

As Introduced

135th General Assembly

Regular Session

2023-2024

S. B. No. 216

Senators Lang, Huffman, S.

A BILL

To amend sections 122.17, 122.66, 323.151, 1
3317.021, 3318.011, 5747.02, 5747.10, 5748.01, 2
and 5751.02 of the Revised Code to phase-out the 3
state income tax on nonbusiness income over six 4
years and to repeal the commercial activity tax 5
after 2029. 6

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

Section 1. That sections 122.17, 122.66, 323.151, 7
3317.021, 3318.011, 5747.02, 5747.10, 5748.01, and 5751.02 of 8
the Revised Code be amended to read as follows: 9

Sec. 122.17. (A) As used in this section: 10

(1) "Payroll" means the total taxable income, or total 11
income that would be taxable if the tax levied under division 12
(A) (3) of section 5747.02 of the Revised Code was still imposed, 13
paid by the employer during the employer's taxable year, or 14
during the calendar year that includes the employer's tax 15
period, to each employee or each home-based employee employed in 16
the project to the extent such payroll is not used to determine 17
the credit under section 122.171 of the Revised Code. "Payroll" 18
excludes amounts paid before the day the taxpayer becomes 19

eligible for the credit and retirement or other benefits paid or 20
contributed by the employer to or on behalf of employees. 21

(2) "Baseline payroll" means Ohio employee payroll, except 22
that the applicable measurement period is the twelve months 23
immediately preceding the date the tax credit authority approves 24
the taxpayer's application or the date the tax credit authority 25
receives the recommendation described in division (C) (2) (a) of 26
this section, whichever occurs first, multiplied by the sum of 27
one plus an annual pay increase factor to be determined by the 28
tax credit authority. 29

(3) "Ohio employee payroll" means the amount of 30
compensation that is used, or would have been used if the tax 31
levied under division (A) (3) of section 5747.02 of the Revised 32
Code was still imposed, to determine the withholding obligations 33
in division (A) of section 5747.06 of the Revised Code and paid 34
by the employer during the employer's taxable year, or during 35
the calendar year that includes the employer's tax period, to 36
the following: 37

(a) An employee employed in the project who is a resident 38
of this state including a qualifying work-from-home employee not 39
designated as a home-based employee by an applicant under 40
division (C) (1) of this section; 41

(b) An employee employed at the project location who is 42
not a resident and whose compensation is not exempt from the tax 43
imposed under division (A) (3) of section 5747.02 of the Revised 44
Code, or would not be exempt if that tax was still imposed, 45
pursuant to a reciprocity agreement with another state under 46
division (A) (3) of section 5747.05 of the Revised Code; 47

(c) A home-based employee employed in the project. 48

"Ohio employee payroll" excludes any such compensation to 49
the extent it is used to determine the credit under section 50
122.171 of the Revised Code, and excludes amounts paid before 51
the day the taxpayer becomes eligible for the credit under this 52
section. 53

(4) "Excess payroll" means Ohio employee payroll minus 54
baseline payroll. 55

(5) "Home-based employee" means an employee whose services 56
are performed primarily from the employee's residence in this 57
state exclusively for the benefit of the project and whose rate 58
of pay is at least one hundred thirty-one per cent of the 59
federal minimum wage under 29 U.S.C. 206. 60

(6) "Full-time equivalent employees" means the quotient 61
obtained by dividing the total number of hours for which 62
employees were compensated for employment in the project by two 63
thousand eighty. "Full-time equivalent employees" excludes hours 64
that are counted for a credit under section 122.171 of the 65
Revised Code. 66

(7) "Metric evaluation date" means the date by which the 67
taxpayer must meet all of the commitments included in the 68
agreement. 69

(8) "Qualifying work-from-home employee" means an employee 70
who is a resident of this state and whose services are 71
supervised from the employer's project location and performed 72
primarily from a residence of the employee located in this 73
state. 74

(9) "Resident" or "resident of this state" means an 75
individual who is a resident as defined in section 5747.01 of 76
the Revised Code. 77

(10) "Reporting period" means a period corresponding to 78
the annual report required under division (D) (6) of this 79
section. 80

(11) "Megaproject" means a project in this state that 81
meets all of the following requirements: 82

(a) At least one of the following applies: 83

(i) The project requires unique sites, extremely robust 84
utility service, and a technically skilled workforce. 85

(ii) The megaproject operator of the project has its 86
corporate headquarters in the United States, incurs more than 87
fifty per cent of its research and development expenses in the 88
United States in the year preceding the date the tax credit 89
authority approves the project for a credit under this section, 90
and builds and operates semiconductor wafer manufacturing 91
factories in this state or intends to do so by the metric 92
evaluation date applicable to the megaproject operator. 93

(b) The megaproject operator of the project agrees, in an 94
agreement with the tax credit authority under division (D) of 95
this section, that, on and after the metric evaluation date 96
applicable to the megaproject operator and until the end of the 97
last year for which the megaproject qualifies for the credit 98
authorized under this section, the megaproject operator will 99
compensate the project's employees at an average hourly wage of 100
at least three hundred per cent of the federal minimum wage 101
under 29 U.S.C. 206, exclusive of employee benefits, as 102
determined at the time the tax credit authority approves the 103
project for a credit under this section. 104

(c) The megaproject operator agrees, in an agreement with 105
the tax credit authority under division (D) of this section, to 106

satisfy either of the following by the metric evaluation date 107
applicable to the project: 108

(i) The megaproject operator makes at least one billion 109
dollars, as adjusted under division (V)(1) of this section, in 110
fixed-asset investments in the project. 111

(ii) The megaproject operator creates at least seventy- 112
five million dollars, as adjusted under division (V)(1) of this 113
section, in Ohio employee payroll at the project. 114

(d) The megaproject operator agrees, in an agreement with 115
the tax credit authority under division (D) of this section, 116
that if the project satisfies division (A)(11)(c)(ii) of this 117
section, then, on and after the metric evaluation date and until 118
the end of the last year for which the megaproject qualifies for 119
the credit authorized under this section, the megaproject 120
operator will maintain at least the amount in Ohio employee 121
payroll at the project required under that division for each 122
year in that period. 123

(12) "Megaproject operator" means a taxpayer that, 124
separately or collectively with other taxpayers, undertakes and 125
operates a megaproject. Such a taxpayer becomes a megaproject 126
operator effective the first day of the calendar year in which 127
the taxpayer and the tax credit authority enter into an 128
agreement under division (D) of this section with respect to the 129
megaproject. More than one taxpayer may be designated by the tax 130
credit authority as a megaproject operator for the same 131
megaproject. 132

(13) "Megaproject supplier" means a supplier in this state 133
that meets either or both of the following requirements: 134

(a) The supplier sells tangible personal property directly 135

to a megaproject operator of a megaproject that satisfies the 136
criteria described in division (A) (11) (a) (ii) of this section 137
for use at a megaproject site, provided that such property was 138
subject to substantial manufacturing, assembly, or processing in 139
this state at a facility owned or operated by the supplier; 140

(b) The supplier sells tangible personal property directly 141
to a megaproject operator for use at a megaproject site, 142
provided that the supplier agrees, in an agreement with the tax 143
credit authority under division (D) of this section, to meet all 144
of the following requirements: 145

(i) By the metric evaluation date applicable to the 146
supplier, makes at least one hundred million dollars, as 147
adjusted under division (V) (2) of this section, in fixed-asset 148
investments in this state; 149

(ii) By the metric evaluation date applicable to the 150
supplier, creates at least ten million dollars, as adjusted 151
under division (V) (2) of this section, in Ohio employee payroll; 152

(iii) On and after the metric evaluation date applicable 153
to the supplier, until the end of the last year for which the 154
supplier qualifies for the credit authorized under this section, 155
maintains at least the amount in Ohio employee payroll required 156
under division (A) (13) (b) (ii) of this section for each year in 157
that period. 158

(B) The tax credit authority may make grants under this 159
section to foster job creation in this state. Such a grant shall 160
take the form of a refundable credit allowed against the tax 161
imposed by section 5725.18, 5726.02, 5729.03, 5733.06, 5736.02, 162
or 5747.02 or levied under Chapter 5751. of the Revised Code. 163
The credit shall be claimed for the taxable years or tax periods 164

specified in the taxpayer's agreement with the tax credit 165
authority under division (D) of this section. With respect to 166
taxes imposed under section 5726.02, 5733.06, or 5747.02 or 167
Chapter 5751. of the Revised Code, the credit shall be claimed 168
in the order required under section 5726.98, 5733.98, 5747.98, 169
or 5751.98 of the Revised Code. The amount of the credit 170
available for a taxable year or for a calendar year that 171
includes a tax period equals the excess payroll for that year 172
multiplied by the percentage specified in the agreement with the 173
tax credit authority. 174

(C) (1) A taxpayer or potential taxpayer who proposes a 175
project to create new jobs in this state may apply to the tax 176
credit authority to enter into an agreement for a tax credit 177
under this section. 178

An application shall not propose to include both home- 179
based employees and employees who are not home-based employees 180
in the computation of Ohio employee payroll for the purposes of 181
the same tax credit agreement, except that a qualifying work- 182
from-home employee shall not be considered to be a home-based 183
employee unless so designated by the applicant. If a taxpayer or 184
potential taxpayer employs both home-based employees and 185
employees who are not home-based employees in a project, the 186
taxpayer shall submit separate applications for separate tax 187
credit agreements for the project, one of which shall include 188
home-based employees in the computation of Ohio employee payroll 189
and one of which shall include all other employees in the 190
computation of Ohio employee payroll. 191

The director of development shall prescribe the form of 192
the application. After receipt of an application, the authority 193
may enter into an agreement with the taxpayer for a credit under 194

this section if it determines all of the following: 195

(a) The taxpayer's project will increase payroll; 196

(b) The taxpayer's project is economically sound and will 197
benefit the people of this state by increasing opportunities for 198
employment and strengthening the economy of this state; 199

(c) Receiving the tax credit is a major factor in the 200
taxpayer's decision to go forward with the project. 201

(2) (a) A taxpayer that chooses to begin the project prior 202
to receiving the determination of the authority may, upon 203
submitting the taxpayer's application to the authority, request 204
that the chief investment officer of the nonprofit corporation 205
formed under section 187.01 of the Revised Code and the director 206
review the taxpayer's application and recommend to the authority 207
that the taxpayer's application be considered. As soon as 208
possible after receiving such a request, the chief investment 209
officer and the director shall review the taxpayer's application 210
and, if they determine that the application warrants 211
consideration by the authority, make that recommendation to the 212
authority not later than six months after the application is 213
received by the authority. 214

(b) The authority shall consider any taxpayer's 215
application for which it receives a recommendation under 216
division (C) (2) (a) of this section. If the authority determines 217
that the taxpayer does not meet all of the criteria set forth in 218
division (C) (1) of this section, the authority and the 219
department of development shall proceed in accordance with rules 220
adopted by the director pursuant to division (I) of this 221
section. 222

(D) An agreement under this section shall include all of 223

the following: 224

(1) A detailed description of the project that is the 225
subject of the agreement; 226

(2) (a) The term of the tax credit, which, except as 227
provided in division (D) (2) (b) or (C) of this section, shall not 228
exceed fifteen years, and the first taxable year, or first 229
calendar year that includes a tax period, for which the credit 230
may be claimed; 231

(b) If the tax credit is computed on the basis of home- 232
based employees, the term of the credit shall expire on or 233
before the last day of the taxable or calendar year ending 234
before the beginning of the seventh year after September 6, 235
2012, the effective date of H.B. 327 of the 129th general 236
assembly. 237

(c) If the taxpayer is a megaproject operator or a 238
megaproject supplier that meets the requirements described in 239
division (A) (13) (b) of this section, the term of the tax credit 240
shall not exceed thirty years. 241

(3) A requirement that the taxpayer shall maintain 242
operations at the project location for at least the greater of 243
seven years or the term of the credit plus three years; 244

(4) The percentage, as determined by the tax credit 245
authority, of excess payroll that will be allowed as the amount 246
of the credit for each taxable year or for each calendar year 247
that includes a tax period; 248

(5) The pay increase factor to be applied to the 249
taxpayer's baseline payroll; 250

(6) A requirement that the taxpayer annually shall report 251

to the director of development full-time equivalent employees, 252
payroll, Ohio employee payroll, investment, the provision of 253
health care benefits and tuition reimbursement if required in 254
the agreement, and other information the director needs to 255
perform the director's duties under this section; 256

(7) A requirement that the director of development 257
annually review the information reported under division (D) (6) 258
of this section and verify compliance with the agreement; if the 259
taxpayer is in compliance, a requirement that the director issue 260
a certificate to the taxpayer stating that the information has 261
been verified and identifying the amount of the credit that may 262
be claimed for the taxable or calendar year. If the taxpayer is 263
a megaproject supplier, the director shall issue such a 264
certificate to the megaproject supplier and to any megaproject 265
operator (a) to which the megaproject supplier directly sells 266
tangible personal property and (b) that is authorized to claim 267
the credit pursuant to division (D) (10) of this section. 268

(8) A provision providing that the taxpayer may not 269
relocate a substantial number of employment positions from 270
elsewhere in this state to the project location unless the 271
director of development determines that the legislative 272
authority of the county, township, or municipal corporation from 273
which the employment positions would be relocated has been 274
notified by the taxpayer of the relocation. 275

For purposes of this section, the movement of an 276
employment position from one political subdivision to another 277
political subdivision shall be considered a relocation of an 278
employment position unless the employment position in the first 279
political subdivision is replaced. The movement of a qualifying 280
work-from-home employee to a different residence located in this 281

state or to the project location shall not be considered a 282
relocation of an employment position. 283

(9) If the tax credit is computed on the basis of home- 284
based employees, that the tax credit may not be claimed by the 285
taxpayer until the taxable year or tax period in which the 286
taxpayer employs at least two hundred employees more than the 287
number of employees the taxpayer employed on June 30, 2011; 288

(10) If the taxpayer is a megaproject supplier, the 289
percentage of the annual tax credit certified under division (D) 290
(7) of this section, up to one hundred per cent, that may be 291
claimed by each megaproject operator to which the megaproject 292
supplier directly sells tangible personal property, rather than 293
by that megaproject supplier, on the condition that the 294
megaproject operator continues to qualify as a megaproject 295
operator; 296

(11) If the taxpayer is a megaproject operator or 297
megaproject supplier, a requirement that the taxpayer meet and 298
maintain compliance with all thresholds and requirements to 299
which the taxpayer agreed, pursuant to division (A) (11) or (13) 300
of this section, respectively, as a condition of the operator's 301
project qualifying as a megaproject or the supplier qualifying 302
as a megaproject supplier until the end of the last year for 303
which the taxpayer qualifies for the credit authorized under 304
this section. In each year that a megaproject operator or 305
megaproject supplier is subject to an agreement with the tax 306
credit authority under this section and meets the requirements 307
of this division, the director of development shall issue a 308
certificate to the megaproject operator or megaproject supplier 309
stating that the megaproject operator or megaproject supplier 310
continues to meet those requirements. 311

(12) If the taxpayer is a megaproject operator, a 312
requirement that the megaproject operator submit, in a form 313
acceptable to the director of development, an economic impact 314
report with respect to each megaproject for which the 315
megaproject operator is designated, summarizing all of the 316
following for the reporting year: 317

(a) The aggregate amount of purchases made by the 318
megaproject operator for such megaproject from megaproject 319
suppliers; 320

(b) The aggregate amount of purchases made by the 321
megaproject operator for such megaproject from suppliers other 322
than megaproject suppliers; 323

(c) A summary of the construction activity for any 324
facilities at the site of the megaproject in that year; 325

(d) The aggregate amount expended by the megaproject 326
operator on research and development at the site of the 327
megaproject in that year; 328

(e) The number of employees working at the site of the 329
megaproject and the counties in which those employees reside; 330

(f) A summary of the supply chain activity in support of 331
the megaproject, including a list of the twenty-five suppliers 332
with a physical presence in Ohio from which the megaproject 333
operator made the most purchases in that year. 334

The economic impact report shall be due on or before the 335
first day of July of each year, beginning in the year specified 336
in the agreement with the tax credit authority. The information 337
required in the report shall be certified as true and correct by 338
an officer of the megaproject operator. If there is more than 339
one megaproject operator designated for a single megaproject, 340

all of the megaproject operators designated for the megaproject 341
may jointly submit a single report. Any information contained in 342
the report is a public record for purposes of section 149.43 of 343
the Revised Code and shall be published on the department of 344
development's web site. 345

(E) (1) If a taxpayer fails to meet or comply with any 346
condition or requirement set forth in a tax credit agreement, 347
the tax credit authority may amend the agreement to reduce the 348
percentage or term of the tax credit. The reduction of the 349
percentage or term may take effect in the current taxable or 350
calendar year. 351

(2) If the tax credit authority determines that a taxpayer 352
that is a megaproject operator of a megaproject described in 353
division (A) (11) (a) (ii) of this section is not fully compliant 354
with the requirements of the agreement, the authority may impose 355
a recoupment payment on the taxpayer in accordance with the 356
following: 357

(a) If, on the metric evaluation date, the taxpayer fails 358
to substantially meet the capital investment, full-time 359
equivalent employee, or payroll requirements included in the 360
agreement, an amount determined at the discretion of the 361
authority, not to exceed the sum of the following for all years 362
prior to the metric evaluation date: (i) the amount of taxes 363
that would have been imposed under Chapters 5739. and 5741. of 364
the Revised Code in the absence of the agreement, and (ii) the 365
amount of taxes that would have been imposed under Chapter 5751. 366
of the Revised Code on receipts realized from sales to the 367
taxpayer in the absence of the agreement; 368

(b) If the taxpayer fails to substantially maintain the 369
capital investment, full-time equivalent employee, or payroll 370

requirements included in the agreement in any year after the 371
metric evaluation date, an amount determined at the discretion 372
of the authority, not to exceed the sum of the following for the 373
calendar year in which taxpayer failed to meet the requirements: 374
(i) the amount of taxes that would have been imposed under 375
Chapters 5739. and 5741. of the Revised Code in the absence of 376
the agreement, and (ii) the amount of taxes that would have been 377
imposed under Chapter 5751. of the Revised Code on receipts 378
realized from sales to the taxpayer in the absence of the 379
agreement. 380

(3) The tax credit authority may, subject to any 381
requirements of the tax credit agreement, take into 382
consideration the taxpayer's prior performance and any market 383
conditions impacting the taxpayer when determining the amount of 384
the recoupment payment described in division (E) (2) of this 385
section. 386

(F) Projects that consist solely of point-of-final- 387
purchase retail facilities are not eligible for a tax credit 388
under this section. If a project consists of both point-of- 389
final-purchase retail facilities and nonretail facilities, only 390
the portion of the project consisting of the nonretail 391
facilities is eligible for a tax credit and only the excess 392
payroll from the nonretail facilities shall be considered when 393
computing the amount of the tax credit. If a warehouse facility 394
is part of a point-of-final-purchase retail facility and 395
supplies only that facility, the warehouse facility is not 396
eligible for a tax credit. Catalog distribution centers are not 397
considered point-of-final-purchase retail facilities for the 398
purposes of this division, and are eligible for tax credits 399
under this section. 400

(G) Financial statements and other information submitted 401
to the department of development or the tax credit authority by 402
an applicant or recipient of a tax credit under this section, 403
and any information taken for any purpose from such statements 404
or information, are not public records subject to section 149.43 405
of the Revised Code. However, the chairperson of the authority 406
may make use of the statements and other information for 407
purposes of issuing public reports or in connection with court 408
proceedings concerning tax credit agreements under this section. 409
Upon the request of the tax commissioner or, if the applicant or 410
recipient is an insurance company, upon the request of the 411
superintendent of insurance, the chairperson of the authority 412
shall provide to the commissioner or superintendent any 413
statement or information submitted by an applicant or recipient 414
of a tax credit in connection with the credit. The commissioner 415
or superintendent shall preserve the confidentiality of the 416
statement or information. 417

(H) A taxpayer claiming a credit under this section shall 418
submit to the tax commissioner or, if the taxpayer is an 419
insurance company, to the superintendent of insurance, a copy of 420
the director of development's certificate of verification under 421
division (D)(7) of this section with the taxpayer's tax report 422
or return for the taxable year or for the calendar year that 423
includes the tax period. Failure to submit a copy of the 424
certificate with the report or return does not invalidate a 425
claim for a credit if the taxpayer submits a copy of the 426
certificate to the commissioner or superintendent within the 427
time prescribed by section 5703.0510 of the Revised Code or 428
within thirty days after the commissioner or superintendent 429
requests it. 430

(I) The director of development, after consultation with 431

the tax commissioner and the superintendent of insurance and in 432
accordance with Chapter 119. of the Revised Code, shall adopt 433
rules necessary to implement this section, including rules that 434
establish a procedure to be followed by the tax credit authority 435
and the department of development in the event the authority 436
considers a taxpayer's application for which it receives a 437
recommendation under division (C) (2) (a) of this section but does 438
not approve it. The rules may provide for recipients of tax 439
credits under this section to be charged fees to cover 440
administrative costs of the tax credit program. For the purposes 441
of these rules, a qualifying work-from-home employee shall be 442
considered to be an employee employed at the applicant's project 443
location. The fees collected shall be credited to the tax 444
incentives operating fund created in section 122.174 of the 445
Revised Code. At the time the director gives public notice under 446
division (A) of section 119.03 of the Revised Code of the 447
adoption of the rules, the director shall submit copies of the 448
proposed rules to the chairpersons of the standing committees on 449
economic development in the senate and the house of 450
representatives. 451

(J) For the purposes of this section, a taxpayer may 452
include a partnership, a corporation that has made an election 453
under subchapter S of chapter one of subtitle A of the Internal 454
Revenue Code, or any other business entity through which income 455
flows as a distributive share to its owners. A partnership, S- 456
corporation, or other such business entity may elect to pass the 457
credit received under this section through to the persons to 458
whom the income or profit of the partnership, S-corporation, or 459
other entity is distributed. The election shall be made on the 460
annual report required under division (D) (6) of this section. 461
The election applies to and is irrevocable for the credit for 462

which the report is submitted. If the election is made, the 463
credit shall be apportioned among those persons in the same 464
proportions as those in which the income or profit is 465
distributed. 466

(K) (1) If the director of development determines that a 467
taxpayer who has received a credit under this section is not 468
complying with the requirements of the agreement, the director 469
shall notify the tax credit authority of the noncompliance. 470
After receiving such a notice, and after giving the taxpayer an 471
opportunity to explain the noncompliance, the tax credit 472
authority may require the taxpayer to refund to this state a 473
portion of the credit in accordance with the following: 474

(a) If the taxpayer fails to comply with the requirement 475
under division (D) (3) of this section, an amount determined in 476
accordance with the following: 477

(i) If the taxpayer maintained operations at the project 478
location for a period less than or equal to the term of the 479
credit, an amount not exceeding one hundred per cent of the sum 480
of any credits allowed and received under this section; 481

(ii) If the taxpayer maintained operations at the project 482
location for a period longer than the term of the credit, but 483
less than the greater of seven years or the term of the credit 484
plus three years, an amount not exceeding seventy-five per cent 485
of the sum of any credits allowed and received under this 486
section. 487

(b) If, on the metric evaluation date, the taxpayer fails 488
to substantially meet the job creation, payroll, or investment 489
requirements included in the agreement, an amount determined at 490
the discretion of the authority; 491

(c) If the taxpayer fails to substantially maintain the 492
number of new full-time equivalent employees or amount of 493
payroll required under the agreement at any time during the term 494
of the agreement after the metric evaluation date, an amount 495
determined at the discretion of the authority. 496

(2) If a taxpayer files for bankruptcy and fails as 497
described in division (K) (1) (a), (b), or (c) of this section, 498
the director may immediately commence an action to recoup an 499
amount not exceeding one hundred per cent of the sum of any 500
credits received by the taxpayer under this section. 501

(3) In determining the portion of the tax credit to be 502
refunded to this state, the tax credit authority shall consider 503
the effect of market conditions on the taxpayer's project and 504
whether the taxpayer continues to maintain other operations in 505
this state. After making the determination, the authority shall 506
certify the amount to be refunded to the tax commissioner or 507
superintendent of insurance, as appropriate. If the amount is 508
certified to the commissioner, the commissioner shall make an 509
assessment for that amount against the taxpayer under Chapter 510
5726., 5733., 5736., 5747., or 5751. of the Revised Code. If the 511
amount is certified to the superintendent, the superintendent 512
shall make an assessment for that amount against the taxpayer 513
under Chapter 5725. or 5729. of the Revised Code. The time 514
limitations on assessments under those chapters do not apply to 515
an assessment under this division, but the commissioner or 516
superintendent, as appropriate, shall make the assessment within 517
one year after the date the authority certifies to the 518
commissioner or superintendent the amount to be refunded. Within 519
ninety days after certifying the amount to be refunded, if 520
circumstances have changed, the authority may adjust the amount 521
to be refunded and certify the adjusted amount to the 522

commissioner or superintendent. The authority may only adjust 523
the amount to be refunded one time and only if the amount 524
initially certified by the authority has not been repaid, in 525
whole or in part, by the taxpayer or certified to the attorney 526
general for collection under section 131.02 of the Revised Code. 527

(L) On or before the first day of August each year, the 528
director of development shall submit a report to the governor, 529
the president of the senate, and the speaker of the house of 530
representatives on the tax credit program under this section. 531
The report shall include information on the number of agreements 532
that were entered into under this section during the preceding 533
calendar year, a description of the project that is the subject 534
of each such agreement, and an update on the status of projects 535
under agreements entered into before the preceding calendar 536
year. 537

(M) There is hereby created the tax credit authority, 538
which consists of the director of development and four other 539
members appointed as follows: the governor, the president of the 540
senate, and the speaker of the house of representatives each 541
shall appoint one member who shall be a specialist in economic 542
development; the governor also shall appoint a member who is a 543
specialist in taxation. Terms of office shall be for four years. 544
Each member shall serve on the authority until the end of the 545
term for which the member was appointed. Vacancies shall be 546
filled in the same manner provided for original appointments. 547
Any member appointed to fill a vacancy occurring prior to the 548
expiration of the term for which the member's predecessor was 549
appointed shall hold office for the remainder of that term. 550
Members may be reappointed to the authority. Members of the 551
authority shall receive their necessary and actual expenses 552
while engaged in the business of the authority. The director of 553

development shall serve as chairperson of the authority, and the 554
members annually shall elect a vice-chairperson from among 555
themselves. Three members of the authority constitute a quorum 556
to transact and vote on the business of the authority. The 557
majority vote of the membership of the authority is necessary to 558
approve any such business, including the election of the vice- 559
chairperson. 560

The director of development may appoint a professional 561
employee of the department of development to serve as the 562
director's substitute at a meeting of the authority. The 563
director shall make the appointment in writing. In the absence 564
of the director from a meeting of the authority, the appointed 565
substitute shall serve as chairperson. In the absence of both 566
the director and the director's substitute from a meeting, the 567
vice-chairperson shall serve as chairperson. 568

(N) For purposes of the credits granted by this section 569
against the taxes imposed under sections 5725.18 and 5729.03 of 570
the Revised Code, "taxable year" means the period covered by the 571
taxpayer's annual statement to the superintendent of insurance. 572

(O) On or before the first day of March of each of the 573
five calendar years beginning with 2014, each taxpayer subject 574
to an agreement with the tax credit authority under this section 575
on the basis of home-based employees shall report the number of 576
home-based employees and other employees employed by the 577
taxpayer in this state to the department of development. 578

(P) On or before the first day of January of 2019, the 579
director of development shall submit a report to the governor, 580
the president of the senate, and the speaker of the house of 581
representatives on the effect of agreements entered into under 582
this section in which the taxpayer included home-based employees 583

in the computation of income tax revenue, as that term was 584
defined in this section prior to the amendment of this section 585
by H.B. 64 of the 131st general assembly. The report shall 586
include information on the number of such agreements that were 587
entered into in the preceding six years, a description of the 588
projects that were the subjects of such agreements, and an 589
analysis of nationwide home-based employment trends, including 590
the number of home-based jobs created from July 1, 2011, through 591
June 30, 2017, and a description of any home-based employment 592
tax incentives provided by other states during that time. 593

(Q) The director of development may require any agreement 594
entered into under this section for a tax credit computed on the 595
basis of home-based employees to contain a provision that the 596
taxpayer makes available health care benefits and tuition 597
reimbursement to all employees. 598

(R) Original agreements approved by the tax credit 599
authority under this section in 2014 or 2015 before September 600
29, 2015, may be revised at the request of the taxpayer to 601
conform with the amendments to this section and sections 602
5733.0610, 5736.50, 5747.058, and 5751.50 of the Revised Code by 603
H.B. 64 of the 131st general assembly, upon mutual agreement of 604
the taxpayer and the department of development, and approval by 605
the tax credit authority. 606

(S) (1) As used in division (S) of this section: 607

(a) "Eligible agreement" means an agreement approved by 608
the tax credit authority under this section on or before 609
December 31, 2013. 610

(b) "Income tax revenue" has the same meaning as under 611
this section as it existed before September 29, 2015, the 612

effective date of the amendment of this section by H.B. 64 of 613
the 131st general assembly. 614

(2) In calendar year 2016 and thereafter, the tax credit 615
authority shall annually determine a withholding adjustment 616
factor to be used in the computation of income tax revenue for 617
eligible agreements. The withholding adjustment factor shall be 618
a numerical percentage that equals the percentage that employer 619
income tax withholding rates have been increased or decreased as 620
a result of changes in the income tax rates prescribed by 621
section 5747.02 of the Revised Code by amendment of that section 622
taking effect on or after June 29, 2013. 623

(3) Except as provided in division (S)(4) of this section, 624
for reporting periods ending in 2015 and thereafter for 625
taxpayers subject to eligible agreements, the tax credit 626
authority shall adjust the income tax revenue reported on the 627
taxpayer's annual report by multiplying the withholding 628
adjustment factor by the taxpayer's income tax revenue and doing 629
one of the following: 630

(a) If the income tax rates prescribed by section 5747.02 631
of the Revised Code have decreased by amendment of that section 632
taking effect on or after June 29, 2013, add the product to the 633
taxpayer's income tax revenue. 634

(b) If the income tax rates prescribed by section 5747.02 635
of the Revised Code have increased by amendment of that section 636
taking effect on or after June 29, 2013, subtract the product 637
from the taxpayer's income tax revenue. 638

(4) Division (S)(3) of this section shall not apply unless 639
all of the following apply for the reporting period with respect 640
to the eligible agreement: 641

(a) The taxpayer has achieved one hundred per cent of the 642
new employment commitment identified in the agreement. 643

(b) If applicable, the taxpayer has achieved one hundred 644
per cent of the new payroll commitment identified in the 645
agreement. 646

(c) If applicable, the taxpayer has achieved one hundred 647
per cent of the investment commitment identified in the 648
agreement. 649

(5) Failure by a taxpayer to have achieved any of the 650
applicable commitments described in divisions (S) (4) (a) to (c) 651
of this section in a reporting period does not disqualify the 652
taxpayer for the adjustment under division (S) of this section 653
for an ensuing reporting period. 654

(T) For reporting periods ending in calendar year 2020 or 655
thereafter, any taxpayer may include qualifying work-from-home 656
employees in its report required under division (D) (6) of this 657
section, and the compensation of such employees shall qualify as 658
Ohio employee payroll under division (A) (3) (a) of this section, 659
even if the taxpayer's application to the tax credit authority 660
to enter into an agreement for a tax credit under this section 661
was approved before September 29, 2017, the effective date of 662
the amendment of this section by H.B. 49 of the 132nd general 663
assembly. 664

(U) The director of development shall notify the tax 665
commissioner if the director determines that a megaproject 666
operator or megaproject supplier is not in compliance with the 667
agreement pursuant to a review conducted under division (D) (11) 668
of this section. 669

(V) Beginning in 2025 and in each fifth calendar year 670

thereafter, the tax commissioner shall adjust the following 671
amounts in September of that year: 672

(1) The fixed-asset investment threshold described in 673
division (A) (11) (c) (i) of this section and the Ohio employee 674
payroll threshold described in division (A) (11) (c) (ii) of this 675
section by completing the following calculations: 676

(a) Determine the percentage increase in the gross 677
domestic product deflator determined by the bureau of economic 678
analysis of the United States department of commerce from the 679
first day of January of the fifth preceding calendar year to the 680
last day of December of the preceding calendar year; 681

(b) Multiply that percentage increase by the fixed-asset 682
investment threshold and the Ohio employee payroll threshold for 683
the current year; 684

(c) Add the resulting products to the corresponding fixed- 685
asset investment threshold and Ohio employee payroll threshold 686
for the current year; 687

(d) Round the resulting fixed-asset investment sum to the 688
nearest multiple of ten million dollars and the Ohio employee 689
payroll sum to the nearest multiple of one million dollars. 690

(2) The fixed-asset investment threshold described in 691
division (A) (13) (b) (i) of this section and the Ohio employee 692
payroll threshold described in division (A) (13) (b) (ii) of this 693
section by completing the calculations described in divisions 694
(V) (1) (a) to (c) of this section and rounding the resulting 695
fixed-asset investment sum to the nearest multiple of one 696
million dollars and the Ohio employee payroll sum to the nearest 697
multiple of one hundred thousand dollars. 698

The commissioner shall certify the amount of the 699

adjustments under divisions (V) (1) and (2) of this section to 700
the director of development and to the tax credit authority not 701
later than the first day of December of the year the 702
commissioner computes the adjustment. Each certified amount 703
applies to the ensuing calendar year and each calendar year 704
thereafter until the tax commissioner makes a new adjustment. 705
The tax commissioner shall not calculate a new adjustment in any 706
year in which the resulting amount from the adjustment would be 707
less than the corresponding amount for the current year. 708

Sec. 122.66. As used in sections 122.66 to 122.702 of the 709
Revised Code: 710

(A) "Poverty line" means the official poverty line 711
established by the director of the United States office of 712
management and budget and as revised by the secretary of health 713
and human services in accordance with section 673(2) of the 714
"Community Services Block Grant Act," 95 Stat. 1609, 42 U.S.C.A. 715
9902. 716

(B) "Low-income person" means a person whose adjusted 717
gross income, as defined in ~~division (A) of section 62 of the~~ 718
Internal Revenue Code, as defined in section 5747.01 of the 719
Revised Code, is below the poverty line as defined in ~~division~~ 720
~~(A) of this section.~~ 721

(C) "Advocacy" means the act of pleading for, supporting, 722
or recommending actions on behalf of low-income persons. 723

(D) "Community action agency" means a community-based and 724
operated private nonprofit agency or organization that includes 725
or is designed to include a sufficient number of projects or 726
components to provide a range of services and activities having 727
a measurable and potentially major impact on the causes of 728

poverty in the community or those areas of the community where 729
poverty is a particularly acute problem and is designated as a 730
community action agency by the community services division 731
pursuant to sections 122.68 and 122.69 of the Revised Code. 732

(E) "Community" means a city, village, county, multicity 733
or multicounty unit, a neighborhood or other area, disregarding 734
boundaries or political subdivisions, which provides a suitable 735
organizational base and possesses a commonality of needs and 736
interests for a community action program suitable to be served 737
by a community action agency. 738

(F) "Service area" means the geographical area served by a 739
community action agency. 740

Sec. 323.151. As used in sections 323.151 to 323.159 of 741
the Revised Code: 742

(A) (1) "Homestead" means either of the following: 743

(a) A dwelling, including a unit in a multiple-unit 744
dwelling and a manufactured home or mobile home taxed as real 745
property pursuant to division (B) of section 4503.06 of the 746
Revised Code, owned and occupied as a home by an individual 747
whose domicile is in this state and who has not acquired 748
ownership from a person, other than the individual's spouse, 749
related by consanguinity or affinity for the purpose of 750
qualifying for the real property tax reduction provided in 751
section 323.152 of the Revised Code. 752

(b) A unit in a housing cooperative that is occupied as a 753
home, but not owned, by an individual whose domicile is in this 754
state. 755

(2) The homestead shall include so much of the land 756
surrounding it, not exceeding one acre, as is reasonably 757

necessary for the use of the dwelling or unit as a home. An 758
owner includes a holder of one of the several estates in fee, a 759
vendee in possession under a purchase agreement or a land 760
contract, a mortgagor, a life tenant, one or more tenants with a 761
right of survivorship, tenants in common, and a settlor of a 762
revocable or irrevocable inter vivos trust holding the title to 763
a homestead occupied by the settlor as of right under the trust. 764
The tax commissioner shall adopt rules for the uniform 765
classification and valuation of real property or portions of 766
real property as homesteads. 767

(B) "Sixty-five years of age or older" means a person who 768
has attained age sixty-four prior to the first day of January of 769
the year of application for reduction in real estate taxes. 770

(C) "Total income" means, for tax year 2029 and every 771
preceding tax year, modified adjusted gross income, as ~~that term~~ 772
~~is defined in section 5747.01 of the Revised Code,~~ or, for any 773
other tax year, adjusted gross income, as defined in section 62 774
of the Internal Revenue Code, of the owner and the owner's 775
spouse for the year preceding the year in which application for 776
a reduction in taxes is made. 777

(D) "Permanently and totally disabled" means that a person 778
other than a disabled veteran has, on the first day of January 779
of the year of application for reduction in real estate taxes, 780
some impairment in body or mind that makes the person unable to 781
work at any substantially remunerative employment that the 782
person is reasonably able to perform and that will, with 783
reasonable probability, continue for an indefinite period of at 784
least twelve months without any present indication of recovery 785
therefrom or has been certified as permanently and totally 786
disabled by a state or federal agency having the function of so 787

classifying persons. 788

(E) "Housing cooperative" means a housing complex of at 789
least two units that is owned and operated by a nonprofit 790
corporation that issues a share of the corporation's stock to an 791
individual, entitling the individual to live in a unit of the 792
complex, and collects a monthly maintenance fee from the 793
individual to maintain, operate, and pay the taxes of the 794
complex. 795

(F) "Disabled veteran" means a person who is a veteran of 796
the armed forces of the United States, including reserve 797
components thereof, or of the national guard, who has been 798
discharged or released from active duty in the armed forces 799
under honorable conditions, and who has received a total 800
disability rating or a total disability rating for compensation 801
based on individual unemployability for a service-connected 802
disability or combination of service-connected disabilities as 803
prescribed in Title 38, Part 4 of the Code of Federal 804
Regulations, as amended. 805

(G) "Public service officer" means a peace officer, 806
firefighter, first responder, EMT-basic, EMT-I, or paramedic, or 807
an individual holding any equivalent position in another state. 808

(H) "Killed in the line of duty" means either of the 809
following: 810

(1) Death in the line of duty; 811

(2) Death from injury sustained in the line of duty, 812
including heart attack or other fatal injury or illness caused 813
while in the line of duty. 814

(I) "Peace officer" has the same meaning as in section 815
2935.01 of the Revised Code. 816

(J) "Firefighter" means a firefighter, whether paid or 817
volunteer, of a lawfully constituted fire department. 818

(K) "First responder," "EMT-basic," "EMT-I," and 819
"paramedic" have the same meanings as in section 4765.01 of the 820
Revised Code. 821

(L) "Surviving spouse of a disabled veteran" means either 822
of the following: 823

(1) The spouse of a disabled veteran who occupied the 824
homestead when the disabled veteran died and who acquires 825
ownership of the homestead or, in the case of a homestead that 826
is a unit in a housing cooperative, continues to occupy the 827
homestead; 828

(2) The surviving spouse of an individual to which all of 829
the following apply, provided the surviving spouse occupies the 830
homestead when that individual dies and who, following that 831
individual's death, acquires ownership of the homestead or, in 832
the case of a homestead that is a unit in a housing cooperative, 833
continues to occupy the homestead: 834

(a) The individual dies before receiving a total 835
disability rating described in division (F) of this section. 836

(b) The individual otherwise qualifies as a disabled 837
veteran. 838

(c) The individual owns and occupies a homestead or, in 839
the case of a homestead that is a unit in a housing cooperative, 840
occupies the homestead. 841

Sec. 3317.021. (A) On or before the first day of June of 842
each year, the tax commissioner shall certify to the department 843
of education and workforce and the office of budget and 844

management the information described in divisions (A) (1) to (5) 845
of this section for each city, exempted village, and local 846
school district, and the information required by divisions (A) 847
(1) and (2) of this section for each joint vocational school 848
district, and it shall be used, along with the information 849
certified under division (B) of this section, in making the 850
computations for the district under this chapter. 851

(1) The taxable value of real and public utility real 852
property in the school district subject to taxation in the 853
preceding tax year, by class and by county of location. 854

(2) The taxable value of tangible personal property, 855
including public utility personal property, subject to taxation 856
by the district for the preceding tax year. 857

(3) (a) The total property tax rate and total taxes charged 858
and payable for the current expenses for the preceding tax year 859
and the total property tax rate and the total taxes charged and 860
payable to a joint vocational district for the preceding tax 861
year that are limited to or to the extent apportioned to current 862
expenses. 863

(b) The portion of the amount of taxes charged and payable 864
reported for each city, local, and exempted village school 865
district under division (A) (3) (a) of this section attributable 866
to a joint vocational school district. 867

(4) The value of all real and public utility real property 868
in the school district exempted from taxation minus both of the 869
following: 870

(a) The value of real and public utility real property in 871
the district owned by the United States government and used 872
exclusively for a public purpose; 873

(b) The value of real and public utility real property in 874
the district exempted from taxation under Chapter 725. or 1728. 875
or section 3735.67, 5709.40, 5709.41, 5709.45, 5709.57, 5709.62, 876
5709.63, 5709.632, 5709.73, or 5709.78 of the Revised Code. 877

(5) The total and median federal adjusted gross income of 878
the residents of the school district, based on tax returns filed 879
by the residents of the district, for the most recent year for 880
which this information is available, ~~and the median Ohio-~~ 881
~~adjusted gross income of the residents of the school district-~~ 882
~~determined on the basis of tax returns filed for the second-~~ 883
~~preceding tax year by the residents of the district.~~ 884

(6) For fiscal years 2024 and 2025, the number of state 885
tax returns filed by the residents of the district for the most 886
recent year for which this information is available. 887

(B) On or before the first day of May each year, the tax 888
commissioner shall certify to the department of education and 889
workforce and the office of budget and management the total 890
taxable real property value of railroads and, separately, the 891
total taxable tangible personal property value of all public 892
utilities for the preceding tax year, by school district and by 893
county of location. 894

(C) If on the basis of the information certified under 895
division (A) of this section, the department determines that any 896
district fails in any year to meet the qualification requirement 897
specified in division (A) of section 3317.01 of the Revised 898
Code, the department shall immediately request the tax 899
commissioner to determine the extent to which any school 900
district income tax levied by the district under Chapter 5748. 901
of the Revised Code shall be included in meeting that 902
requirement. Within five days of receiving such a request from 903

the department, the tax commissioner shall make the 904
determination required by this division and report the quotient 905
obtained under division (C) (3) of this section to the department 906
and the office of budget and management. This quotient 907
represents the number of mills that the department shall include 908
in determining whether the district meets the qualification 909
requirement of division (A) of section 3317.01 of the Revised 910
Code. 911

The tax commissioner shall make the determination required 912
by this division as follows: 913

(1) Multiply one mill times the total taxable value of the 914
district as determined in divisions (A) (1) and (2) of this 915
section; 916

(2) Estimate the total amount of tax liability for the 917
current tax year under taxes levied by Chapter 5748. of the 918
Revised Code that are apportioned to current operating expenses 919
of the district, excluding any income tax receipts allocated for 920
the project cost, debt service, or maintenance set-aside 921
associated with a state-assisted classroom facilities project as 922
authorized by section 3318.052 of the Revised Code; 923

(3) Divide the amount estimated under division (C) (2) of 924
this section by the product obtained under division (C) (1) of 925
this section. 926

Sec. 3318.011. For purposes of providing assistance under 927
sections 3318.01 to 3318.20 of the Revised Code, the department 928
of education and workforce shall annually do all of the 929
following: 930

(A) Calculate the adjusted valuation per pupil of each 931
city, local, and exempted village school district according to 932

the following formula: 933

The district's valuation per pupil - 934

[\$30,000 X (1 - the district's income factor)]. 935

For purposes of this calculation: 936

(1) Except for a district with an open enrollment net gain 937
that is ten per cent or more of its formula ADM, "valuation per 938
pupil" for a district means its average taxable value, divided 939
by its formula ADM for the previous fiscal year. "Valuation per 940
pupil," for a district with an open enrollment net gain that is 941
ten per cent or more of its formula ADM, means its average 942
taxable value, divided by the sum of its formula ADM for the 943
previous fiscal year plus its open enrollment net gain for the 944
previous fiscal year. 945

(2) "Average taxable value" means the average of the sum 946
of the amounts certified for a district under divisions (A) (1) 947
and (2) of section 3317.021 of the Revised Code in the second, 948
third, and fourth preceding fiscal years. 949

(3) "Entitled to attend school" means entitled to attend 950
school in a city, local, or exempted village school district 951
under section 3313.64 or 3313.65 of the Revised Code. 952

(4) "Formula ADM" has the same meaning as in section 953
3317.02 of the Revised Code. 954

(5) "Native student" has the same meaning as in section 955
3313.98 of the Revised Code. 956

(6) "Open enrollment net gain" for a district means (a) 957
the number of the students entitled to attend school in another 958
district but who are enrolled in the schools of the district 959
under its open enrollment policy minus (b) the number of the 960

district's native students who are enrolled in the schools of 961
another district under the other district's open enrollment 962
policy, both numbers as certified to the department under 963
section 3313.981 of the Revised Code. If the difference is a 964
negative number, the district's "open enrollment net gain" is 965
zero. 966

(7) "Open enrollment policy" means an interdistrict open 967
enrollment policy adopted under section 3313.98 of the Revised 968
Code. 969

(8) "District median income" means the median ~~Ohio~~federal 970
adjusted gross income certified for a school district under 971
section 3317.021 of the Revised Code. 972

(9) "Statewide median income" means the median district 973
median income of all city, exempted village, and local school 974
districts in the state. 975

(10) "Income factor" for a city, exempted village, or 976
local school district means the quotient obtained by dividing 977
that district's median income by the statewide median income. 978

(B) Calculate for each district the three-year average of 979
the adjusted valuations per pupil calculated for the district 980
for the current and two preceding fiscal years; 981

(C) Rank all such districts in order of adjusted valuation 982
per pupil from the district with the lowest three-year average 983
adjusted valuation per pupil to the district with the highest 984
three-year average adjusted valuation per pupil; 985

(D) Divide such ranking into percentiles with the first 986
percentile containing the one per cent of school districts 987
having the lowest three-year average adjusted valuations per 988
pupil and the one-hundredth percentile containing the one per 989

cent of school districts having the highest three-year average 990
adjusted valuations per pupil; 991

(E) Determine the school districts that have three-year 992
average adjusted valuations per pupil that are greater than the 993
median three-year average adjusted valuation per pupil for all 994
school districts in the state; 995

(F) On or before the first day of September, certify the 996
information described in divisions (A) to (E) of this section to 997
the Ohio facilities construction commission. 998

Sec. 5747.02. (A) For the purpose of providing revenue for 999
the support of schools and local government functions, to 1000
provide relief to property taxpayers, to provide revenue for the 1001
general revenue fund, and to meet the expenses of administering 1002
the tax levied by this chapter, ~~there an annual tax measured as~~ 1003
prescribed in divisions (A)(1) to (4) of this section is hereby 1004
levied for taxable years beginning before January 1, 2030, on 1005
every individual, trust, and estate residing in or earning or 1006
receiving income in this state, on every individual, trust, and 1007
estate earning or receiving lottery winnings, prizes, or awards 1008
pursuant to Chapter 3770. of the Revised Code, on every 1009
individual, trust, and estate earning or receiving winnings on 1010
casino or sports gaming, and on every individual, trust, and 1011
estate otherwise having nexus with or in this state under the 1012
Constitution of the United States, ~~an annual tax measured as~~ 1013
~~prescribed in divisions (A)(1) to (4) of this section.~~ For the 1014
same purposes, an annual tax measured as prescribed in division 1015
(A)(4) of this section is hereby levied for taxable years 1016
beginning on and after January 1, 2030, on every individual 1017
earning or receiving business income in this state. 1018

(1) In the case of trusts, the tax imposed by this section 1019

shall be measured by modified Ohio taxable income under division 1020
~~(D)~~ (C) of this section and levied in the same amount as the tax 1021
is imposed on estates as prescribed in division (A) (2) of this 1022
section. 1023

(2) In the case of estates, the tax imposed by this 1024
section shall be measured by Ohio taxable income. ~~The~~ For the 1025
first twenty-six thousand fifty dollars of such income, the tax 1026
shall be levied at the rate of 1.38462% for ~~the first twenty-six~~ 1027
~~thousand fifty dollars of such income and, for taxable years~~ 1028
beginning in 2023 and 2024, 1.15385% for taxable years beginning 1029
in 2025, 0.92308% for taxable years beginning in 2026, 0.69231% 1030
for taxable years beginning in 2027, 0.46154% for taxable years 1031
beginning in 2028, and 0.23077% for taxable years beginning in 1032
2029. For income in excess of that amount, the tax shall be 1033
levied at the same rates prescribed in division (A) (3) of this 1034
section for individuals. 1035

(3) In the case of individuals, the tax imposed by this 1036
section on income other than taxable business income shall be 1037
measured by Ohio adjusted gross income, less taxable business 1038
income and less an exemption for the taxpayer, the taxpayer's 1039
spouse, and each dependent as provided in section 5747.025 of 1040
the Revised Code. If the balance thus obtained is equal to or 1041
less than twenty-six thousand fifty dollars, no tax shall be 1042
imposed on that balance. If the balance thus obtained is greater 1043
than twenty-six thousand fifty dollars, the tax is hereby levied 1044
as follows: 1045

(a) For taxable years beginning in 2023: 1046

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A OHIO ADJUSTED GROSS INCOME LESS TAX
TAXABLE BUSINESS INCOME AND EXEMPTIONS
(INDIVIDUALS) OR MODIFIED OHIO TAXABLE
INCOME (TRUSTS) OR OHIO TAXABLE INCOME
(ESTATES)

B More than \$26,050 but not more than \$360.69 plus 2.75% of the
\$100,000 amount in excess of \$26,050

C More than \$100,000 but not more than \$2,394.32 plus 3.688% of the
\$115,300 amount in excess of \$100,000

D More than \$115,300 \$2,958.58 plus 3.75% of the
amount in excess of \$115,300

(b) For taxable years beginning in 2024~~and thereafter~~: 1048

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A OHIO ADJUSTED GROSS INCOME LESS TAXABLE TAX
BUSINESS INCOME AND EXEMPTIONS
(INDIVIDUALS) OR MODIFIED OHIO TAXABLE
INCOME (TRUSTS) OR OHIO TAXABLE INCOME
(ESTATES)

B More than \$26,050 but not more than \$360.69 plus 2.75% of the
\$100,000 amount in excess of
\$26,050

C More than \$100,000 \$2,394.32 plus 3.5% of
the amount in excess of
\$100,000

(c) For taxable years beginning in 2025: 1050

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A OHIO ADJUSTED GROSS INCOME LESS TAXABLE TAX
BUSINESS INCOME AND EXEMPTIONS
(INDIVIDUALS) OR MODIFIED OHIO TAXABLE
INCOME (TRUSTS) OR OHIO TAXABLE INCOME
(ESTATES)

B More than \$26,050 but not more than \$300.58 plus 2.73% of the
\$100,000 amount in excess of
\$26,050

C More than \$100,000 \$2,319.42 plus 3.10% of
the amount in excess of
\$100,000

(d) For taxable years beginning in 2026, \$240.46 plus 1052
2.70% of the amount in excess of \$26,050. 1053

(e) For taxable years beginning in 2027, \$180.35 plus 1054
2.03% of the amount in excess of \$26,050. 1055

(f) For taxable years beginning in 2028, \$120.23 plus 1056
1.35% of the amount in excess of \$26,050. 1057

(g) For taxable years beginning in 2029, \$60.12 plus 0.68% 1058

of the amount in excess of \$26,050.

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(4) (a) In the case of individuals, the tax imposed by this section on taxable business income shall equal three per cent of the result obtained by subtracting any amount allowed under division (A) (4) (b) of this section from the individual's taxable business income.

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(b) If the exemptions allowed to an individual under division (A) (3) of this section exceed the taxpayer's Ohio adjusted gross income less taxable business income, the excess shall be deducted from taxable business income before computing the tax under division (A) (4) (a) of this section.

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~~(5) Except as otherwise provided in this division, in August of each year, the tax commissioner shall make a new adjustment to the income amounts prescribed in divisions (A) (2) and (3) of this section by multiplying the percentage increase in the gross domestic product deflator computed that year under section 5747.025 of the Revised Code by each of the income amounts resulting from the adjustment under this division in the preceding year, adding the resulting product to the corresponding income amount resulting from the adjustment in the preceding year, and rounding the resulting sum to the nearest multiple of fifty dollars. The tax commissioner also shall recompute each of the tax dollar amounts to the extent necessary to reflect the new adjustment of the income amounts. To recompute the tax dollar amount corresponding to the lowest tax rate in division (A) (3) of this section, the commissioner shall multiply the tax rate prescribed in division (A) (2) of this section by the income amount specified in that division and as adjusted according to this paragraph. The rates of taxation shall not be adjusted.~~

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

~~(B) If the director of budget and management makes a certification to the tax commissioner under division (B) of section 131.44 of the Revised Code, the amount of tax as determined under divisions (A) (1) to (3) of this section shall be reduced by the percentage prescribed in that certification for taxable years beginning in the calendar year in which that certification is made.~~

~~(C) (1)~~ (B) (1) The tax imposed by this section on a trust shall be computed by multiplying the Ohio modified taxable income of the trust by the rates prescribed by division (A) of this section.

(2) A resident trust may claim a credit against the tax computed under division ~~(C)~~ (B) of this section equal to the lesser of (a) the tax paid to another state or the District of Columbia on the resident trust's modified nonbusiness income, other than the portion of the resident trust's nonbusiness income that is qualifying investment income as defined in section 5747.012 of the Revised Code, or (b) the effective tax rate, based on modified Ohio taxable income, multiplied by the resident trust's modified nonbusiness income other than the portion of the resident trust's nonbusiness income that is qualifying investment income. The credit applies before any

other applicable credits. 1119

(3) Any credit authorized against the tax imposed by this 1120
section applies to a trust subject to division ~~(C)~~ (B) of this 1121
section only if the trust otherwise qualifies for the credit. To 1122
the extent that the trust distributes income for the taxable 1123
year for which a credit is available to the trust, the credit 1124
shall be shared by the trust and its beneficiaries. The tax 1125
commissioner and the trust shall be guided by applicable 1126
regulations of the United States treasury regarding the sharing 1127
of credits. 1128

~~(D)~~ (C) For the purposes of this section, "trust" means 1129
any trust described in Subchapter J of Chapter 1 of the Internal 1130
Revenue Code, excluding trusts that are not irrevocable as 1131
defined in division (I) (3) (b) of section 5747.01 of the Revised 1132
Code and that have no modified Ohio taxable income for the 1133
taxable year, charitable remainder trusts, qualified funeral 1134
trusts and preneed funeral contract trusts established pursuant 1135
to sections 4717.31 to 4717.38 of the Revised Code that are not 1136
qualified funeral trusts, endowment and perpetual care trusts, 1137
qualified settlement trusts and funds, designated settlement 1138
trusts and funds, and trusts exempted from taxation under 1139
section 501(a) of the Internal Revenue Code. 1140

~~(E)~~ (D) Nothing in division (A) (3) of this section shall 1141
prohibit an individual with ~~an Ohio no~~ adjusted gross income, 1142
~~less taxable business income and exemptions, of twenty six~~ 1143
~~thousand fifty dollars or less~~ subject to tax under this section 1144
from filing a return under this chapter to receive a refund of 1145
taxes withheld or to claim any refundable credit allowed under 1146
this chapter. 1147

Sec. 5747.10. (A) As used in this section: 1148

(1) "Audited partnership" means a partnership subject to 1149
an examination by the internal revenue service pursuant to 1150
subchapter C, chapter 63, subtitle F of the Internal Revenue 1151
Code resulting in a federal adjustment. 1152

(2) (a) "Direct investor" means a partner or other investor 1153
that holds a direct interest in a pass-through entity. 1154

(b) "Indirect investor" means a partner or other investor 1155
that holds an interest in a pass-through entity that itself 1156
holds an interest, directly or through another indirect partner 1157
or other investor, in a pass-through entity. 1158

(3) "Exempt partner" means a partner that is neither a 1159
pass-through entity nor a person subject to the tax imposed by 1160
section 5747.02 of the Revised Code. 1161

(4) "Federal adjustment" means a change to an item or 1162
amount required to be determined under the Internal Revenue Code 1163
that directly or indirectly affects a taxpayer's aggregate tax 1164
liability under section 5747.02 or Chapter 5748. of the Revised 1165
Code and that results from an action or examination by the 1166
internal revenue service, or from the filing of an amended 1167
federal tax return, a claim for a federal tax refund, or an 1168
administrative adjustment request filed by a partnership under 1169
section 6227 of the Internal Revenue Code. 1170

(5) "Federal adjustments return" means the form or other 1171
document prescribed by the tax commissioner for use by a 1172
taxpayer in reporting final federal adjustments. 1173

(6) "State partnership representative" means either of the 1174
following: 1175

(a) The person who served as the partnership's 1176
representative for federal income tax purposes, pursuant to 1177

section 6223(a) of the Internal Revenue Code, during the 1178
corresponding federal partnership audit; 1179

(b) The person designated, on a form prescribed by the tax 1180
commissioner, to serve as the partnership's representative 1181
during the state partnership audit. The commissioner may 1182
establish reasonable qualifications and procedures for a person 1183
to be designated as a state partnership representative under 1184
this division. 1185

(7) A federal adjustment is "final" or "agreed to or 1186
finally determined for federal income tax purposes" on any of 1187
the following: 1188

(a) The day after which the period for appeal of a federal 1189
assessment has expired; 1190

(b) The date on a refund check issued by the internal 1191
revenue service; or 1192

(c) For agreements required to be signed by the internal 1193
revenue service and the taxpayer or audited partnership, the 1194
date on which the last party signed the agreement. 1195

(B) (1) If any of the facts, figures, computations, or 1196
attachments required in a taxpayer's annual return to determine 1197
the tax charged by this chapter or Chapter 5748. of the Revised 1198
Code must be altered as the result of a final federal 1199
adjustment, and the federal adjustment is not required to be 1200
reported under division (C) of this section, the taxpayer shall 1201
file an amended return with the tax commissioner in such form as 1202
the commissioner requires. The amended return shall be filed not 1203
later than ninety days after the federal adjustment has been 1204
agreed to or finally determined for federal income tax purposes. 1205

(2) "One hundred eighty" shall be substituted for "ninety" 1206

in divisions (B) (1) and (E) (1) of this section if, for any 1207
taxable year, the final federal adjustment results from taxes 1208
paid by the taxpayer on an amount described in division (A) (32) 1209
of section 5747.01 of the Revised Code. 1210

(C) Except for adjustments required to be reported for 1211
federal purposes pursuant to section 6225(a) (2) of the Internal 1212
Revenue Code and adjustments that are taken into account on a 1213
federal amended return or similar report filed pursuant to 1214
section 6225(c) (2) of the Internal Revenue Code, partnerships 1215
and partners shall report final federal adjustments and make 1216
payments as required under division (C) of this section. 1217

(1) With respect to an action required or permitted to be 1218
taken by a partnership under this section, and any petition for 1219
reassessment or appeal to the board of tax appeals or any court 1220
with respect to such an action, the state partnership 1221
representative shall have the sole authority to act on behalf of 1222
the audited partnership, and the partnership's direct and 1223
indirect investors shall be bound by those actions. 1224

(2) Unless an audited partnership makes the election under 1225
division (C) (3) of this section: 1226

(a) The audited partnership, through its state partnership 1227
representative, shall do all of the following within ninety days 1228
after the federal adjustment is final: 1229

(i) File a federal adjustments return with the tax 1230
commissioner, including a copy of the notifications provided 1231
under division (C) (2) (a) (ii) of this section; 1232

(ii) Notify each of its direct investors, on a form 1233
prescribed by the commissioner, of the investor's distributive 1234
share of the final federal adjustments; 1235

(iii) File an amended tax return on behalf of its 1236
nonresident direct investors and pay any additional tax that 1237
would have been due under sections 5733.41 and 5747.41, or 1238
division (D) of section 5747.08, of the Revised Code with 1239
respect to those direct investors had the final federal 1240
adjustments been reported properly on the original filing. 1241

(b) Each direct investor that is subject to the tax 1242
imposed by section 5747.02 of the Revised Code shall file an 1243
original or amended tax return to include the investor's 1244
distributive share of the adjustments reported to the direct 1245
investor under division (C)(2)(a) of this section, and pay any 1246
additional tax due, within ninety days after the audited 1247
partnership files its federal adjustments return with the 1248
commissioner. 1249

(c)(i) Each direct and indirect investor of an audited 1250
partnership that is a pass-through entity and all investors in 1251
such a pass-through entity that are subject to the filing and 1252
payment requirements of Chapters 5733. and 5747. of the Revised 1253
Code are subject to the reporting and payment requirements of 1254
division (C)(2) or, upon a timely election, division (C)(3) of 1255
this section. 1256

(ii) Such direct and indirect investors shall make the 1257
required returns and payments within ninety days after the 1258
deadline for filing and furnishing statements under section 1259
6226(b)(4) of the Internal Revenue Code and applicable treasury 1260
regulations. 1261

(3) If an audited partnership makes the election under 1262
this division, the audited partnership, through its state 1263
partnership representative, shall do all of the following within 1264
ninety days after all federal adjustments are final: 1265

(a) File a federal adjustments return with the tax 1266
commissioner indicating the partnership has made the election 1267
under division (C) (3) of this section; 1268

(b) Pay the amount of combined additional tax due under 1269
division (D) (2) of this section, calculated by multiplying the 1270
highest rate of tax set forth in section 5747.02 of the Revised 1271
Code by the sum of the following: 1272

(i) The distributive shares of the final federal 1273
adjustments that are allocable or apportionable to this state of 1274
each investor who is a nonresident taxpayer or pass-through 1275
entity; 1276

(ii) The distributive share of the final federal 1277
adjustments for each investor who is a resident taxpayer. 1278

(c) Notify each of its direct investors, on a form 1279
prescribed by the commissioner, of the investor's distributive 1280
share of the final federal adjustments and the amount paid on 1281
their behalf pursuant to division (C) (3) (b) of this section. 1282

(4) (a) A direct investor of an audited partnership is not 1283
required to file an amended return or pay tax otherwise due 1284
under section 5747.02 of the Revised Code if the audited 1285
partnership properly reports and pays the tax under division (C) 1286
(3) of this section. 1287

(b) (i) Nothing in division (C) of this section precludes a 1288
direct or indirect investor in the audited partnership from 1289
filing a return to report the investor's share of the final 1290
federal adjustments. Such an investor who files a return and 1291
reports the income related to the final federal adjustments is 1292
entitled to a refundable credit for taxes paid by the audited 1293
partnership under division (C) (3) (b) of this section. The credit 1294

shall be computed and claimed in the same manner as the credit 1295
allowed under division (I) of section 5747.08 of the Revised 1296
Code. 1297

(ii) Notwithstanding division (C) (4) (b) (i) of this 1298
section, an exempt partner, whether a direct or indirect 1299
investor, may file an application for refund of its 1300
proportionate share of the amounts erroneously paid by the 1301
audited partnership pursuant to division (C) (3) (b) of this 1302
section on the exempt partner's behalf. 1303

(5) Upon request by an audited partnership, the tax 1304
commissioner may agree, in writing, to allow an alternative 1305
method of reporting and payment than required by division (C) (2) 1306
or (3) of this section. The request must be submitted to the 1307
commissioner in writing before the applicable deadline for 1308
filing a return under division (C) (2) (a) or (3) of this section. 1309
The commissioner's decision on whether to enter into an 1310
agreement under this division is not subject to further 1311
administrative review or appeal. 1312

(6) Nothing in division (C) of this section precludes 1313
either of the following: 1314

(a) A resident taxpayer from filing a return to claim the 1315
credit under division (B) of section 5747.05 or division ~~(D) (2)~~ 1316
(B) (2) of section 5747.02 of the Revised Code based upon any 1317
amounts paid by the audited partnership on such investor's 1318
behalf to another state. 1319

(b) The tax commissioner from issuing an assessment under 1320
this chapter against any direct or indirect investor for taxes 1321
due from the investor if an audited partnership, or direct and 1322
indirect investor of an audited partnership that is a pass- 1323

through entity, fails to timely file any return or remit any 1324
payment required by this section or underreports income or 1325
underpays tax on behalf of an indirect investor who is a 1326
resident taxpayer. 1327

(D) In the case of an underpayment, and unless otherwise 1328
agreed to in writing by the tax commissioner: 1329

(1) The taxpayer's amended return shall be accompanied by 1330
payment of any combined additional tax due together with 1331
interest thereon. An amended return required by this section is 1332
a return subject to assessment under section 5747.13 of the 1333
Revised Code for the purpose of assessing any additional tax due 1334
under this section, together with any applicable penalty and 1335
interest. It shall not reopen those facts, figures, 1336
computations, or attachments from a previously filed return no 1337
longer subject to assessment that are not affected, either 1338
directly or indirectly, by the final federal adjustment to the 1339
taxpayer's federal income tax return. 1340

(2) The audited partnership's federal adjustments return 1341
shall be accompanied by payment of any combined additional tax 1342
due together with interest thereon. The federal adjustments 1343
return required by this section is a return subject to 1344
assessment under section 5747.13 of the Revised Code for the 1345
purpose of assessing any additional tax due under this section, 1346
together with any applicable penalty and interest. It shall not 1347
reopen those facts, figures, computations, or attachments from a 1348
previously filed return no longer subject to assessment that are 1349
not affected, either directly or indirectly, by the final 1350
federal adjustment. 1351

(3) The tax commissioner may accept estimated payments of 1352
the tax arising from pending federal adjustments before the date 1353

for filing a federal adjustments return. The commissioner may 1354
adopt rules for the payment of such estimated taxes. 1355

(E) In the case of an overpayment, and unless otherwise 1356
agreed to in writing by the tax commissioner: 1357

(1) A taxpayer may file an application for refund under 1358
this division within the ninety-day period prescribed for filing 1359
the amended return even if it is filed beyond the period 1360
prescribed in section 5747.11 of the Revised Code if it 1361
otherwise conforms to the requirements of such section. An 1362
application filed under this division shall claim refund of 1363
overpayments resulting from alterations to only those facts, 1364
figures, computations, or attachments required in the taxpayer's 1365
annual return that are affected, either directly or indirectly, 1366
by the final federal adjustment to the taxpayer's federal income 1367
tax return unless it is also filed within the time prescribed in 1368
section 5747.11 of the Revised Code. It shall not reopen those 1369
facts, figures, computations, or attachments that are not 1370
affected, either directly or indirectly, by the adjustment to 1371
the taxpayer's federal income tax return. 1372

(2) (a) Except as otherwise provided in division (E) (2) (b) 1373
of this section, an audited partnership may file an application 1374
for a refund under this division within the ninety-day period 1375
prescribed for filing the federal adjustments return, even if it 1376
is filed beyond the period prescribed by section 5747.11 of the 1377
Revised Code, if it otherwise conforms to the requirements of 1378
that section. An application filed under this division may claim 1379
a refund of overpayments resulting only from final federal 1380
adjustments unless it is also filed within the time prescribed 1381
by section 5747.11 of the Revised Code. It shall not reopen 1382
those facts, figures, computations, or attachments that are not 1383

affected, either directly or indirectly, by the federal 1384
adjustment. 1385

(b) An audited partnership may not file an application for 1386
refund under division (E) of this section based on final federal 1387
adjustments described in section 6225(a)(2) of the Internal 1388
Revenue Code. 1389

(3) Any refund granted to a pass-through entity filing an 1390
application for refund under division (E) of this section shall 1391
be reduced by amounts previously claimed as a credit under 1392
section 5747.059 or division (I) of section 5747.08 of the 1393
Revised Code by the pass-through entity's direct or indirect 1394
investors. 1395

(F) Excluding the deadline in division (C)(2)(c)(ii) of 1396
this section, an audited partnership, or a direct or indirect 1397
investor of an audited partnership that is a pass-through 1398
entity, may automatically extend the deadline for reporting, 1399
payments, and refunds under this section by sixty days if the 1400
entity has ten thousand or more direct investors and notifies 1401
the commissioner of such extension, in writing, before the 1402
unextended deadline. 1403

Sec. 5748.01. As used in this chapter: 1404

(A) "School district income tax" means an income tax 1405
adopted under one of the following: 1406

(1) Former section 5748.03 of the Revised Code as it 1407
existed prior to its repeal by Amended Substitute House Bill No. 1408
291 of the 115th general assembly; 1409

(2) Section 5748.03 of the Revised Code as enacted in 1410
Substitute Senate Bill No. 28 of the 118th general assembly; 1411

(3) Section 5748.08 of the Revised Code as enacted in 1412
Amended Substitute Senate Bill No. 17 of the 122nd general 1413
assembly; 1414

(4) Section 5748.021 of the Revised Code; 1415

(5) Section 5748.081 of the Revised Code; 1416

(6) Section 5748.09 of the Revised Code. 1417

(B) "Individual" ~~means an individual subject to the tax~~ 1418
~~levied by~~ has the same meaning as in section 5747.02-5747.01 of 1419
the Revised Code. 1420

(C) ~~"Estate" means an estate subject to the tax levied by~~ 1421
~~section 5747.02 of the Revised Code.~~ "Taxpayer" means an 1422
individual or estate having school district income upon which a 1423
school district income tax is imposed. 1424

(D) "Taxable year" means a taxable year as defined in 1425
~~division (M) of~~ section 5747.01 of the Revised Code. 1426

(E) "Taxable income" means: 1427

(1) In the case of an individual, one of the following, as 1428
specified in the resolution imposing the tax: 1429

(a) Modified adjusted gross income for the taxable year, 1430
as defined in section 5747.01 of the Revised Code, less the 1431
exemptions provided by section ~~5747.02-5747.025~~ of the Revised 1432
Code; 1433

(b) Wages, salaries, tips, and other employee compensation 1434
to the extent included in modified adjusted gross income as 1435
defined in section 5747.01 of the Revised Code, and net earnings 1436
from self-employment, as defined in section 1402(a) of the 1437
Internal Revenue Code, to the extent included in modified 1438

adjusted gross income. 1439

(2) In the case of an estate, taxable income for the 1440
taxable year as defined in division (S) of section 5747.01 of 1441
the Revised Code. 1442

(F) "Resident" of the school district means: 1443

(1) An individual who is a resident of this state as 1444
defined in division (I) of section 5747.01 of the Revised Code 1445
during all or a portion of the taxable year and who, during all 1446
or a portion of such period of state residency, is domiciled in 1447
the school district or lives in and maintains a permanent place 1448
of abode in the school district; 1449

(2) An estate of a decedent who, at the time of death, was 1450
domiciled in the school district. 1451

(G) "School district income" means: 1452

(1) With respect to an individual, the portion of the 1453
taxable income of an individual that is received by the 1454
individual during the portion of the taxable year that the 1455
individual is a resident of the school district and the school 1456
district income tax is in effect in that school district. An 1457
individual may have school district income with respect to more 1458
than one school district. 1459

(2) With respect to an estate, the taxable income of the 1460
estate for the portion of the taxable year that the school 1461
district income tax is in effect in that school district. 1462

(H) ~~"Taxpayer" means an individual or estate having school-~~ 1463
~~district income upon which a school district income tax is~~ 1464
~~imposed.~~ 1465

~~(I)~~ "School district purposes" means any of the purposes 1466

for which a tax may be levied pursuant to division (A) of 1467
section 5705.21 of the Revised Code, including the combined 1468
purposes authorized by section 5705.217 of the Revised Code. 1469

~~(J)~~ (I) "The county auditor's appraised value" and 1470
"estimated effective rate" have the same meanings as in section 1471
5705.01 of the Revised Code. 1472

Sec. 5751.02. (A) For the purpose of funding the needs of 1473
this state and its local governments, ~~there is hereby levied a~~ 1474
commercial activity tax is hereby levied for tax periods ending 1475
before January 1, 2030, on each person with taxable gross 1476
receipts for the privilege of doing business in this state. For 1477
the purposes of this chapter, "doing business" means engaging in 1478
any activity, whether legal or illegal, that is conducted for, 1479
or results in, gain, profit, or income, at any time during a 1480
calendar year. Persons on which the commercial activity tax is 1481
levied include, but are not limited to, persons with substantial 1482
nexus with this state. The tax imposed under this section is not 1483
a transactional tax and is not subject to Public Law No. 86-272, 1484
73 Stat. 555. The tax imposed under this section is in addition 1485
to any other taxes or fees imposed under the Revised Code. The 1486
tax levied under this section is imposed on the person receiving 1487
the gross receipts and is not a tax imposed directly on a 1488
purchaser. The tax imposed by this section is an annual 1489
privilege tax for the calendar year that contains all tax 1490
periods in the calendar year. A taxpayer is subject to the 1491
annual privilege tax for doing business during any portion of 1492
such calendar year. 1493

(B) The tax imposed by this section is a tax on the 1494
taxpayer and shall not be billed or invoiced to another person. 1495
Even if the tax or any portion thereof is billed or invoiced and 1496

separately stated, such amounts remain part of the price for 1497
purposes of the sales and use taxes levied under Chapters 5739. 1498
and 5741. of the Revised Code. Nothing in division (B) of this 1499
section prohibits: 1500

(1) A person from including in the price charged for a 1501
good or service an amount sufficient to recover the tax imposed 1502
by this section; or 1503

(2) A lessor from including an amount sufficient to 1504
recover the tax imposed by this section in a lease payment 1505
charged, or from including such an amount on a billing or 1506
invoice pursuant to the terms of a written lease agreement 1507
providing for the recovery of the lessor's tax costs. The 1508
recovery of such costs shall be based on an estimate of the 1509
total tax cost of the lessor during the tax period, as the tax 1510
liability of the lessor cannot be calculated until the end of 1511
that period. 1512

(C) (1) The commercial activities tax receipts fund is 1513
hereby created in the state treasury and shall consist of money 1514
arising from the tax imposed under this chapter. Sixty-five one- 1515
hundredths of one per cent of the money credited to that fund 1516
shall be credited to the revenue enhancement fund and shall be 1517
used to defray the costs incurred by the department of taxation 1518
in administering the tax imposed by this chapter and in 1519
implementing tax reform measures. The remainder of the money in 1520
the commercial activities tax receipts fund shall first be 1521
credited to the funds described in division (C) (2) of this 1522
section, as provided in that division, and the remainder shall 1523
be credited to the general revenue fund. 1524

(2) Not later than the twentieth day of February, May, 1525
August, and November of each year, the commissioner shall 1526

provide for payment of the following amounts from the commercial 1527
activities tax receipts fund: 1528

(a) To the commercial activity tax motor fuel receipts 1529
fund, an amount that bears the same ratio to the balance in the 1530
commercial activities tax receipts fund that (a) the taxable 1531
gross receipts attributed to motor fuel used for propelling 1532
vehicles on public highways as indicated by returns filed by the 1533
tenth day of that month for a liability that is due and payable 1534
on or after July 1, 2013, for a tax period ending before July 1, 1535
2014, bears to (b) all taxable gross receipts as indicated by 1536
those returns for such liabilities; 1537

(b) To the school district tangible property tax 1538
replacement fund, which is hereby created in the state treasury 1539
for the purpose of making the payments described in section 1540
5709.92 of the Revised Code, an amount necessary to make those 1541
payments; 1542

(c) To the local government tangible property tax 1543
replacement fund, which is hereby created in the state treasury 1544
for the purpose of making the payments described in section 1545
5709.93 of the Revised Code, an amount necessary to make those 1546
payments. 1547

(D) (1) On or after the first day of June of each year, the 1548
director of budget and management may transfer any balance in 1549
the school district tangible property tax replacement fund to 1550
the general revenue fund. 1551

(2) On or after the first day of June of each year, the 1552
director of budget and management may transfer any balance in 1553
the local government tangible property tax replacement fund to 1554
the general revenue fund. 1555

(E) (1) There is hereby created in the state treasury the 1556
commercial activity tax motor fuel receipts fund. 1557

(2) On or before the fifteenth day of June of each fiscal 1558
year beginning with fiscal year 2015, the director of the Ohio 1559
public works commission shall certify to the director of budget 1560
and management the amount of debt service paid from the general 1561
revenue fund in the current fiscal year on bonds issued to 1562
finance or assist in the financing of the cost of local 1563
subdivision public infrastructure capital improvement projects, 1564
as provided for in Sections 2k, 2m, 2p, and 2s of Article VIII, 1565
Ohio Constitution, that are attributable to costs for 1566
construction, reconstruction, maintenance, or repair of public 1567
highways and bridges and other statutory highway purposes. That 1568
certification shall allocate the total amount of debt service 1569
paid from the general revenue fund and attributable to those 1570
costs in the current fiscal year according to the applicable 1571
section of the Ohio Constitution under which the bonds were 1572
originally issued. 1573

(3) On or before the thirtieth day of June of each fiscal 1574
year beginning with fiscal year 2015, the director of budget and 1575
management shall determine an amount up to but not exceeding the 1576
amount certified under division (E) (2) of this section and shall 1577
reserve that amount from the cash balance in the petroleum 1578
activity tax public highways fund or the commercial activity tax 1579
motor fuel receipts fund for transfer to the general revenue 1580
fund at times and in amounts to be determined by the director. 1581
The director shall transfer the cash balance in the petroleum 1582
activity tax public highways fund or the commercial activity tax 1583
motor fuel receipts fund in excess of the amount so reserved to 1584
the highway operating fund on or before the thirtieth day of 1585
June of the current fiscal year. 1586

Section 2. That existing sections 122.17, 122.66, 323.151,	1587
3317.021, 3318.011, 5747.02, 5747.10, 5748.01, and 5751.02 of	1588
the Revised Code are hereby repealed.	1589