferor 153
to the tax commissioner as described in this division. 154

(G) The legislative authority of an eligible municipal 155
corporation, by ordinance, may declare any area of the municipal 156
corporation ineligible for the credit authorized by division (C) 157
of this section. The ordinance shall include a map of the 158
ineligible area and the date, which shall be at least sixty days 159
after the resolution's adoption, after which the director may no 160
longer approve tax credits under that division on the basis of 161
homes located in that ineligible area. 162

The legislative authority shall certify a copy of any such ordinance to the director of development. 163
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Sec. 5747.98. (A) To provide a uniform procedure for 165
calculating a taxpayer's aggregate tax liability under section 166
5747.02 of the Revised Code, a taxpayer shall claim any credits 167
to which the taxpayer is entitled in the following order: 168

Either the retirement income credit under division (B) of 169
section 5747.055 of the Revised Code or the lump sum retirement 170
income credits under divisions (C), (D), and (E) of that 171
section; 172

Either the senior citizen credit under division (F) of 173
section 5747.055 of the Revised Code or the lump sum 174
distribution credit under division (G) of that section; 175

The dependent care credit under section 5747.054 of the 176
Revised Code; 177

The credit for displaced workers who pay for job training 178
under section 5747.27 of the Revised Code; 179

The campaign contribution credit under section 5747.29 of 180
the Revised Code; 181

The twenty-dollar personal exemption credit under section 182
5747.022 of the Revised Code; 183

The joint filing credit under division (G) of section 184
5747.05 of the Revised Code; 185

The earned income credit under section 5747.71 of the 186
Revised Code; 187

The nonrefundable credit for education expenses under 188
section 5747.72 of the Revised Code; 189

The nonrefundable credit for donations to scholarship granting organizations under section 5747.73 of the Revised Code;	190 191 192
The nonrefundable credit for tuition paid to a nonchartered nonpublic school under section 5747.75 of the Revised Code;	193 194 195
The nonrefundable vocational job credit under section 5747.057 of the Revised Code;	196 197
The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	198 199
The enterprise zone credit under section 5709.66 of the Revised Code;	200 201
The credit for beginning farmers who participate in a financial management program under division (B) of section 5747.77 of the Revised Code;	202 203 204
The credit for commercial vehicle operator training expenses under section 5747.82 of the Revised Code;	205 206
<u>The home ownership potential energized (HOPE) credit under section 122.631 of the Revised Code;</u>	207 208
The credit for selling or renting agricultural assets to beginning farmers under division (A) of section 5747.77 of the Revised Code;	209 210 211
The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	212 213
The small business investment credit under section 5747.81 of the Revised Code;	214 215
The nonrefundable lead abatement credit under section	216

5747.26 of the Revised Code;	217
The opportunity zone investment credit under section	218
122.84 of the Revised Code;	219
The enterprise zone credits under section 5709.65 of the	220
Revised Code;	221
The research and development credit under section 5747.331	222
of the Revised Code;	223
The credit for rehabilitating a historic building under	224
section 5747.76 of the Revised Code;	225
The nonresident credit under division (A) of section	226
5747.05 of the Revised Code;	227
The credit for a resident's out-of-state income under	228
division (B) of section 5747.05 of the Revised Code;	229
The refundable motion picture and Broadway theatrical	230
production credit under section 5747.66 of the Revised Code;	231
The refundable jobs creation credit or job retention	232
credit under division (A) of section 5747.058 of the Revised	233
Code;	234
The refundable credit for taxes paid by a qualifying	235
entity granted under section 5747.059 of the Revised Code;	236
The refundable credits for taxes paid by a qualifying	237
pass-through entity granted under division (I) of section	238
5747.08 of the Revised Code;	239
The refundable credit under section 5747.80 of the Revised	240
Code for losses on loans made to the Ohio venture capital	241
program under sections 150.01 to 150.10 of the Revised Code;	242
The refundable credit for rehabilitating a historic	243

building under section 5747.76 of the Revised Code;	244
The refundable credit under section 5747.39 of the Revised Code for taxes levied under section 5747.38 of the Revised Code paid by an electing pass-through entity.	245 246 247
(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the taxpayer's aggregate amount of tax due under section 5747.02 of the Revised Code, after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.	248 249 250 251 252 253 254 255 256 257 258
Section 2. That existing sections 107.036 and 5747.98 of the Revised Code are hereby repealed.	259 260
Section 3. Section 5747.98 of the Revised Code is presented in this act as a composite of the section as amended by both H.B. 45 and H.B. 66 of the 134th General Assembly. The General Assembly, applying the principle stated in division (B) of section 1.52 of the Revised Code that amendments are to be harmonized if reasonably capable of simultaneous operation, finds that the composite is the resulting version of the section in effect prior to the effective date of the section as presented in this act.	261 262 263 264 265 266 267 268 269