

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

**131st General Assembly**

**Regular Session**

**2015-2016**

**Sub. S. B. No. 208**

**Senator Beagle**

**Cosponsors: Senators Peterson, Eklund**

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**A BILL**

To amend sections 9.66, 122.16, 122.172, 122.173, 1  
5709.65, 5709.66, 5709.92, 5733.33, 5733.42, 2  
5733.98, 5747.01, 5747.02, 5747.05, 5747.054, 3  
5747.055, 5747.056, 5747.059, 5747.21, 5747.212, 4  
5747.22, 5747.27, 5747.28, 5747.29, 5747.331, 5  
5747.37, 5747.65, 5747.66, 5747.71, 5747.75, 6  
5747.76, 5747.80, 5747.81, 5747.98, and 5751.01, 7  
to repeal sections 5733.48, 5747.051, 5747.057, 8  
5747.26, 5747.261, 5747.31, 5747.32, 5747.34, 9  
5747.35, 5747.36, 5747.38, 5747.39, and 5747.77 10  
of the Revised Code, and to amend Section 11  
263.325 of Am. Sub. H.B. 64 of the 131st General 12  
Assembly to modify the commercial activity tax 13  
exclusion for receipts from the transfer of 14  
personal care products within an integrated 15  
supply chain, to make technical changes to the 16  
state income tax law, to provide that, for the 17  
2015 taxable year, any taxable business income 18  
under \$125,000 for married taxpayers filing 19  
separately or \$250,000 for other taxpayers is 20  
subject to graduated tax rates similar to those 21  
applicable to nonbusiness income, while business 22  
income in excess of those amounts remains 23

subject to the existing 3% flat tax, to modify 24  
the formula for calculating reimbursement 25  
payments to school districts for their loss of 26  
tangible personal property tax revenue, and to 27  
establish a formula for making supplemental 28  
foundation aid payments to school districts in 29  
fiscal year 2017. 30

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

**Section 1.** That sections 9.66, 122.16, 122.172, 122.173, 31  
5709.65, 5709.66, 5709.92, 5733.33, 5733.42, 5733.98, 5747.01, 32  
5747.02, 5747.05, 5747.054, 5747.055, 5747.056, 5747.059, 33  
5747.21, 5747.212, 5747.22, 5747.27, 5747.28, 5747.29, 5747.331, 34  
5747.37, 5747.65, 5747.66, 5747.71, 5747.75, 5747.76, 5747.80, 35  
5747.81, 5747.98, and 5751.01 of the Revised Code be amended to 36  
read as follows: 37

**Sec. 9.66.** (A) As used in this section: 38

(1) "Economic development assistance" means all of the 39  
following: 40

(a) The programs and assistance provided or administered 41  
by the department of development under Chapters 122. and 166. of 42  
the Revised Code and any other section of the Revised Code under 43  
which the department provides or administers economic 44  
development assistance; 45

(b) The programs and assistance provided or administered 46  
by a political subdivision under Chapters 725. and 1728. and 47  
sections 3735.67 to 3735.70, 5709.40 to 5709.43, 5709.61 to 48

5709.69, 5709.73 to 5709.75, and 5709.77 to 5709.81 of the Revised Code and any other section of the Revised Code under which a political subdivision provides economic development assistance;

(c) Assistance provided under any other section of the Revised Code under which the state or a state agency provides or administers economic development assistance;

(d) The tax credit authorized by section 5725.31, 5729.07, or 5733.42, ~~or 5747.39~~ of the Revised Code.

(2) "Liability" means any of the following:

(a) Any delinquent tax owed the state or a political subdivision of the state;

(b) Any moneys owed the state or a state agency for the administration or enforcement of the environmental laws of the state;

(c) Any other moneys owed the state, a state agency, or a political subdivision of the state that are past due.

"Liability" includes any item described in division (A) (2) of this section that is being contested in a court of law.

(3) "Political subdivision" means any county, municipal corporation, or township of the state.

(4) "State agency" means every organized body, office, or agency established by the laws of the state for the exercise of any function of state government.

(B) A person who applies to the state, a state agency, or a political subdivision for economic development assistance shall indicate on the application for assistance whether the

person has any outstanding liabilities owed to the state, a 76  
state agency, or a political subdivision. Such a person also 77  
shall authorize the state, state agency, or political 78  
subdivision to inspect the personal or corporate financial 79  
statements of the applicant, including tax records and other 80  
similar information not open to public inspection. 81

(C) (1) Whoever knowingly makes a false statement under 82  
division (B) of this section concerning an application for 83  
economic development assistance or who fails to provide any 84  
information required by that division is ineligible for the 85  
assistance applied for and is ineligible for any future economic 86  
development assistance from the state, a state agency, or a 87  
political subdivision. 88

(2) Whoever knowingly makes a false statement under 89  
division (B) of this section concerning an application for 90  
economic development assistance or who fails to provide any 91  
information required by that division shall return any moneys 92  
received from the state, a state agency, or a political 93  
subdivision in connection with that application. 94

**Sec. 122.16.** (A) As used in this section: 95

(1) "Distressed area" means either a municipal corporation 96  
that has a population of at least fifty thousand or a county, 97  
that meets two of the following criteria: 98

(a) Its average rate of unemployment, during the most 99  
recent five-year period for which data are available, is equal 100  
to at least one hundred twenty-five per cent of the average rate 101  
of unemployment for the United States for the same period. 102

(b) It has a per capita income equal to or below eighty 103  
per cent of the median county per capita income of the United 104

States as determined by the most recently available figures from 105  
the United States census bureau. 106

(c) (i) In the case of a municipal corporation, at least 107  
twenty per cent of the residents have a total income for the 108  
most recent census year that is below the official poverty line. 109

(ii) In the case of a county, in intercensal years, the 110  
county has a ratio of transfer payment income to total county 111  
income equal to or greater than twenty-five per cent. 112

(2) "Eligible area" means a distressed area, a labor 113  
surplus area, an inner city area, or a situational distress 114  
area. 115

(3) "Eligible costs associated with a voluntary action" 116  
means costs incurred during the qualifying period in performing 117  
a remedy or remedial activities, as defined in section 3746.01 118  
of the Revised Code, and any costs incurred during the 119  
qualifying period in performing both a phase I and phase II 120  
property assessment, as defined in the rules adopted under 121  
section 3746.04 of the Revised Code, provided that the 122  
performance of the phase I and phase II property assessment 123  
resulted in the implementation of the remedy or remedial 124  
activities. 125

(4) "Inner city area" means, in a municipal corporation 126  
that has a population of at least one hundred thousand and does 127  
not meet the criteria of a labor surplus area or a distressed 128  
area, targeted investment areas established by the municipal 129  
corporation within its boundaries that are comprised of the most 130  
recent census block tracts that individually have at least 131  
twenty per cent of their population at or below the state 132  
poverty level or other census block tracts contiguous to such 133

census block tracts.	134
(5) "Labor surplus area" means an area designated as a labor surplus area by the United States department of labor.	135 136
(6) "Official poverty line" has the same meaning as in division (A) of section 3923.51 of the Revised Code.	137 138
(7) "Partner" includes a member of a limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state if the limited liability company is not treated as a corporation for purposes of Chapter 5733. of the Revised Code and is not classified as an association taxable as a corporation for federal income tax purposes.	139 140 141 142 143 144
(8) "Partnership" includes a limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state if the limited liability company is not treated as a corporation for purposes of Chapter 5733. of the Revised Code and is not classified as an association taxable as a corporation for federal income tax purposes.	145 146 147 148 149 150
(9) "Qualifying period" means the period that begins July 1, 1996, and ends June 30, 1999.	151 152
(10) "S corporation" means a corporation that has made an election under subchapter S of chapter one of subtitle A of the Internal Revenue Code for its taxable year under the Internal Revenue Code;	153 154 155 156
(11) "Situational distress area" means a county or a municipal corporation that has experienced or is experiencing a closing or downsizing of a major employer that will adversely affect the economy of the county or municipal corporation. In order for a county or municipal corporation to be designated as a situational distress area, the governing body of the county or	157 158 159 160 161 162

municipal corporation shall submit a petition to the director of 163  
development in the form prescribed by the director. A county or 164  
municipal corporation may be designated as a situational 165  
distress area for a period not exceeding thirty-six months. 166

The petition shall include written documentation that 167  
demonstrates all of the following: 168

(a) The number of jobs lost by the closing or downsizing; 169

(b) The impact that the job loss has on the unemployment 170  
rate of the county or municipal corporation as measured by the 171  
director of job and family services; 172

(c) The annual payroll associated with the job loss; 173

(d) The amount of state and local taxes associated with 174  
the job loss; 175

(e) The impact that the closing or downsizing has on the 176  
suppliers located in the county or municipal corporation. 177

(12) "Voluntary action" has the same meaning as in section 178  
3746.01 of the Revised Code. 179

(13) "Taxpayer" means a corporation subject to the tax 180  
imposed by section 5733.06 of the Revised Code or any person 181  
subject to the tax imposed by section 5747.02 of the Revised 182  
Code. 183

(14) "Governing body" means the board of county 184  
commissioners of a county, the board of township trustees of a 185  
township, or the legislative authority of a municipal 186  
corporation. 187

(15) "Eligible site" means property for which a covenant 188  
not to sue has been issued under section 3746.12 of the Revised 189

Code.	190
(B) (1) A taxpayer, partnership, or S corporation that has	191
been issued, under section 3746.12 of the Revised Code, a	192
covenant not to sue for a site by the director of environmental	193
protection during the qualifying period may apply to the	194
director of development, in the manner prescribed by the	195
director, to enter into an agreement under which the applicant	196
agrees to economically redevelop the site in a manner that will	197
create employment opportunities and a credit will be granted to	198
the applicant against the tax imposed by section 5733.06 or	199
5747.02 of the Revised Code. The application shall state the	200
eligible costs associated with a voluntary action incurred by	201
the applicant. The application shall be accompanied by proof, in	202
a form prescribed by the director of development, that the	203
covenant not to sue has been issued.	204
The applicant shall request the certified professional	205
that submitted the no further action letter for the eligible	206
site under section 3746.11 of the Revised Code to submit an	207
affidavit to the director of development verifying the eligible	208
costs associated with the voluntary action at that site.	209
The director shall review the applications in the order	210
they are received. If the director determines that the applicant	211
meets the requirements of this section, the director may enter	212
into an agreement granting a credit against the tax imposed by	213
section 5733.06 or 5747.02 of the Revised Code. In making the	214
determination, the director may consider the extent to which	215
political subdivisions and other units of government will	216
cooperate with the applicant to redevelop the eligible site. The	217
agreement shall state the amount of the tax credit and the	218
reporting requirements described in division (F) of this	219



section. 220

(2) The maximum annual amount of credits the director of 221  
development may grant under such agreements shall be as follows: 222

1996 \$5,000,000 223

1997 \$10,000,000 224

1998 \$10,000,000 225

1999 \$5,000,000 226

For any year in which the director of development does not 227  
grant tax credits under this section equal to the maximum annual 228  
amount, the amount not granted for that year shall be added to 229  
the maximum annual amount that may be granted for the following 230  
year. However, the director shall not grant any tax credits 231  
under this section after June 30, 1999. 232

(C) (1) If the covenant not to sue was issued in connection 233  
with a site that is not located in an eligible area, the credit 234  
amount is equal to the lesser of five hundred thousand dollars 235  
or ten per cent of the eligible costs associated with a 236  
voluntary action incurred by the taxpayer, partnership, or S 237  
corporation. 238

(2) If a covenant not to sue was issued in connection with 239  
a site that is located in an eligible area, the credit amount is 240  
equal to the lesser of seven hundred fifty thousand dollars or 241  
fifteen per cent of the eligible costs associated with a 242  
voluntary action incurred by the taxpayer, partnership, or S 243  
corporation. 244

(3) A taxpayer, partnership, or S corporation that has 245  
been issued covenants not to sue under section 3746.12 of the 246  
Revised Code for more than one site may apply to the director of 247

development to enter into more than one agreement granting a 248  
credit against the tax imposed by section 5733.06 or 5747.02 of 249  
the Revised Code. 250

(4) For each year for which a taxpayer, partnership, or S 251  
corporation has been granted a credit under an agreement entered 252  
into under this section, the director of development shall issue 253  
a certificate to the taxpayer, partnership, or S corporation 254  
indicating the amount of the credit the taxpayer, the partners 255  
of the partnership, or the shareholders of the S corporation may 256  
claim for that year, not including any amount that may be 257  
carried forward from previous years under section 5733.34 ~~or~~ 258  
~~5747.32~~ of the Revised Code. 259

(D) (1) Each agreement entered into under this section 260  
shall incorporate a commitment by the taxpayer, partnership, or 261  
S corporation not to permit the use of an eligible site to cause 262  
the relocation of employment positions to that site from 263  
elsewhere in this state, except as otherwise provided in 264  
division (D) (2) of this section. The commitment shall be binding 265  
on the taxpayer, partnership, or S corporation for the lesser of 266  
five years from the date the agreement is entered into or the 267  
number of years the taxpayer, partnership, or S corporation is 268  
entitled to claim the tax credit under the agreement. 269

(2) An eligible site may be the site of employment 270  
positions relocated from elsewhere in this state if the director 271  
of development determines both of the following: 272

(a) That the site from which the employment positions 273  
would be relocated is inadequate to meet market and industry 274  
conditions, expansion plans, consolidation plans, or other 275  
business considerations affecting the relocating employer; 276

(b) That the governing body of the county, township, or 277  
municipal corporation from which the employment positions would 278  
be relocated has been notified of the possible relocation. 279

For purposes of this section, the movement of an 280  
employment position from one political subdivision to another 281  
political subdivision shall be considered a relocation of an 282  
employment position, but the transfer of an individual employee 283  
from one political subdivision to another political subdivision 284  
shall not be considered a relocation of an employment position 285  
as long as the individual's employment position in the first 286  
political subdivision is refilled. 287

(E) A taxpayer, partnership, or S corporation that has 288  
entered into an agreement granting a credit against the tax 289  
imposed by section 5733.06 or 5747.02 of the Revised Code that 290  
subsequently recovers in a lawsuit or settlement of a lawsuit at 291  
least seventy-five per cent of the eligible costs associated 292  
with a voluntary action shall not claim any credit amount 293  
remaining, including any amounts carried forward from prior 294  
years, beginning with the taxable year in which the judgment in 295  
the lawsuit is entered or the settlement is finally agreed to. 296

Any amount of credit that a taxpayer, partnership, or S 297  
corporation may not claim by reason of this division shall not 298  
be considered to have been granted for the purpose of 299  
determining the total amount of credits that may be issued under 300  
division (B) (2) of this section. 301

(F) Each year for which a taxpayer, partnership, or S 302  
corporation claims a credit under section 5733.34 ~~or 5747.32~~ of 303  
the Revised Code, the taxpayer, partnership, or S corporation 304  
shall report the following to the director of development: 305

(1) The status of all cost recovery litigation described	306
in division (E) of this section to which it was a party during	307
the previous year;	308
(2) Confirmation that the covenant not to sue has not been	309
revoked or has not been voided;	310
(3) Confirmation that the taxpayer, partnership, or S	311
corporation has not permitted the eligible site to be used in	312
such a manner as to cause the relocation of employment positions	313
from elsewhere in this state in violation of the commitment	314
required under division (D) of this section;	315
(4) Any other information the director of development	316
requires to perform the director's duties under this section.	317
(G) The director of development shall annually certify, by	318
the first day of January of each year during the qualifying	319
period, the eligible areas for the calendar year that includes	320
that first day of January.	321
(H) The director of development, in accordance with	322
Chapter 119. of the Revised Code, shall adopt rules necessary to	323
implement this section, including rules prescribing forms	324
required for administering this section.	325
<b>Sec. 122.172.</b> (A) As used in this section, "tax liability"	326
means the tax owed under section 5733.06 or 5747.02 of the	327
Revised Code after allowance of all nonrefundable credits and	328
prior to the allowance of all refundable credits. The tax owed	329
under section 5733.06 of the Revised Code shall take into	330
account any adjustments to such tax required by division (G) of	331
section 5733.01 of the Revised Code that apply prior to	332
allowance of refundable credits.	333
(B) (1) The director of development shall administer the	334

manufacturing equipment grant program to provide grants for new 335  
manufacturing machinery and equipment qualifying for the grant 336  
under section 122.173 of the Revised Code. Except as provided in 337  
division (C) of this section, the grants apply to the taxes 338  
imposed by sections 5733.06 and 5747.02 of the Revised Code for 339  
taxable years ending on or after July 1, 2005. 340

(2) To claim a grant, a taxpayer satisfying the 341  
requirements of section 122.173 of the Revised Code shall 342  
complete a grant request form, as prescribed by the director in 343  
consultation with the tax commissioner, and shall file the form 344  
with the tax return for the taxable year for which the grant is 345  
claimed. In no event shall the grant reduce a taxpayer's tax 346  
liability below the minimum tax owed for the taxable year. The 347  
grant request form shall provide the information required to 348  
allow the grant for the taxable year and is subject to audit by 349  
the director and the commissioner. Any portion of the grant in 350  
excess of the taxpayer's tax liability shall not be refundable 351  
but may be carried forward as provided in section 122.173 of the 352  
Revised Code. Upon the director's request, the commissioner 353  
shall provide completed grant request forms filed under this 354  
section to the director in a mutually agreed upon format. 355

(C) If a taxpayer is required to repay any credit allowed 356  
under section 5733.33 ~~or 5747.31~~ of the Revised Code for a 357  
taxable year ending prior to July 1, 2005, for a reason not 358  
specified in Chapter 5733. or 5747. of the Revised Code, a grant 359  
shall be available for that taxable year under section 122.173 360  
of the Revised Code to the extent provided in that section. 361

(D) Any tax liability under section 5733.06 or 5747.02 of 362  
the Revised Code that is underpaid as the result of an improper 363  
claim for a grant under this section may be assessed by the tax 364

commissioner in the manner provided by section 5733.11 or 365  
5747.11 of the Revised Code. 366

**Sec. 122.173.** (A) As used in this section: 367

(1) "Manufacturing machinery and equipment" means engines 368  
and machinery, and tools and implements, of every kind used, or 369  
designed to be used, in refining and manufacturing. 370

"Manufacturing machinery and equipment" does not include 371  
property acquired after December 31, 1999, that is used: 372

(a) For the transmission and distribution of electricity; 373

(b) For the generation of electricity, if fifty per cent 374  
or more of the electricity that the property generates is 375  
consumed, during the one-hundred-twenty-month period commencing 376  
with the date the property is placed in service, by persons that 377  
are not related members to the person who generates the 378  
electricity. 379

(2) "New manufacturing machinery and equipment" means 380  
manufacturing machinery and equipment, the original use in this 381  
state of which commences with the taxpayer or with a partnership 382  
of which the taxpayer is a partner. "New manufacturing machinery 383  
and equipment" does not include property acquired after December 384  
31, 1999, that is used: 385

(a) For the transmission and distribution of electricity; 386

(b) For the generation of electricity, if fifty per cent 387  
or more of the electricity that the property generates is 388  
consumed, during the one-hundred-twenty-month period commencing 389  
with the date the property is placed in service, by persons that 390  
are not related members to the person who generates the 391  
electricity. 392

(3) (a) "Purchase" has the same meaning as in section	393
179(d) (2) of the Internal Revenue Code.	394
(b) For purposes of this section, any property that is not	395
manufactured or assembled primarily by the taxpayer is	396
considered purchased at the time the agreement to acquire the	397
property becomes binding. Any property that is manufactured or	398
assembled primarily by the taxpayer is considered purchased at	399
the time the taxpayer places the property in service in the	400
county for which the taxpayer will calculate the county excess	401
amount.	402
(c) Notwithstanding section 179(d) of the Internal Revenue	403
Code, a taxpayer's direct or indirect acquisition of new	404
manufacturing machinery and equipment is not purchased on or	405
after July 1, 1995, if the taxpayer, or a person whose	406
relationship to the taxpayer is described in subparagraphs (A),	407
(B), or (C) of section 179(d) (2) of the Internal Revenue Code,	408
had directly or indirectly entered into a binding agreement to	409
acquire the property at any time prior to July 1, 1995.	410
(4) "Qualifying period" means the period that begins July	411
1, 1995, and ends June 30, 2005.	412
(5) "County average new manufacturing machinery and	413
equipment investment" means either of the following:	414
(a) The average annual cost of new manufacturing machinery	415
and equipment purchased for use in the county during baseline	416
years, in the case of a taxpayer that was in existence for more	417
than one year during baseline years.	418
(b) Zero, in the case of a taxpayer that was not in	419
existence for more than one year during baseline years.	420
(6) "Partnership" includes a limited liability company	421

formed under Chapter 1705. of the Revised Code or under the laws 422  
of any other state, provided that the company is not classified 423  
for federal income tax purposes as an association taxable as a 424  
corporation. 425

(7) "Partner" includes a member of a limited liability 426  
company formed under Chapter 1705. of the Revised Code or under 427  
the laws of any other state, provided that the company is not 428  
classified for federal income tax purposes as an association 429  
taxable as a corporation. 430

(8) "Distressed area" means either a municipal corporation 431  
that has a population of at least fifty thousand or a county 432  
that meets two of the following criteria of economic distress, 433  
or a municipal corporation the majority of the population of 434  
which is situated in such a county: 435

(a) Its average rate of unemployment, during the most 436  
recent five-year period for which data are available, is equal 437  
to at least one hundred twenty-five per cent of the average rate 438  
of unemployment for the United States for the same period; 439

(b) It has a per capita income equal to or below eighty 440  
per cent of the median county per capita income of the United 441  
States as determined by the most recently available figures from 442  
the United States census bureau; 443

(c) (i) In the case of a municipal corporation, at least 444  
twenty per cent of the residents have a total income for the 445  
most recent census year that is below the official poverty line; 446

(ii) In the case of a county, in intercensal years, the 447  
county has a ratio of transfer payment income to total county 448  
income equal to or greater than twenty-five per cent. 449

(9) "Eligible area" means a distressed area, a labor 450



surplus area, an inner city area, or a situational distress area. 451  
452

(10) "Inner city area" means, in a municipal corporation 453  
that has a population of at least one hundred thousand and does 454  
not meet the criteria of a labor surplus area or a distressed 455  
area, targeted investment areas established by the municipal 456  
corporation within its boundaries that are comprised of the most 457  
recent census block tracts that individually have at least 458  
twenty per cent of their population at or below the state 459  
poverty level or other census block tracts contiguous to such 460  
census block tracts. 461

(11) "Labor surplus area" means an area designated as a 462  
labor surplus area by the United States department of labor. 463

(12) "Official poverty line" has the same meaning as in 464  
division (A) of section 3923.51 of the Revised Code. 465

(13) "Situational distress area" means a county or a 466  
municipal corporation that has experienced or is experiencing a 467  
closing or downsizing of a major employer that will adversely 468  
affect the county's or municipal corporation's economy. In order 469  
to be designated as a situational distress area, for a period 470  
not to exceed thirty-six months, the county or municipal 471  
corporation may petition the director of development. The 472  
petition shall include written documentation that demonstrates 473  
all of the following adverse effects on the local economy: 474

(a) The number of jobs lost by the closing or downsizing; 475

(b) The impact that the job loss has on the county's or 476  
municipal corporation's unemployment rate as measured by the 477  
state director of job and family services; 478

(c) The annual payroll associated with the job loss; 479

(d) The amount of state and local taxes associated with	480
the job loss;	481
(e) The impact that the closing or downsizing has on	482
suppliers located in the county or municipal corporation.	483
(14) "Cost" has the same meaning and limitation as in	484
section 179(d) (3) of the Internal Revenue Code.	485
(15) "Baseline years" means:	486
(a) Calendar years 1992, 1993, and 1994, with regard to a	487
grant claimed for the purchase during calendar year 1995, 1996,	488
1997, or 1998 of new manufacturing machinery and equipment;	489
(b) Calendar years 1993, 1994, and 1995, with regard to a	490
grant claimed for the purchase during calendar year 1999 of new	491
manufacturing machinery and equipment;	492
(c) Calendar years 1994, 1995, and 1996, with regard to a	493
grant claimed for the purchase during calendar year 2000 of new	494
manufacturing machinery and equipment;	495
(d) Calendar years 1995, 1996, and 1997, with regard to a	496
grant claimed for the purchase during calendar year 2001 of new	497
manufacturing machinery and equipment;	498
(e) Calendar years 1996, 1997, and 1998, with regard to a	499
grant claimed for the purchase during calendar year 2002 of new	500
manufacturing machinery and equipment;	501
(f) Calendar years 1997, 1998, and 1999, with regard to a	502
grant claimed for the purchase during calendar year 2003 of new	503
manufacturing machinery and equipment;	504
(g) Calendar years 1998, 1999, and 2000, with regard to a	505
grant claimed for the purchase during calendar year 2004 of new	506

manufacturing machinery and equipment;	507
(h) Calendar years 1999, 2000, and 2001, with regard to a	508
grant claimed for the purchase on or after January 1, 2005, and	509
on or before June 30, 2005, of new manufacturing machinery and	510
equipment.	511
(16) "Related member" has the same meaning as in section	512
5733.042 of the Revised Code.	513
(17) "Qualifying controlled group" has the same meaning as	514
in section 5733.04 of the Revised Code.	515
(18) "Tax liability" has the same meaning as in section	516
122.172 of the Revised Code.	517
(B) (1) Subject to divisions (I) and (J) of this section, a	518
grant is allowed against the tax imposed by section 5733.06 or	519
5747.02 of the Revised Code for a taxpayer that purchases new	520
manufacturing machinery and equipment during the qualifying	521
period, provided that the new manufacturing machinery and	522
equipment are installed in this state not later than June 30,	523
2006.	524
(2) (a) Except as otherwise provided in division (B) (2) (b)	525
of this section, a grant may be claimed under this section in	526
excess of one million dollars only if the cost of all	527
manufacturing machinery and equipment owned in this state by the	528
taxpayer claiming the grant on the last day of the calendar year	529
exceeds the cost of all manufacturing machinery and equipment	530
owned in this state by the taxpayer on the first day of that	531
calendar year.	532
As used in division (B) (2) (a) of this section, "calendar	533
year" means the calendar year in which the machinery and	534
equipment for which the grant is claimed was purchased.	535

(b) Division (B) (2) (a) of this section does not apply if 536  
the taxpayer claiming the grant applies for and is issued a 537  
waiver of the requirement of that division. A taxpayer may apply 538  
to the director of development for such a waiver in the manner 539  
prescribed by the director, and the director may issue such a 540  
waiver if the director determines that granting the grant is 541  
necessary to increase or retain employees in this state, and 542  
that the grant has not caused relocation of manufacturing 543  
machinery and equipment among counties within this state for the 544  
primary purpose of qualifying for the grant. 545

(C) (1) Except as otherwise provided in division (C) (2) and 546  
division (I) of this section, the grant amount is equal to seven 547  
and one-half per cent of the excess of the cost of the new 548  
manufacturing machinery and equipment purchased during the 549  
calendar year for use in a county over the county average new 550  
manufacturing machinery and equipment investment for that 551  
county. 552

(2) Subject to division (I) of this section, as used in 553  
division (C) (2) of this section, "county excess" means the 554  
taxpayer's excess cost for a county as computed under division 555  
(C) (1) of this section. 556

Subject to division (I) of this section, a taxpayer with a 557  
county excess, whose purchases included purchases for use in any 558  
eligible area in the county, the grant amount is equal to 559  
thirteen and one-half per cent of the cost of the new 560  
manufacturing machinery and equipment purchased during the 561  
calendar year for use in the eligible areas in the county, 562  
provided that the cost subject to the thirteen and one-half per 563  
cent rate shall not exceed the county excess. If the county 564  
excess is greater than the cost of the new manufacturing 565

machinery and equipment purchased during the calendar year for 566  
use in eligible areas in the county, the grant amount also shall 567  
include an amount equal to seven and one-half per cent of the 568  
amount of the difference. 569

(3) If a taxpayer is allowed a grant for purchases of new 570  
manufacturing machinery and equipment in more than one county or 571  
eligible area, it shall aggregate the amount of those grants 572  
each year. 573

(4) Except as provided in division (J) of this section, 574  
the taxpayer shall claim one-seventh of the grant amount for the 575  
taxable year ending in the calendar year in which the new 576  
manufacturing machinery and equipment is purchased for use in 577  
the county by the taxpayer or partnership. One-seventh of the 578  
taxpayer grant amount is allowed for each of the six ensuing 579  
taxable years. Except for carried-forward amounts, the taxpayer 580  
is not allowed any grant amount remaining if the new 581  
manufacturing machinery and equipment is sold by the taxpayer or 582  
partnership or is transferred by the taxpayer or partnership out 583  
of the county before the end of the seven-year period unless, at 584  
the time of the sale or transfer, the new manufacturing 585  
machinery and equipment has been fully depreciated for federal 586  
income tax purposes. 587

(5) (a) A taxpayer that acquires manufacturing machinery 588  
and equipment as a result of a merger with the taxpayer with 589  
whom commenced the original use in this state of the 590  
manufacturing machinery and equipment, or with a taxpayer that 591  
was a partner in a partnership with whom commenced the original 592  
use in this state of the manufacturing machinery and equipment, 593  
is entitled to any remaining or carried-forward grant amounts to 594  
which the taxpayer was entitled. 595

(b) A taxpayer that enters into an agreement under 596  
division (C) (3) of section 5709.62 of the Revised Code and that 597  
acquires manufacturing machinery or equipment as a result of 598  
purchasing a large manufacturing facility, as defined in section 599  
5709.61 of the Revised Code, from another taxpayer with whom 600  
commenced the original use in this state of the manufacturing 601  
machinery or equipment, and that operates the large 602  
manufacturing facility so purchased, is entitled to any 603  
remaining or carried-forward grant amounts to which the other 604  
taxpayer who sold the facility would have been entitled under 605  
this section had the other taxpayer not sold the manufacturing 606  
facility or equipment. 607

(c) New manufacturing machinery and equipment is not 608  
considered sold if a pass-through entity transfers to another 609  
pass-through entity substantially all of its assets as part of a 610  
plan of reorganization under which substantially all gain and 611  
loss is not recognized by the pass-through entity that is 612  
transferring the new manufacturing machinery and equipment to 613  
the transferee and under which the transferee's basis in the new 614  
manufacturing machinery and equipment is determined, in whole or 615  
in part, by reference to the basis of the pass-through entity 616  
that transferred the new manufacturing machinery and equipment 617  
to the transferee. 618

(d) Division (C) (5) of this section applies only if the 619  
acquiring taxpayer or transferee does not sell the new 620  
manufacturing machinery and equipment or transfer the new 621  
manufacturing machinery and equipment out of the county before 622  
the end of the seven-year period to which division (C) (4) of 623  
this section refers. 624

(e) Division (C) (5) (b) of this section applies only to the 625

extent that the taxpayer that sold the manufacturing machinery 626  
or equipment, upon request, timely provides to the tax 627  
commissioner any information that the tax commissioner considers 628  
to be necessary to ascertain any remaining or carried-forward 629  
amounts to which the taxpayer that sold the facility would have 630  
been entitled under this section had the taxpayer not sold the 631  
manufacturing machinery or equipment. Nothing in division (C) (5) 632  
(b) or (e) of this section shall be construed to allow a 633  
taxpayer to claim any grant amount with respect to the acquired 634  
manufacturing machinery or equipment that is greater than the 635  
amount that would have been available to the other taxpayer that 636  
sold the manufacturing machinery or equipment had the other 637  
taxpayer not sold the manufacturing machinery or equipment. 638

(D) The taxpayer shall claim the grant allowed by this 639  
section in the manner provided by section 122.172 of the Revised 640  
Code. Any portion of the grant in excess of the taxpayer's tax 641  
liability for the taxable year shall not be refundable but may 642  
be carried forward for the next three consecutive taxable years. 643

(E) A taxpayer purchasing new manufacturing machinery and 644  
equipment and intending to claim the grant shall file, with the 645  
director of development, a notice of intent to claim the grant 646  
on a form prescribed by the director of development. The 647  
director of development shall inform the tax commissioner of the 648  
notice of intent to claim the grant. No grant may be claimed 649  
under this section for any manufacturing machinery and equipment 650  
with respect to which a notice was not filed by the date of a 651  
timely filed return, including extensions, for the taxable year 652  
that includes September 30, 2005, but a notice filed on or 653  
before such date under division (E) of section 5733.33 of the 654  
Revised Code of the intent to claim the credit under that 655  
section ~~or section 5747.31 of the Revised Code~~ also shall be 656

considered a notice of the intent to claim a grant under this 657  
section. 658

(F) The director of development shall annually certify, by 659  
the first day of January of each year during the qualifying 660  
period, the eligible areas for the tax grant for the calendar 661  
year that includes that first day of January. The director shall 662  
send a copy of the certification to the tax commissioner. 663

(G) New manufacturing machinery and equipment for which a 664  
taxpayer claims the credit under section 5733.31~~7~~ or 5733.311~~7~~ 665  
~~5747.26, or 5747.261~~ of the Revised Code shall not be considered 666  
new manufacturing machinery and equipment for purposes of the 667  
grant under this section. 668

(H) (1) Notwithstanding sections 5733.11 and 5747.13 of the 669  
Revised Code, but subject to division (H) (2) of this section, 670  
the tax commissioner may issue an assessment against a person 671  
with respect to a grant claimed under this section for new 672  
manufacturing machinery and equipment described in division (A) 673  
(1) (b) or (2) (b) of this section, if the machinery or equipment 674  
subsequently does not qualify for the grant. 675

(2) Division (H) (1) of this section shall not apply after 676  
the twenty-fourth month following the last day of the period 677  
described in divisions (A) (1) (b) and (2) (b) of this section. 678

(I) Notwithstanding any other provision of this section to 679  
the contrary, in the case of a qualifying controlled group, the 680  
grant available under this section to a taxpayer or taxpayers in 681  
the qualifying controlled group shall be computed as if all 682  
corporations in the group were a single corporation. The grant 683  
shall be allocated to such a taxpayer or taxpayers in the group 684  
in any amount elected for the taxable year by the group. The 685



election shall be revocable and amendable during the period 686  
described in division (B) of section 5733.12 of the Revised 687  
Code. 688

This division applies to all purchases of new 689  
manufacturing machinery and equipment made on or after January 690  
1, 2001, and to all baseline years used to compute any grant 691  
attributable to such purchases; provided, that this division may 692  
be applied solely at the election of the qualifying controlled 693  
group with respect to all purchases of new manufacturing 694  
machinery and equipment made before that date, and to all 695  
baseline years used to compute any grant attributable to such 696  
purchases. The qualifying controlled group at any time may elect 697  
to apply this division to purchases made prior to January 1, 698  
2001, subject to the following: 699

(1) The election is irrevocable; 700

(2) The election need not accompany a timely filed report, 701  
but the election may accompany a subsequently filed but timely 702  
application for refund, a subsequently filed but timely amended 703  
report, or a subsequently filed but timely petition for 704  
reassessment. 705

(J) Except as provided in division (B) of section 122.172 706  
of the Revised Code, no grant under this section may be claimed 707  
for any taxable year for which a credit is allowed under section 708  
5733.33 ~~or 5747.31~~ of the Revised Code. If the tax imposed by 709  
section 5733.06 of the Revised Code for which a grant is allowed 710  
under this section has been prorated under division (G) (2) of 711  
section 5733.01 of the Revised Code, the grant shall be prorated 712  
by the same percentage as the tax. 713

**Sec. 5709.65.** (A) An enterprise issued a certificate under 714

section 5709.64 of the Revised Code shall be entitled to the 715  
following tax incentives: 716

(1) With the exception of improvements to land or tangible 717  
personal property constituting or used in the retail portion, if 718  
any, of a facility, any improvement to land or tangible personal 719  
property at a facility for which a certificate is issued, first 720  
used in business at the facility as the result of a project, 721  
shall not be considered an asset of a corporate enterprise in 722  
determining the value of its issued and outstanding stock under 723  
division (A) of section 5733.05 of the Revised Code at the end 724  
of the taxable year that includes the certificate's date of 725  
issuance. 726

(2) With the exception of the original cost of 727  
improvements to land or tangible personal property constituting 728  
or used in the retail portion, if any, of a facility, the 729  
original cost of any improvement to land or tangible personal 730  
property at the facility for which the certificate is issued, 731  
first used in business at the facility as a result of a project, 732  
shall be excluded from the numerator upon computation of the 733  
property factor of a corporate enterprise under division (B) (2) 734  
(a) of section 5733.05 of the Revised Code, or of a noncorporate 735  
enterprise under division (A) of section 5747.21 of the Revised 736  
Code, for the taxable year that includes the certificate's date 737  
of issuance. 738

As used in divisions (A) (1) and (2) of this section, the 739  
"retail portion" of a facility is that part of a facility used 740  
primarily for making retail sales as defined in division (O) of 741  
section 5739.01 of the Revised Code. 742

(3) Compensation paid to new employees described under 743  
divisions (A) (2) (a) to (e) of section 5709.64 of the Revised 744

Code at the facility for which the certificate is issued, who 745  
are hired as a result of a project, shall be excluded from the 746  
numerator upon computation of the payroll factor of a corporate 747  
enterprise under division (B) (2) (b) of section 5733.05 of the 748  
Revised Code, or of a noncorporate enterprise under division (B) 749  
of section 5747.21 of the Revised Code, for the taxable year 750  
that includes the certificate's date of issuance. 751

(4) An enterprise that reimburses its new employees 752  
described under divisions (A) (2) (a) to (e) of section 5709.64 of 753  
the Revised Code for all or part of the cost of day-care 754  
services necessary to enable them to be employed at a facility 755  
for which a certificate is issued shall be entitled to a credit 756  
equal to the amounts so reimbursed, up to a maximum of three 757  
hundred dollars for each child or dependent receiving the 758  
services, for the taxable year in which reimbursement is made, 759  
against the tax imposed by section 5733.06 of the Revised Code 760  
on a corporate enterprise, or by against the aggregate amount of 761  
tax imposed on the owners of a noncorporate enterprise under 762  
section 5747.02 of the Revised Code on the owners of a 763  
noncorporate enterprise, for the taxable year that includes the 764  
certificate's date of issuance. Only reimbursements of amounts 765  
paid by new employees to day-care centers licensed by the 766  
department of job and family services for day-care services 767  
provided during the first twenty-four months of employment as a 768  
new employee may be applied toward the credit provided under 769  
this division. Any enterprise claiming this credit shall 770  
maintain records verifying that the credit is claimed only for 771  
reimbursement of amounts expended by new employees for such 772  
services. 773

(5) For each new employee described in divisions (A) (2) (a) 774  
to (e) of section 5709.64 of the Revised Code who completes a 775

training program and is subsequently employed by an enterprise 776  
for at least ninety days, if the enterprise pays or reimburses 777  
all or part of the cost of the employee's participation in the 778  
training program, it may claim a credit equal to the amount paid 779  
or reimbursed or one thousand dollars, whichever is less, in the 780  
taxable year in which the employee completes the ninety days of 781  
subsequent employment, against the tax imposed on a corporate 782  
enterprise by section 5733.06 of the Revised Code, or against 783  
the aggregate amount of tax imposed on the owners of a 784  
noncorporate enterprise ~~by~~ under section 5747.02 of the Revised 785  
Code. Only one credit shall be allowed with respect to any 786  
individual. Attendance at a qualified training program under 787  
this section does not bar an otherwise eligible individual from 788  
receipt of benefits under Chapter 4141. of the Revised Code. 789

(B) None of the items set forth in divisions (A) (2) and 790  
(3) of this section shall be considered in making any allocation 791  
or apportionment under division (B) (2) (d) of section 5733.05 or 792  
division (D) of section 5747.21 of the Revised Code. 793

(C) All credits provided under this section to a 794  
noncorporate enterprise shall be divided pro rata among the 795  
owners of the enterprise subject to the tax imposed by section 796  
5747.02 of the Revised Code, based upon their proportionate 797  
ownership interests in the enterprise. The enterprise shall file 798  
with the tax commissioner, on a form prescribed by the 799  
commissioner, a statement showing the total available credit and 800  
the portion thereof attributed to each owner. The statement 801  
shall identify each owner by name and social security number and 802  
shall be filed with the tax commissioner by the date prescribed 803  
by the commissioner, which shall be no earlier than the 804  
fifteenth day of the month following the close of the 805  
enterprise's taxable year for which the credit is claimed. 806

(D) All state income tax or corporation franchise tax 807  
credits provided under this section shall be claimed in the 808  
order required under section 5733.98 or 5747.98 of the Revised 809  
Code. The credits, to the extent they exceed the taxpayer's 810  
aggregate tax liability for the taxable year after allowance for 811  
any other credits that precede the credits under this section in 812  
that order, shall be carried forward to the next succeeding 813  
taxable year or years until fully utilized. 814

**Sec. 5709.66.** (A) If an enterprise has been granted an 815  
incentive for the current calendar year under an agreement 816  
entered into pursuant to section 5709.62 or 5709.63 of the 817  
Revised Code and satisfies both of the requirements described in 818  
divisions (A) (1) and (2) of this section at the time of 819  
application, it may apply to the director of development, on a 820  
form prescribed by the director, for the employee tax credit 821  
certificate under division (B) of this section. 822

(1) The enterprise has established, expanded, renovated, 823  
or occupied a facility pursuant to an agreement under section 824  
5709.62 or 5709.63 of the Revised Code in a zone that is 825  
certified by the director of development as having one of the 826  
characteristics described in divisions (A) (1) (a) or (b) and at 827  
least one of the characteristics described in divisions (A) (1) 828  
(c) to (h) of section 5709.61 of the Revised Code. 829

(2) The enterprise or any predecessor enterprise has not 830  
closed or reduced employment at any place of business in this 831  
state within the twelve months preceding application unless the 832  
enterprise, since the date the agreement was formally approved 833  
by the legislative authority, has hired new employees equal in 834  
number to not less than fifty per cent of the total number of 835  
employees employed by the enterprise at other locations in this 836

state on that date. The legislative authority of any municipal 837  
corporation or county that concludes that an enterprise or any 838  
predecessor enterprise has closed or reduced employment at a 839  
place of business in that municipal corporation or county may 840  
appeal to the director to determine whether the enterprise or 841  
any predecessor enterprise has done so. Upon receiving such an 842  
appeal, the director shall investigate the allegations and 843  
determine whether the enterprise satisfies the requirement of 844  
division (A) (2) of this section before proceeding under division 845  
(B) of this section. 846

Within sixty days after receiving an application under 847  
this section, the director shall review, investigate, and verify 848  
the application and determine whether the enterprise is eligible 849  
for the employee tax credit certificate under division (B) of 850  
this section. The application shall contain such information and 851  
documents as the director requires, by rule, to ascertain 852  
whether the enterprise is eligible for the certificate. On 853  
finding that the enterprise is eligible, the director shall 854  
proceed under division (B) of this section. 855

On determining that an enterprise is not eligible for the 856  
certificate under division (B) of this section, the director 857  
shall send notice of this determination, specifying the reasons 858  
for it, by certified mail, to the applicant, the board of county 859  
commissioners, and the chief executive of the municipal 860  
corporation in which the facility to which the certificate would 861  
have been given is located. Within thirty days after receiving 862  
such a notice, an enterprise may request, in writing, a hearing 863  
before the director for the purpose of reviewing the application 864  
and the reasons for the determination. Within sixty days after 865  
receiving a request for a hearing, the director shall afford one 866  
and, within thirty days after the hearing, shall issue a 867

redetermination of the enterprise's eligibility for the 868  
incentives. If the enterprise is found to be eligible, the 869  
director shall proceed under division (B) of this section. If 870  
the enterprise is found to be ineligible, the director shall 871  
send notice of this finding, by certified mail, to the 872  
applicant, the board of commissioners of the county or the chief 873  
executive of the municipal corporation in which the facility to 874  
which the certificate would have been given is located. The 875  
director's redetermination that an enterprise is ineligible may 876  
be appealed to the board of tax appeals under section 5717.02 of 877  
the Revised Code. 878

(B) (1) If the director determines an enterprise to be 879  
eligible under division (A) of this section, the director shall 880  
determine if the enterprise is entitled to an employee tax 881  
credit certificate. An enterprise is entitled to an employee tax 882  
credit certificate for each eligible employee the enterprise 883  
hires. A taxpayer who is issued an employee tax credit 884  
certificate under this section may claim a nonrefundable credit 885  
of one thousand dollars against the ~~tax imposed by taxpayer's~~ 886  
aggregate tax liability under either section 5733.06 or 5747.02 887  
of the Revised Code for each taxable year of the agreement 888  
entered into under section 5709.62 or 5709.63 of the Revised 889  
Code in which an eligible employee is employed for the 890  
taxpayer's full taxable year. If the eligible employee is 891  
employed for less than the taxpayer's full taxable year, the 892  
taxpayer may claim a reduced credit against the aggregate amount 893  
of tax imposed by due under either section 5733.06 or 5747.02 of 894  
the Revised Code. The reduced credit shall be computed by 895  
dividing the total number of days in the taxable year into one 896  
thousand dollars and multiplying the quotient by the number of 897  
days the eligible employee was employed in the taxable year. For 898

purposes of the computation, the eligible employee shall be 899  
deemed to have been employed for each day of the taxable year 900  
commencing on the date of employment or ending on the date of 901  
termination of employment. 902

The credit provided under this division to a noncorporate 903  
enterprise or an enterprise that is an S corporation as defined 904  
in section 1361 of the Internal Revenue Code shall be divided 905  
pro rata among the owners or shareholders of the enterprise 906  
subject to the tax imposed by section 5747.02 of the Revised 907  
Code, based on their proportionate ownership interests in the 908  
enterprise. The enterprise shall file with the tax commissioner, 909  
on a form prescribed by the tax commissioner, a statement 910  
showing the total available credit and the portion of that 911  
credit attributed to each owner or shareholder. The statement 912  
shall identify each owner or shareholder by name and social 913  
security number and shall be filed with the tax commissioner by 914  
the date prescribed by the tax commissioner, which shall be no 915  
earlier than the fifteenth day of the month following the close 916  
of the enterprise's taxable year for which the credit is 917  
claimed. 918

The taxpayer shall claim the credit in the order required 919  
under section 5733.98 or 5747.98 of the Revised Code. If the 920  
credit provided under this division exceeds the taxpayer's tax 921  
liability for the taxable year after allowance for any other 922  
credits that precede the credit under this section in that 923  
order, the credit may be carried forward for the next three 924  
succeeding taxable years, but the amount of any excess credit 925  
allowed in any such year shall be deducted from the balance 926  
carried forward to the succeeding taxable year. 927

(2) As used in this division: 928



(a) "Eligible employee" means a new employee at a facility 929  
who, at the time the employee was hired to work at the facility, 930  
was a participant of the Ohio works first program under Chapter 931  
5107. of the Revised Code or the prevention, retention, and 932  
contingency program under Chapter 5108. of the Revised Code or a 933  
recipient of general assistance under former Chapter 5113. of 934  
the Revised Code and resided for at least one year in the county 935  
in which the facility is located. "Eligible employee" does not 936  
include any employee of the enterprise who is a new employee, as 937  
defined under section 122.17 of the Revised Code, on the basis 938  
of whom the enterprise has claimed a credit under that section. 939

(b) "Taxable year" has the same meaning as in section 940  
5733.04 or 5747.01 of the Revised Code, as applicable to the 941  
enterprise claiming the credit. 942

**Sec. 5709.92.** (A) As used in this section: 943

(1) "School district" means a city, local, or exempted 944  
village school district. 945

(2) "Joint vocational school district" means a joint 946  
vocational school district created under section 3311.16 of the 947  
Revised Code, and includes a cooperative education school 948  
district created under section 3311.52 or 3311.521 of the 949  
Revised Code and a county school financing district created 950  
under section 3311.50 of the Revised Code. 951

(3) "Total resources" means the sum of the amounts 952  
described in divisions (A) (3) (a) to (g) of this section less any 953  
reduction required under division (C) ~~(2)~~ (3) (a) of this section. 954

(a) The state education aid for fiscal year 2015; 955

(b) The sum of the payments received in fiscal year 2015 956  
for current expense levy losses under division (C) (3) of section 957

5727.85 and division (C) (12) of section 5751.21 of the Revised Code, as they existed at that time, excluding the portion of such payments attributable to levies for joint vocational school district purposes;

(c) The sum of fixed-sum levy loss payments received by the school district in fiscal year 2015 under division (F) (1) of section 5727.85 and division (E) (1) of section 5751.21 of the Revised Code, as they existed at that time, for fixed-sum levies charged and payable for a purpose other than paying debt charges;

(d) The district's taxes charged and payable against all property on the tax list of real and public utility property for current expense purposes for tax year 2014, including taxes charged and payable from emergency levies charged and payable under sections 5705.194 to 5705.197 of the Revised Code, excluding taxes levied for joint vocational school district purposes or levied under section 5705.23 of the Revised Code;

(e) The amount certified for fiscal year 2015 under division (A) (2) of section 3317.08 of the Revised Code;

(f) Distributions received during calendar year 2014 from taxes levied under section 718.09 of the Revised Code;

(g) Distributions received during fiscal year 2015 from the gross casino revenue county student fund.

(4) (a) "State education aid" for a school district means the sum of state amounts computed for the district under sections 3317.022 and 3317.0212 of the Revised Code after any amounts are added or subtracted under Section 263.240 of Am. Sub. H.B. 59 of the 130th general assembly, entitled "TRANSITIONAL AID FOR CITY, LOCAL, AND EXEMPTED VILLAGE SCHOOL

DISTRICTS."	987
(b) "State education aid" for a joint vocational district	988
means the amount computed for the district under section 3317.16	989
of the Revised Code after any amounts are added or subtracted	990
under Section 263.250 of Am. Sub. H.B. 59 of the 130th general	991
assembly, entitled "TRANSITIONAL AID FOR JOINT VOCATIONAL SCHOOL	992
DISTRICTS."	993
(5) "Taxes charged and payable" means taxes charged and	994
payable after the reduction required by section 319.301 of the	995
Revised Code but before the reductions required by sections	996
319.302 and 323.152 of the Revised Code.	997
(6) "Capacity quintile" means the capacity measure	998
quintiles determined under division (B) of this section.	999
(7) "Threshold per cent" means the following:	1000
(a) For a school district in the lowest capacity quintile,	1001
one per cent for fiscal year 2016 <del>7</del> <u>and two per cent</u> for fiscal	1002
year 2017 <del>and each year thereafter, the sum of the prior year's</del>	1003
<del>threshold per cent plus one percentage point.</del>	1004
(b) For a school district in the second lowest capacity	1005
quintile, one and one-fourth per cent for fiscal year 2016 <del>7</del> <u>and</u>	1006
<u>two and one-half per cent</u> for fiscal year 2017 <del>and each year</del>	1007
<del>thereafter, the sum of the prior year's threshold per cent plus</del>	1008
<del>one and one-fourth percentage points.</del>	1009
(c) For a school district in the third lowest capacity	1010
quintile, one and one-half per cent for fiscal year 2016 <del>7</del> <u>and</u>	1011
<u>three per cent</u> for fiscal year 2017 <del>and each year thereafter,</del>	1012
<del>the sum of the prior year's threshold per cent plus one and one</del>	1013
<del>half percentage points.</del>	1014

(d) For a school district in the second highest capacity 1015  
quintile, one and three-fourths per cent for fiscal year 2016~~+~~ 1016  
and three and one-half per cent for fiscal year 2017 ~~and each~~ 1017  
~~year thereafter, the sum of the prior year's threshold per cent~~ 1018  
~~plus one and three-fourths percentage points.~~ 1019

(e) For a school district in the highest capacity 1020  
quintile, two per cent for fiscal year 2016~~+~~ and four per cent 1021  
for fiscal year 2017 ~~and each year thereafter, the sum of the~~ 1022  
~~prior year's threshold per cent plus two percentage points.~~ 1023

(f) For a joint vocational school district, two per cent 1024  
for fiscal year 2016~~+~~ and four per cent for fiscal year 2017 ~~and~~ 1025  
~~thereafter, the sum of the prior year's threshold per cent plus~~ 1026  
~~two percentage points.~~ 1027

(8) "Current expense allocation" means the sum of the 1028  
payments received by a school district or joint vocational 1029  
school district in fiscal year 2015 for current expense levy 1030  
losses under division (C) (3) of section 5727.85 and division (C) 1031  
(12) of section 5751.21 of the Revised Code as they existed at 1032  
that time, less any reduction required under division (C) ~~(2)~~ (3) 1033  
(b) of this section. 1034

(9) "Non-current expense allocation" means the sum of the 1035  
payments received by a school district or joint vocational 1036  
school district in fiscal year 2015 for levy losses under 1037  
division (C) (3) (c) of section 5727.85 and division (C) (12) (c) of 1038  
section 5751.21 of the Revised Code, as they existed at that 1039  
time, and levy losses in fiscal year 2015 under division (H) of 1040  
section 5727.84 of the Revised Code as that section existed at 1041  
that time attributable to levies for and payments received for 1042  
losses on levies intended to generate money for maintenance of 1043  
classroom facilities. 1044

(10) "Operating TPP fixed-sum levy losses" means the sum 1045  
of payments received by a school district in fiscal year 2015 1046  
for levy losses under division (E) of section 5751.21 of the 1047  
Revised Code, excluding levy losses for debt purposes. 1048

(11) "Operating S.B. 3 fixed-sum levy losses" means the 1049  
sum of payments received by the school district in fiscal year 1050  
2015 for levy losses under division (H) of section 5727.84 of 1051  
the Revised Code, excluding levy losses for debt purposes. 1052

(12) "TPP fixed-sum debt levy losses" means the sum of 1053  
payments received by a school district in fiscal year 2015 for 1054  
levy losses under division (E) of section 5751.21 of the Revised 1055  
Code for debt purposes. 1056

(13) "S.B. 3 fixed-sum debt levy losses" means the sum of 1057  
payments received by the school district in fiscal year 2015 for 1058  
levy losses under division (H) of section 5727.84 of the Revised 1059  
Code for debt purposes. 1060

(14) "Qualifying levies" means qualifying levies described 1061  
in section 5751.20 of the Revised Code as that section was in 1062  
effect before July 1, 2015. 1063

(15) "Total taxable value" has the same meaning as in 1064  
section 3317.02 of the Revised Code. 1065

(B) The department of education shall rank all school 1066  
districts in the order of districts' capacity measures 1067  
determined under section 3317.018 of the Revised Code from 1068  
lowest to highest, and divide such ranking into quintiles, with 1069  
the first quintile containing the twenty per cent of school 1070  
districts having the lowest capacity measure and the fifth 1071  
quintile containing the twenty per cent of school districts 1072  
having the highest capacity measure. This calculation and 1073

ranking shall be performed once, in fiscal year 2016,~~and used~~ 1074  
~~for subsequent years for the purpose of division (A) (7) of this~~ 1075  
~~section.~~ 1076

(C) (1) In fiscal year 2016, payments shall be made to 1077  
school districts and joint vocational school districts equal to 1078  
the sum of the amounts described in divisions (C) (1) (a) or (b) 1079  
and (C) (1) (c) of this section. In fiscal year 2017~~and~~ 1080  
~~subsequent fiscal years,~~ payments shall be made to school 1081  
districts and joint vocational school districts equal to the 1082  
amount described in division (C) (1) (a) or (b) of this section. 1083

(a) If the ratio of the current expense allocation to 1084  
total resources is equal to or less than the district's 1085  
threshold per cent, zero; 1086

(b) If the ratio of the current expense allocation to 1087  
total resources is greater than the district's threshold per 1088  
cent, the difference between the current expense allocation and 1089  
the product of the threshold percentage and total resources; 1090

(c) For fiscal year 2016, the product of the non-current 1091  
expense allocation multiplied by fifty per cent. 1092

(2) In fiscal year 2018 and subsequent fiscal years, 1093  
payments shall be made to school districts and joint vocational 1094  
school districts equal to the difference obtained by subtracting 1095  
the amount described in division (C) (2) (b) of this section from 1096  
the amount described in division (C) (2) (a) of this section, 1097  
provided that such amount is greater than zero. 1098

(a) The sum of the payments received by the district under 1099  
division (C) (1) (b) or (C) (2) of this section for the immediately 1100  
preceding fiscal year; 1101

(b) One-sixteenth of one per cent of the average of the 1102

total taxable value of the district for tax years 2014, 2015, 1103  
and 2016. 1104

(3)(a) "Total resources" used to compute payments under 1105  
division (C) (1) of this section shall be reduced to the extent 1106  
that payments distributed in fiscal year 2015 were attributable 1107  
to levies no longer charged and payable for tax year 2014. 1108

(b) "Current expense allocation" used to compute payments 1109  
under division (C) (1) of this section shall be reduced to the 1110  
extent that the payments distributed in fiscal year 2015 were 1111  
attributable to levies no longer charged and payable for tax 1112  
year 2014. 1113

~~(3)~~(4) The department of education shall report to each 1114  
school district and joint vocational school district the 1115  
apportionment of the payments under division (C) (1) of this 1116  
section among the district's funds based on qualifying levies. 1117

(D) (1) ~~payments~~ Payments in the following amounts shall be 1118  
made to school districts and joint vocational school districts 1119  
in tax years 2016 through 2021: 1120

(a) In tax year 2016, the sum of the district's operating 1121  
TPP fixed-sum levy losses and operating S.B. 3 fixed-sum levy 1122  
losses. 1123

(b) In tax year 2017, the sum of the district's operating 1124  
TPP fixed-sum levy losses and eighty per cent of operating S.B. 1125  
3 fixed-sum levy losses. 1126

(c) In tax year 2018, the sum of eighty per cent of the 1127  
district's operating TPP fixed-sum levy losses and sixty per 1128  
cent of its operating S.B. 3 fixed-sum levy losses. 1129

(d) In tax year 2019, the sum of sixty per cent of the 1130

district's operating TPP fixed-sum levy losses and forty per 1131  
cent of its operating S.B. 3 fixed-sum levy losses. 1132

(e) In tax year 2020, the sum of forty per cent of the 1133  
district's operating TPP fixed-sum levy losses and twenty per 1134  
cent of its operating S.B. 3 fixed-sum levy losses. 1135

(f) In tax year 2021, twenty per cent of the district's 1136  
operating TPP fixed-sum levy losses. 1137

No payment shall be made under division (D) (1) of this 1138  
section after tax year 2021. 1139

~~(3)~~ (2) Amounts are payable under division (D) of this 1140  
section for fixed-sum levy losses only to the extent of such 1141  
losses for qualifying levies that remain in effect for the 1142  
current tax year. For this purpose, a qualifying levy levied 1143  
under section 5705.194 or 5705.213 of the Revised Code remains 1144  
in effect for the current tax year only if a tax levied under 1145  
either of those sections is charged and payable for the current 1146  
tax year for an annual sum at least equal to the annual sum 1147  
levied by the board of education for tax year 2004 under those 1148  
sections less the amount of the payment under this division. 1149

(E) (1) For fixed-sum levies for debt purposes, payments 1150  
shall be made to school districts and joint vocational school 1151  
districts equal to one hundred per cent of the district's fixed- 1152  
sum levy loss determined under division (E) of section 5751.20 1153  
and division (H) of section 5727.84 of the Revised Code as in 1154  
effect before July 1, 2015, and paid in tax year 2014. No 1155  
payment shall be made for qualifying levies that are no longer 1156  
charged and payable. 1157

(2) Beginning in 2016, by the thirty-first day of January 1158  
of each year, the tax commissioner shall review the calculation 1159



of fixed-sum levy loss for debt purposes determined under 1160  
division (E) of section 5751.20 and division (H) of section 1161  
5727.84 of the Revised Code as in effect before July 1, 2015. If 1162  
the commissioner determines that a fixed-sum levy that had been 1163  
scheduled to be reimbursed in the current year is no longer 1164  
charged and payable, a revised calculation for that year and all 1165  
subsequent years shall be made. 1166

(F) (1) For taxes levied within the ten-mill limitation for 1167  
debt purposes in tax year 1998 in the case of electric company 1168  
tax value losses, and in tax year 1999 in the case of natural 1169  
gas company tax value losses, payments shall be made to school 1170  
districts and joint vocational school districts equal to one 1171  
hundred per cent of the loss computed under division (D) of 1172  
section 5727.85 of the Revised Code as in effect before July 1, 1173  
2015, as if the tax were a fixed-rate levy, but those payments 1174  
shall extend through fiscal year 2016. 1175

(2) For taxes levied within the ten-mill limitation for 1176  
debt purposes in tax year 2005, payments shall be made to school 1177  
districts and joint vocational school districts equal to one 1178  
hundred per cent of the loss computed under division (D) of 1179  
section 5751.21 of the Revised Code as in effect before July 1, 1180  
2015, as if the tax were a fixed-rate levy, but those payments 1181  
shall extend through fiscal year 2018. 1182

(G) If all the territory of a school district or joint 1183  
vocational school district is merged with another district, or 1184  
if a part of the territory of a school district or joint 1185  
vocational school district is transferred to an existing or 1186  
newly created district, the department of education, in 1187  
consultation with the tax commissioner, shall adjust the 1188  
payments made under this section as follows: 1189

(1) For a merger of two or more districts, fixed-sum levy losses, total resources, current expense allocation, and non-current expense allocation of the successor district shall be the sum of such items for each of the districts involved in the merger.

(2) If property is transferred from one district to a previously existing district, the amount of the total resources, current expense allocation, and non-current expense allocation that shall be transferred to the recipient district shall be an amount equal to the total resources, current expense allocation, and non-current expense allocation of the transferor district times a fraction, the numerator of which is the number of pupils being transferred to the recipient district, measured, in the case of a school district, by formula ADM as defined in section 3317.02 of the Revised Code or, in the case of a joint vocational school district, by formula ADM as defined for a joint vocational school district in that section, and the denominator of which is the formula ADM of the transferor district.

(3) After December 31, 2010, if property is transferred from one or more districts to a district that is newly created out of the transferred property, the newly created district shall be deemed not to have any total resources, current expense allocation, total allocation, or non-current expense allocation.

(4) If the recipient district under division (G) (2) of this section or the newly created district under division (G) (3) of this section is assuming debt from one or more of the districts from which the property was transferred and any of the districts losing the property had fixed-sum levy losses, the department of education, in consultation with the tax

commissioner, shall make an equitable division of the 1220  
reimbursements for those losses. 1221

(H) The payments required by divisions (C), (D), (E), and 1222  
(F) of this section shall be distributed periodically to each 1223  
school and joint vocational school district by the department of 1224  
education unless otherwise provided for. Except as provided in 1225  
division (D) of this section, if a levy that is a qualifying 1226  
levy is not charged and payable in any year after 2014, payments 1227  
to the school district or joint vocational school district shall 1228  
be reduced to the extent that the payments distributed in fiscal 1229  
year 2015 were attributable to the levy loss of that levy. 1230

**Sec. 5733.33.** (A) As used in this section: 1231

(1) "Manufacturing machinery and equipment" means engines 1232  
and machinery, and tools and implements, of every kind used, or 1233  
designed to be used, in refining and manufacturing. 1234

"Manufacturing machinery and equipment" does not include 1235  
property acquired after December 31, 1999, that is used: 1236

(a) For the transmission and distribution of electricity; 1237

(b) For the generation of electricity, if fifty per cent 1238  
or more of the electricity that the property generates is 1239  
consumed, during the one-hundred-twenty-month period commencing 1240  
with the date the property is placed in service, by persons that 1241  
are not related members to the person who generates the 1242  
electricity. 1243

(2) "New manufacturing machinery and equipment" means 1244  
manufacturing machinery and equipment, the original use in this 1245  
state of which commences with the taxpayer or with a partnership 1246  
of which the taxpayer is a partner. "New manufacturing machinery 1247  
and equipment" does not include property acquired after December 1248

31, 1999, that is used:	1249
(a) For the transmission and distribution of electricity;	1250
(b) For the generation of electricity, if fifty per cent	1251
or more of the electricity that the property generates is	1252
consumed, during the one-hundred-twenty-month period commencing	1253
with the date the property is placed in service, by persons that	1254
are not related members to the person who generates the	1255
electricity.	1256
(3) (a) "Purchase" has the same meaning as in section	1257
179(d) (2) of the Internal Revenue Code.	1258
(b) For purposes of this section, any property that is not	1259
manufactured or assembled primarily by the taxpayer is	1260
considered purchased at the time the agreement to acquire the	1261
property becomes binding. Any property that is manufactured or	1262
assembled primarily by the taxpayer is considered purchased at	1263
the time the taxpayer places the property in service in the	1264
county for which the taxpayer will calculate the county excess	1265
amount.	1266
(c) Notwithstanding section 179(d) of the Internal Revenue	1267
Code, a taxpayer's direct or indirect acquisition of new	1268
manufacturing machinery and equipment is not purchased on or	1269
after July 1, 1995, if the taxpayer, or a person whose	1270
relationship to the taxpayer is described in subparagraphs (A),	1271
(B), or (C) of section 179(d) (2) of the Internal Revenue Code,	1272
had directly or indirectly entered into a binding agreement to	1273
acquire the property at any time prior to July 1, 1995.	1274
(4) "Qualifying period" means the period that begins July	1275
1, 1995, and ends June 30, 2005.	1276
(5) "County average new manufacturing machinery and	1277

equipment investment" means either of the following:	1278
(a) The average annual cost of new manufacturing machinery and equipment purchased for use in the county during baseline years, in the case of a taxpayer that was in existence for more than one year during baseline years.	1279 1280 1281 1282
(b) Zero, in the case of a taxpayer that was not in existence for more than one year during baseline years.	1283 1284
(6) "Partnership" includes a limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state, provided that the company is not classified for federal income tax purposes as an association taxable as a corporation.	1285 1286 1287 1288 1289
(7) "Partner" includes a member of a limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state, provided that the company is not classified for federal income tax purposes as an association taxable as a corporation.	1290 1291 1292 1293 1294
(8) "Distressed area" means either a municipal corporation that has a population of at least fifty thousand or a county that meets two of the following criteria of economic distress, or a municipal corporation the majority of the population of which is situated in such a county:	1295 1296 1297 1298 1299
(a) Its average rate of unemployment, during the most recent five-year period for which data are available, is equal to at least one hundred twenty-five per cent of the average rate of unemployment for the United States for the same period;	1300 1301 1302 1303
(b) It has a per capita income equal to or below eighty per cent of the median county per capita income of the United States as determined by the most recently available figures from	1304 1305 1306

the United States census bureau; 1307

(c) (i) In the case of a municipal corporation, at least 1308  
twenty per cent of the residents have a total income for the 1309  
most recent census year that is below the official poverty line; 1310

(ii) In the case of a county, in intercensal years, the 1311  
county has a ratio of transfer payment income to total county 1312  
income equal to or greater than twenty-five per cent. 1313

(9) "Eligible area" means a distressed area, a labor 1314  
surplus area, an inner city area, or a situational distress 1315  
area. 1316

(10) "Inner city area" means, in a municipal corporation 1317  
that has a population of at least one hundred thousand and does 1318  
not meet the criteria of a labor surplus area or a distressed 1319  
area, targeted investment areas established by the municipal 1320  
corporation within its boundaries that are comprised of the most 1321  
recent census block tracts that individually have at least 1322  
twenty per cent of their population at or below the state 1323  
poverty level or other census block tracts contiguous to such 1324  
census block tracts. 1325

(11) "Labor surplus area" means an area designated as a 1326  
labor surplus area by the United States department of labor. 1327

(12) "Official poverty line" has the same meaning as in 1328  
division (A) of section 3923.51 of the Revised Code. 1329

(13) "Situational distress area" means a county or a 1330  
municipal corporation that has experienced or is experiencing a 1331  
closing or downsizing of a major employer, that will adversely 1332  
affect the county's or municipal corporation's economy. In order 1333  
to be designated as a situational distress area for a period not 1334  
to exceed thirty-six months, the county or municipal corporation 1335

may petition the director of development. The petition shall 1336  
include written documentation that demonstrates all of the 1337  
following adverse effects on the local economy: 1338

(a) The number of jobs lost by the closing or downsizing; 1339

(b) The impact that the job loss has on the county's or 1340  
municipal corporation's unemployment rate as measured by the 1341  
state director of job and family services; 1342

(c) The annual payroll associated with the job loss; 1343

(d) The amount of state and local taxes associated with 1344  
the job loss; 1345

(e) The impact that the closing or downsizing has on the 1346  
suppliers located in the county or municipal corporation. 1347

(14) "Cost" has the same meaning and limitation as in 1348  
section 179(d)(3) of the Internal Revenue Code. 1349

(15) "Baseline years" means: 1350

(a) Calendar years 1992, 1993, and 1994, with regard to a 1351  
credit claimed for the purchase during calendar year 1995, 1996, 1352  
1997, or 1998 of new manufacturing machinery and equipment; 1353

(b) Calendar years 1993, 1994, and 1995, with regard to a 1354  
credit claimed for the purchase during calendar year 1999 of new 1355  
manufacturing machinery and equipment; 1356

(c) Calendar years 1994, 1995, and 1996, with regard to a 1357  
credit claimed for the purchase during calendar year 2000 of new 1358  
manufacturing machinery and equipment; 1359

(d) Calendar years 1995, 1996, and 1997, with regard to a 1360  
credit claimed for the purchase during calendar year 2001 of new 1361  
manufacturing machinery and equipment; 1362

(e) Calendar years 1996, 1997, and 1998, with regard to a 1363  
credit claimed for the purchase during calendar year 2002 of new 1364  
manufacturing machinery and equipment; 1365

(f) Calendar years 1997, 1998, and 1999, with regard to a 1366  
credit claimed for the purchase during calendar year 2003 of new 1367  
manufacturing machinery and equipment; 1368

(g) Calendar years 1998, 1999, and 2000, with regard to a 1369  
credit claimed for the purchase during calendar year 2004 of new 1370  
manufacturing machinery and equipment; 1371

(h) Calendar years 1999, 2000, and 2001, with regard to a 1372  
credit claimed for the purchase on or after January 1, 2005, and 1373  
on or before June 30, 2005, of new manufacturing machinery and 1374  
equipment. 1375

(16) "Related member" has the same meaning as in section 1376  
5733.042 of the Revised Code. 1377

(B) (1) Subject to division (I) of this section, a 1378  
nonrefundable credit is allowed against the tax imposed by 1379  
section 5733.06 of the Revised Code for a taxpayer that 1380  
purchases new manufacturing machinery and equipment during the 1381  
qualifying period, provided that the new manufacturing machinery 1382  
and equipment are installed in this state no later than June 30, 1383  
2006. No credit shall be allowed under this section ~~or section~~ 1384  
~~5747.31 of the Revised Code~~ for taxable years ending on or after 1385  
July 1, 2005. The elimination of the credit for those taxable 1386  
years includes the elimination of any remaining one-sevenths of 1387  
credit amounts for which a portion was allowed for prior taxable 1388  
years and the elimination of any credit carry-forward, but the 1389  
purchases on which the credits were based remain subject to 1390  
grants under section 122.173 of the Revised Code for those 1391



remaining one-seventh amounts or carry-forward amounts. 1392

(2) (a) Except as otherwise provided in division (B) (2) (b) 1393  
of this section, a credit may be claimed under this section in 1394  
excess of one million dollars only if the cost of all 1395  
manufacturing machinery and equipment owned in this state by the 1396  
taxpayer claiming the credit on the last day of the calendar 1397  
year exceeds the cost of all manufacturing machinery and 1398  
equipment owned in this state by the taxpayer on the first day 1399  
of that calendar year. 1400

As used in division (B) (2) (a) of this section, "calendar 1401  
year" means the calendar year in which the machinery and 1402  
equipment for which the credit is claimed was purchased. 1403

(b) Division (B) (2) (a) of this section does not apply if 1404  
the taxpayer claiming the credit applies for and is issued a 1405  
waiver of the requirement of that division. A taxpayer may apply 1406  
to the director of development for such a waiver in the manner 1407  
prescribed by the director, and the director may issue such a 1408  
waiver if the director determines that granting the credit is 1409  
necessary to increase or retain employees in this state, and 1410  
that the credit has not caused relocation of manufacturing 1411  
machinery and equipment among counties within this state for the 1412  
primary purpose of qualifying for the credit. 1413

(C) (1) Except as otherwise provided in division (C) (2) and 1414  
division (I) of this section, the credit amount is equal to 1415  
seven and one-half per cent of the excess of the cost of the new 1416  
manufacturing machinery and equipment purchased during the 1417  
calendar year for use in a county over the county average new 1418  
manufacturing machinery and equipment investment for that 1419  
county. 1420

(2) Subject to division (I) of this section, as used in 1421  
division (C)(2) of this section "county excess" means the 1422  
taxpayer's excess cost for a county as computed under division 1423  
(C)(1) of this section. 1424

Subject to division (I) of this section, a taxpayer with a 1425  
county excess, whose purchases included purchases for use in any 1426  
eligible area in the county, the credit amount is equal to 1427  
thirteen and one-half per cent of the cost of the new 1428  
manufacturing machinery and equipment purchased during the 1429  
calendar year for use in the eligible areas in the county, 1430  
provided that the cost subject to the thirteen and one-half per 1431  
cent rate shall not exceed the county excess. If the county 1432  
excess is greater than the cost of the new manufacturing 1433  
machinery and equipment purchased during the calendar year for 1434  
use in eligible areas in the county, the credit amount also 1435  
shall include an amount equal to seven and one-half per cent of 1436  
the amount of the difference. 1437

(3) If a taxpayer is allowed a credit for purchases of new 1438  
manufacturing machinery and equipment in more than one county or 1439  
eligible area, it shall aggregate the amount of those credits 1440  
each year. 1441

(4) The taxpayer shall claim one-seventh of the credit 1442  
amount for the tax year immediately following the calendar year 1443  
in which the new manufacturing machinery and equipment is 1444  
purchased for use in the county by the taxpayer or partnership. 1445  
One-seventh of the taxpayer credit amount is allowed for each of 1446  
the six ensuing tax years. Except for carried-forward amounts, 1447  
the taxpayer is not allowed any credit amount remaining if the 1448  
new manufacturing machinery and equipment is sold by the 1449  
taxpayer or partnership or is transferred by the taxpayer or 1450

partnership out of the county before the end of the seven-year 1451  
period unless, at the time of the sale or transfer, the new 1452  
manufacturing machinery and equipment has been fully depreciated 1453  
for federal income tax purposes. 1454

(5) (a) A taxpayer that acquires manufacturing machinery 1455  
and equipment as a result of a merger with the taxpayer with 1456  
whom commenced the original use in this state of the 1457  
manufacturing machinery and equipment, or with a taxpayer that 1458  
was a partner in a partnership with whom commenced the original 1459  
use in this state of the manufacturing machinery and equipment, 1460  
is entitled to any remaining or carried-forward credit amounts 1461  
to which the taxpayer was entitled. 1462

(b) A taxpayer that enters into an agreement under 1463  
division (C) (3) of section 5709.62 of the Revised Code and that 1464  
acquires manufacturing machinery or equipment as a result of 1465  
purchasing a large manufacturing facility, as defined in section 1466  
5709.61 of the Revised Code, from another taxpayer with whom 1467  
commenced the original use in this state of the manufacturing 1468  
machinery or equipment, and that operates the large 1469  
manufacturing facility so purchased, is entitled to any 1470  
remaining or carried-forward credit amounts to which the other 1471  
taxpayer who sold the facility would have been entitled under 1472  
this section had the other taxpayer not sold the manufacturing 1473  
facility or equipment. 1474

(c) New manufacturing machinery and equipment is not 1475  
considered sold if a pass-through entity transfers to another 1476  
pass-through entity substantially all of its assets as part of a 1477  
plan of reorganization under which substantially all gain and 1478  
loss is not recognized by the pass-through entity that is 1479  
transferring the new manufacturing machinery and equipment to 1480

the transferee and under which the transferee's basis in the new 1481  
manufacturing machinery and equipment is determined, in whole or 1482  
in part, by reference to the basis of the pass-through entity 1483  
which transferred the new manufacturing machinery and equipment 1484  
to the transferee. 1485

(d) Division (C) (5) of this section shall apply only if 1486  
the acquiring taxpayer or transferee does not sell the new 1487  
manufacturing machinery and equipment or transfer the new 1488  
manufacturing machinery and equipment out of the county before 1489  
the end of the seven-year period to which division (C) (4) of 1490  
this section refers. 1491

(e) Division (C) (5) (b) of this section applies only to the 1492  
extent that the taxpayer that sold the manufacturing machinery 1493  
or equipment, upon request, timely provides to the tax 1494  
commissioner any information that the tax commissioner considers 1495  
to be necessary to ascertain any remaining or carried-forward 1496  
amounts to which the taxpayer that sold the facility would have 1497  
been entitled under this section had the taxpayer not sold the 1498  
manufacturing machinery or equipment. Nothing in division (C) (5) 1499  
(b) or (e) of this section shall be construed to allow a 1500  
taxpayer to claim any credit amount with respect to the acquired 1501  
manufacturing machinery or equipment that is greater than the 1502  
amount that would have been available to the other taxpayer that 1503  
sold the manufacturing machinery or equipment had the other 1504  
taxpayer not sold the manufacturing machinery or equipment. 1505

(D) The taxpayer shall claim the credit in the order 1506  
required under section 5733.98 of the Revised Code. Each year, 1507  
any credit amount in excess of the tax due under section 5733.06 1508  
of the Revised Code after allowing for any other credits that 1509  
precede the credit under this section in that order may be 1510

carried forward for three tax years. 1511

(E) A taxpayer purchasing new manufacturing machinery and 1512  
equipment and intending to claim the credit shall file, with the 1513  
department of development, a notice of intent to claim the 1514  
credit on a form prescribed by the department of development. 1515  
The department of development shall inform the tax commissioner 1516  
of the notice of intent to claim the credit. No credit may be 1517  
claimed under this section for any manufacturing machinery and 1518  
equipment with respect to which a notice was not filed by the 1519  
date of a timely filed return, including extensions, for the 1520  
taxable year that includes September 30, 2005. 1521

(F) The director of development shall annually certify, by 1522  
the first day of January of each year during the qualifying 1523  
period, the eligible areas for the tax credit for the calendar 1524  
year that includes that first day of January. The director shall 1525  
send a copy of the certification to the tax commissioner. 1526

(G) New manufacturing machinery and equipment for which a 1527  
taxpayer claims the credit under section 5733.31~~7~~ or 5733.311~~7~~— 1528  
~~5747.26, or 5747.261~~ of the Revised Code shall not be considered 1529  
new manufacturing machinery and equipment for purposes of the 1530  
credit under this section. 1531

(H) (1) Notwithstanding sections 5733.11 and 5747.13 of the 1532  
Revised Code, but subject to division (H) (2) of this section, 1533  
the tax commissioner may issue an assessment against a person 1534  
with respect to a credit claimed under this section for new 1535  
manufacturing machinery and equipment described in division (A) 1536  
(1) (b) or (2) (b) of this section, if the machinery or equipment 1537  
subsequently does not qualify for the credit. 1538

(2) Division (H) (1) of this section shall not apply after 1539

the twenty-fourth month following the last day of the period 1540  
described in divisions (A) (1) (b) and (2) (b) of this section. 1541

(I) Notwithstanding any other provision of this section to 1542  
the contrary, in the case of a qualifying controlled group, the 1543  
credit available under this section to a taxpayer or taxpayers 1544  
in the qualifying controlled group shall be computed as if all 1545  
corporations in the group were a single corporation. The credit 1546  
shall be allocated to such a taxpayer or taxpayers in the group 1547  
in any amount elected for the taxable year by the group. Such 1548  
election shall be revocable and amendable during the period 1549  
described in division (B) of section 5733.12 of the Revised 1550  
Code. 1551

This division applies to all purchases of new 1552  
manufacturing machinery and equipment made on or after January 1553  
1, 2001, and to all baseline years used to compute any credit 1554  
attributable to such purchases; provided, that this division may 1555  
be applied solely at the election of the qualifying controlled 1556  
group with respect to all purchases of new manufacturing 1557  
machinery and equipment made before that date, and to all 1558  
baseline years used to compute any credit attributable to such 1559  
purchases. The qualifying controlled group at any time may elect 1560  
to apply this division to purchases made prior to January 1, 1561  
2001, subject to the following: 1562

(1) The election is irrevocable; 1563

(2) The election need not accompany a timely filed report, 1564  
but the election may accompany a subsequently filed but timely 1565  
application for refund, a subsequently filed but timely amended 1566  
report, or a subsequently filed but timely petition for 1567  
reassessment. 1568

<b>Sec. 5733.42.</b> (A) As used in this section:	1569
(1) "Eligible training program" means a program to provide job skills to eligible employees who are unable effectively to function on the job due to skill deficiencies or who would otherwise be displaced because of their skill deficiencies or inability to use new technology, or to provide job skills to eligible employees that enable them to perform other job duties for the taxpayer. Eligible training programs do not include executive, management, or personal enrichment training programs, or training programs intended exclusively for personal career development.	1570 1571 1572 1573 1574 1575 1576 1577 1578 1579
(2) "Eligible employee" means an individual who is employed in this state by a taxpayer and has been so employed by the same taxpayer for at least one hundred eighty consecutive days before the day an application for the credit is filed under this section. "Eligible employee" does not include any employee for which a credit is claimed pursuant to division (A)(5) of section 5709.65 of the Revised Code for all or any part of the same year, an employee who is not a full-time employee, or executive or managerial personnel, except for the immediate supervisors of nonexecutive, nonmanagerial personnel.	1580 1581 1582 1583 1584 1585 1586 1587 1588 1589
(3) "Eligible training costs" means:	1590
(a) Direct instructional costs, such as instructor salaries, materials and supplies, textbooks and manuals, videotapes, and other instructional media and training equipment used exclusively for the purpose of training eligible employees;	1591 1592 1593 1594
(b) Wages paid to eligible employees for time devoted exclusively to an eligible training program during normal paid working hours.	1595 1596 1597

(4) "Full-time employee" means an individual who is 1598  
employed for consideration for at least thirty-five hours per 1599  
week, or who renders any other standard of service generally 1600  
accepted by custom or specified by contract as full-time 1601  
employment. 1602

(5) "Partnership" includes a limited liability company 1603  
formed under Chapter 1705. of the Revised Code or under the laws 1604  
of another state, provided that the company is not classified 1605  
for federal income tax purposes as an association taxable as a 1606  
corporation. 1607

(B) There is hereby allowed a nonrefundable credit against 1608  
the tax imposed by section 5733.06 of the Revised Code for 1609  
taxpayers for which a tax credit certificate is issued under 1610  
division (C) of this section. The credit may be claimed for tax 1611  
years 2004, 2005, 2006, 2007, and 2008. The amount of the credit 1612  
for tax year 2004 shall equal one-half of the average of the 1613  
eligible training costs paid or incurred by the taxpayer during 1614  
calendar years 1999, 2000, and 2001, not to exceed one thousand 1615  
dollars for each eligible employee on account of whom eligible 1616  
training costs were paid or incurred by the taxpayer during 1617  
those calendar years. The amount of the credit for tax year 2005 1618  
shall equal one-half of the average of the eligible training 1619  
costs paid or incurred by the taxpayer during calendar years 1620  
2002, 2003, and 2004, not to exceed one thousand dollars for 1621  
each eligible employee on account of whom eligible training 1622  
costs were paid or incurred by the taxpayer during those 1623  
calendar years. The amount of the credit for tax year 2006 shall 1624  
equal one-half of the average of the eligible training costs 1625  
paid or incurred by the taxpayer during calendar years 2003, 1626  
2004, and 2005, not to exceed one thousand dollars for each 1627  
eligible employee on account of whom eligible training costs 1628



were paid or incurred by the taxpayer during those calendar 1629  
years. The amount of the credit for tax year 2007 shall equal 1630  
one-half of the average of the eligible training costs paid or 1631  
incurred by the taxpayer during calendar years 2004, 2005, and 1632  
2006, not to exceed one thousand dollars for each eligible 1633  
employee on account of whom eligible training costs were paid or 1634  
incurred by the taxpayer during those calendar years. The amount 1635  
of the credit for tax year 2008 shall equal one-half of the 1636  
average of the eligible training costs paid or incurred by the 1637  
taxpayer during calendar years 2005, 2006, and 2007, not to 1638  
exceed one thousand dollars for each eligible employee on 1639  
account of whom eligible training costs were paid or incurred by 1640  
the taxpayer during those calendar years. 1641

The credit claimed by a taxpayer each tax year shall not 1642  
exceed one hundred thousand dollars. 1643

(C) A taxpayer who proposes to conduct an eligible 1644  
training program may apply to the director of job and family 1645  
services for a tax credit certificate under this section. The 1646  
taxpayer may apply for such a certificate for tax years 2004, 1647  
2005, 2006, 2007, and 2008 subject to division (L) of this 1648  
section. The director shall prescribe the form of the 1649  
application, which shall require a detailed description of the 1650  
proposed training program. The director may require applicants 1651  
to remit an application fee with each application filed with the 1652  
director. The fee shall not exceed the reasonable and necessary 1653  
expenses incurred by the director in receiving, reviewing, and 1654  
approving such applications and issuing tax credit certificates. 1655  
Proceeds from fees shall be used solely for the purpose of 1656  
receiving, reviewing, and approving such applications and 1657  
issuing such certificates. 1658

After receipt of an application, the director shall 1659  
authorize a credit under this section by issuing a tax credit 1660  
certificate, in the form prescribed by the director, if the 1661  
director determines all of the following: 1662

(1) The proposed training program is an eligible training 1663  
program under this section; 1664

(2) The proposed training program is economically sound 1665  
and will benefit the people of this state by improving workforce 1666  
skills and strengthening the economy of this state; 1667

(3) Receiving the tax credit is a major factor in the 1668  
taxpayer's decision to go forward with the training program; 1669

(4) Authorization of the credit is consistent with 1670  
division (H) of this section. 1671

The credit also is allowed for a taxpayer that is a 1672  
partner in a partnership that pays or incurs eligible training 1673  
costs. Such a taxpayer shall determine the taxpayer's credit 1674  
amount in the manner prescribed by division (K) of this section. 1675

(D) If the director of job and family services denies an 1676  
application for a tax credit certificate, the director shall 1677  
send notice of the denial and the reason for denial to the 1678  
applicant by certified mail, return receipt requested. If the 1679  
director determines that an authorized training program, as 1680  
actually conducted, fails to meet the requirements of this 1681  
section or to comply with any condition set forth in the 1682  
authorization, the director may reduce the amount of the tax 1683  
credit previously granted. If the director reduces a tax credit, 1684  
the director shall send notice of the reduction and the reason 1685  
for the reduction to the taxpayer by certified mail, return 1686  
receipt requested, and shall certify the reduction to the tax 1687

commissioner or, in the case of the reduction of a credit 1688  
claimed by an insurance company, the superintendent of 1689  
insurance. The tax commissioner or superintendent of insurance 1690  
shall reduce the credit that may be claimed by the taxpayer 1691  
accordingly. Within sixty days after receiving a notice of 1692  
denial or notice of reduction of the tax credit, an applicant or 1693  
taxpayer may request, in writing, a hearing before the director 1694  
to review the denial or reduction. Within sixty days after 1695  
receiving a request that is filed within the prescribed time, 1696  
the director shall hold such a hearing at a location to be 1697  
determined by the director. Within thirty days after the hearing 1698  
is adjourned, the director shall issue a redetermination 1699  
affirming, reversing, or modifying the denial or reduction of 1700  
the tax credit and send notice of the redetermination to the 1701  
applicant or taxpayer by certified mail, return receipt 1702  
requested, and shall issue a notice of the redetermination to 1703  
the tax commissioner or superintendent of insurance. If an 1704  
applicant or taxpayer is aggrieved by the director's 1705  
redetermination, the applicant or taxpayer may appeal the 1706  
redetermination to the board of tax appeals in the manner 1707  
prescribed by section 5717.02 of the Revised Code. 1708

(E) A taxpayer to which a tax credit certificate is issued 1709  
shall retain records indicating the eligible training costs it 1710  
pays or incurs for the eligible training program for which the 1711  
certificate is issued for four years following the end of the 1712  
tax year for which the credit is claimed. Such records shall be 1713  
open to inspection by the director of job and family services 1714  
upon the director's request during business hours. 1715

Financial statements and other information submitted by an 1716  
applicant to the director of job and family services for a tax 1717  
credit under this section, and any information taken for any 1718

purpose from such statements or information, are not public 1719  
records subject to section 149.43 of the Revised Code. However, 1720  
the director of job and family services, the tax commissioner, 1721  
or superintendent of insurance may make use of the statements 1722  
and other information for purposes of issuing public reports or 1723  
in connection with court proceedings concerning tax credits 1724  
allowed under this section and sections 5725.31~~7~~ and 5729.07~~7~~ 1725  
and ~~5747.39~~ of the Revised Code. 1726

(F) The director of job and family services, in accordance 1727  
with Chapter 119. of the Revised Code, shall adopt rules 1728  
necessary to implement this section and sections 5725.31~~7~~ and 1729  
5729.07~~7~~ and ~~5747.39~~ of the Revised Code. The rules shall be 1730  
adopted after consultation with the tax commissioner and the 1731  
superintendent of insurance. The rules shall require that if a 1732  
taxpayer to which a tax credit certificate is issued under any 1733  
of those sections permanently relocates or transfers employees 1734  
trained under the tax credit certificate to another state or 1735  
country within two years of receiving the certificate, the 1736  
taxpayer shall repay the total amount of the tax credit received 1737  
by the taxpayer for any employees permanently relocated or 1738  
transferred. At the time the director gives public notice under 1739  
division (A) of section 119.03 of the Revised Code of the 1740  
adoption of the rules, the director shall submit copies of the 1741  
proposed rules to the chairpersons and ranking minority members 1742  
of the standing committees in the senate and the house of 1743  
representatives to which legislation on economic development 1744  
matters are customarily referred. 1745

(G) On or before the thirtieth day of September of 2001, 1746  
2003, 2004, 2005, 2006, 2007, and 2008 the director of job and 1747  
family services shall submit a report to the governor, the 1748  
president of the senate, and the speaker of the house of 1749

representatives on the tax credit program under this section and 1750  
sections 5725.31~~7~~, and 5729.07~~7~~, ~~and 5747.39~~ of the Revised Code. 1751  
The report shall include information on the number of training 1752  
programs that were authorized under those sections during the 1753  
preceding calendar year, a description of each authorized 1754  
training program, the dollar amounts of the credits granted, and 1755  
an estimate of the impact of the credits on the economy of this 1756  
state. 1757

(H) The aggregate amount of credits authorized under this 1758  
section and sections 5725.31~~7~~, and 5729.07~~7~~, ~~and 5747.39~~ of the 1759  
Revised Code shall not exceed twenty million dollars per 1760  
calendar year. No more than ten million dollars in credits per 1761  
calendar year shall be authorized for persons engaged primarily 1762  
in manufacturing. No less than five million dollars in credits 1763  
per calendar year shall be set aside for persons engaged 1764  
primarily in activities other than manufacturing and having 1765  
fewer than five hundred employees. Subject to such limits, the 1766  
director of job and family services shall adopt a rule under 1767  
division (F) of this section that establishes criteria and 1768  
procedures for distribution of the credits. 1769

(I) A nonrefundable credit allowed under this section 1770  
shall be claimed in the order required under section 5733.98 of 1771  
the Revised Code. 1772

(J) The taxpayer may carry forward any credit amount in 1773  
excess of its tax due after allowing for any other credits that 1774  
precede the credit under this section in the order required 1775  
under section 5733.98 of the Revised Code. The excess credit may 1776  
be carried forward for three years following the tax year for 1777  
which it is first claimed under this section. 1778

(K) A taxpayer that is a partner in a partnership on the 1779

last day of the third calendar year of the three-year period 1780  
during which the partnership pays or incurs eligible training 1781  
costs may claim a credit under this section for the tax year 1782  
immediately following that calendar year. The amount of a 1783  
partner's credit equals the partner's interest in the 1784  
partnership on the last day of such calendar year multiplied by 1785  
the credit available to the partnership as computed by the 1786  
partnership. 1787

(L) The director of job and family services shall not 1788  
authorize any credits under this section and sections 5725.31~~7~~ 1789  
and 5729.07~~7~~ and 5747.39 of the Revised Code for eligible 1790  
training costs paid or incurred after December 31, 2007. 1791

**Sec. 5733.98.** (A) To provide a uniform procedure for 1792  
calculating the amount of tax imposed by section 5733.06 of the 1793  
Revised Code that is due under this chapter, a taxpayer shall 1794  
claim any credits to which it is entitled in the following 1795  
order, except as otherwise provided in section 5733.058 of the 1796  
Revised Code: 1797

(1) For tax year 2005, the credit for taxes paid by a 1798  
qualifying pass-through entity allowed under section 5733.0611 1799  
of the Revised Code; 1800

(2) The credit allowed for financial institutions under 1801  
section 5733.45 of the Revised Code; 1802

(3) The credit for qualifying affiliated groups under 1803  
section 5733.068 of the Revised Code; 1804

(4) The subsidiary corporation credit under section 1805  
5733.067 of the Revised Code; 1806

(5) The savings and loan assessment credit under section 1807  
5733.063 of the Revised Code; 1808

(6) The credit for recycling and litter prevention	1809
donations under section 5733.064 of the Revised Code;	1810
(7) The credit for employers that enter into agreements	1811
with child day-care centers under section 5733.36 of the Revised	1812
Code;	1813
(8) The credit for employers that reimburse employee child	1814
care expenses under section 5733.38 of the Revised Code;	1815
(9) The credit for maintaining railroad active grade	1816
crossing warning devices under section 5733.43 of the Revised	1817
Code;	1818
(10) The credit for purchases of lights and reflectors	1819
under section 5733.44 of the Revised Code;	1820
(11) The nonrefundable job retention credit under division	1821
(B) of section 5733.0610 of the Revised Code;	1822
<del>(12) The credit for tax years 2008 and 2009 for selling</del>	1823
<del>alternative fuel under section 5733.48 of the Revised Code;</del>	1824
<del>(13)</del> The second credit for purchases of new manufacturing	1825
machinery and equipment under section 5733.33 of the Revised	1826
Code;	1827
<del>(14)</del> <u>(13)</u> The job training credit under section 5733.42 of	1828
the Revised Code;	1829
<del>(15)</del> <u>(14)</u> The credit for qualified research expenses under	1830
section 5733.351 of the Revised Code;	1831
<del>(16)</del> <u>(15)</u> The enterprise zone credit under section 5709.66	1832
of the Revised Code;	1833
<del>(17)</del> <u>(16)</u> The credit for the eligible costs associated	1834
with a voluntary action under section 5733.34 of the Revised	1835

Code;	1836
<del>(18)</del> <u>(17)</u> The credit for employers that establish on-site child day-care centers under section 5733.37 of the Revised Code;	1837 1838 1839
<del>(19)</del> <u>(18)</u> The ethanol plant investment credit under section 5733.46 of the Revised Code;	1840 1841
<del>(20)</del> <u>(19)</u> The credit for purchases of qualifying grape production property under section 5733.32 of the Revised Code;	1842 1843
<del>(21)</del> <u>(20)</u> The export sales credit under section 5733.069 of the Revised Code;	1844 1845
<del>(22)</del> <u>(21)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	1846 1847
<del>(23)</del> <u>(22)</u> The credit for using Ohio coal under section 5733.39 of the Revised Code;	1848 1849
<del>(24)</del> <u>(23)</u> The credit for purchases of qualified low-income community investments under section 5733.58 of the Revised Code;	1850 1851
<del>(25)</del> <u>(24)</u> The credit for small telephone companies under section 5733.57 of the Revised Code;	1852 1853
<del>(26)</del> <u>(25)</u> The credit for eligible nonrecurring 9-1-1 charges under section 5733.55 of the Revised Code;	1854 1855
<del>(27)</del> <u>(26)</u> For tax year 2005, the credit for providing programs to aid the communicatively impaired under division (A) of section 5733.56 of the Revised Code;	1856 1857 1858
<del>(28)</del> <u>(27)</u> The research and development credit under section 5733.352 of the Revised Code;	1859 1860
<del>(29)</del> <u>(28)</u> For tax years 2006 and subsequent tax years, the credit for taxes paid by a qualifying pass-through entity	1861 1862



allowed under section 5733.0611 of the Revised Code;	1863
<del>(30)</del> <u>(29)</u> The refundable credit for rehabilitating a historic building under section 5733.47 of the Revised Code;	1864 1865
<del>(31)</del> <u>(30)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5733.0610 of the Revised Code;	1866 1867 1868
<del>(32)</del> <u>(31)</u> The refundable credit for tax withheld under division (B) (2) of section 5747.062 of the Revised Code;	1869 1870
<del>(33)</del> <u>(32)</u> The refundable credit under section 5733.49 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	1871 1872 1873 1874
<del>(34)</del> <u>(33)</u> For tax years 2006, 2007, and 2008, the refundable credit allowable under division (B) of section 5733.56 of the Revised Code;	1875 1876 1877
<del>(35)</del> <u>(34)</u> The refundable motion picture production credit under section 5733.59 of the Revised Code.	1878 1879
(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a tax year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit.	1880 1881 1882 1883 1884 1885
<b>Sec. 5747.01.</b> Except as otherwise expressly provided or clearly appearing from the context, any term used in this chapter that is not otherwise defined in this section has the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes or if not	1886 1887 1888 1889 1890

used in a comparable context in those laws, has the same meaning 1891  
as in section 5733.40 of the Revised Code. Any reference in this 1892  
chapter to the Internal Revenue Code includes other laws of the 1893  
United States relating to federal income taxes. 1894

As used in this chapter: 1895

(A) "Adjusted gross income" or "Ohio adjusted gross 1896  
income" means federal adjusted gross income, as defined and used 1897  
in the Internal Revenue Code, adjusted as provided in this 1898  
section: 1899

(1) Add interest or dividends on obligations or securities 1900  
of any state or of any political subdivision or authority of any 1901  
state, other than this state and its subdivisions and 1902  
authorities. 1903

(2) Add interest or dividends on obligations of any 1904  
authority, commission, instrumentality, territory, or possession 1905  
of the United States to the extent that the interest or 1906  
dividends are exempt from federal income taxes but not from 1907  
state income taxes. 1908

(3) Deduct interest or dividends on obligations of the 1909  
United States and its territories and possessions or of any 1910  
authority, commission, or instrumentality of the United States 1911  
to the extent that the interest or dividends are included in 1912  
federal adjusted gross income but exempt from state income taxes 1913  
under the laws of the United States. 1914

(4) Deduct disability and survivor's benefits to the 1915  
extent included in federal adjusted gross income. 1916

(5) Deduct benefits under Title II of the Social Security 1917  
Act and tier 1 railroad retirement benefits to the extent 1918  
included in federal adjusted gross income under section 86 of 1919

the Internal Revenue Code. 1920

(6) In the case of a taxpayer who is a beneficiary of a 1921  
trust that makes an accumulation distribution as defined in 1922  
section 665 of the Internal Revenue Code, add, for the 1923  
beneficiary's taxable years beginning before 2002, the portion, 1924  
if any, of such distribution that does not exceed the 1925  
undistributed net income of the trust for the three taxable 1926  
years preceding the taxable year in which the distribution is 1927  
made to the extent that the portion was not included in the 1928  
trust's taxable income for any of the trust's taxable years 1929  
beginning in 2002 or thereafter. "Undistributed net income of a 1930  
trust" means the taxable income of the trust increased by (a) (i) 1931  
the additions to adjusted gross income required under division 1932  
(A) of this section and (ii) the personal exemptions allowed to 1933  
the trust pursuant to section 642(b) of the Internal Revenue 1934  
Code, and decreased by (b) (i) the deductions to adjusted gross 1935  
income required under division (A) of this section, (ii) the 1936  
amount of federal income taxes attributable to such income, and 1937  
(iii) the amount of taxable income that has been included in the 1938  
adjusted gross income of a beneficiary by reason of a prior 1939  
accumulation distribution. Any undistributed net income included 1940  
in the adjusted gross income of a beneficiary shall reduce the 1941  
undistributed net income of the trust commencing with the 1942  
earliest years of the accumulation period. 1943

(7) Deduct the amount of wages and salaries, if any, not 1944  
otherwise allowable as a deduction but that would have been 1945  
allowable as a deduction in computing federal adjusted gross 1946  
income for the taxable year, had the targeted jobs credit 1947  
allowed and determined under sections 38, 51, and 52 of the 1948  
Internal Revenue Code not been in effect. 1949

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

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

(10) Deduct or add amounts, as provided under section 5747.70 of the Revised Code, related to contributions to variable college savings program accounts made or tuition units purchased pursuant to Chapter 3334. of the Revised Code.

(11) (a) Deduct, to the extent not otherwise allowable as a deduction or exclusion in computing federal or Ohio adjusted gross income for the taxable year, the amount the taxpayer paid during the taxable year for medical care insurance and qualified long-term care insurance for the taxpayer, the taxpayer's spouse, and dependents. No deduction for medical care insurance under division (A) (11) of this section shall be allowed either to any taxpayer who is eligible to participate in any subsidized health plan maintained by any employer of the taxpayer or of the taxpayer's spouse, or to any taxpayer who is entitled to, or on application would be entitled to, benefits under part A of Title XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of division (A) (11) (a) of this section, "subsidized health plan" means a health plan for which the employer pays any portion of the plan's cost. The deduction allowed under division (A) (11) (a) of this section shall be the net of any related premium refunds, related premium reimbursements, or related insurance premium dividends received

during the taxable year. 1980

(b) Deduct, to the extent not otherwise deducted or 1981  
excluded in computing federal or Ohio adjusted gross income 1982  
during the taxable year, the amount the taxpayer paid during the 1983  
taxable year, not compensated for by any insurance or otherwise, 1984  
for medical care of the taxpayer, the taxpayer's spouse, and 1985  
dependents, to the extent the expenses exceed seven and one-half 1986  
per cent of the taxpayer's federal adjusted gross income. 1987

(c) Deduct, to the extent not otherwise deducted or 1988  
excluded in computing federal or Ohio adjusted gross income, any 1989  
amount included in federal adjusted gross income under section 1990  
105 or not excluded under section 106 of the Internal Revenue 1991  
Code solely because it relates to an accident and health plan 1992  
for a person who otherwise would be a "qualifying relative" and 1993  
thus a "dependent" under section 152 of the Internal Revenue 1994  
Code but for the fact that the person fails to meet the income 1995  
and support limitations under section 152(d)(1)(B) and (C) of 1996  
the Internal Revenue Code. 1997

(d) For purposes of division (A)(11) of this section, 1998  
"medical care" has the meaning given in section 213 of the 1999  
Internal Revenue Code, subject to the special rules, 2000  
limitations, and exclusions set forth therein, and "qualified 2001  
long-term care" has the same meaning given in section 7702B(c) 2002  
of the Internal Revenue Code. Solely for purposes of divisions 2003  
(A)(11)(a) and (c) of this section, "dependent" includes a 2004  
person who otherwise would be a "qualifying relative" and thus a 2005  
"dependent" under section 152 of the Internal Revenue Code but 2006  
for the fact that the person fails to meet the income and 2007  
support limitations under section 152(d)(1)(B) and (C) of the 2008  
Internal Revenue Code. 2009

(12) (a) Deduct any amount included in federal adjusted gross income solely because the amount represents a reimbursement or refund of expenses that in any year the taxpayer had deducted as an itemized deduction pursuant to section 63 of the Internal Revenue Code and applicable United States department of the treasury regulations. The deduction otherwise allowed under division (A) (12) (a) of this section shall be reduced to the extent the reimbursement is attributable to an amount the taxpayer deducted under this section in any taxable year.

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

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

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

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

(14) Deduct an amount equal to the deposits made to, and net investment earnings of, a medical savings account during the taxable year, in accordance with section 3924.66 of the Revised Code. The deduction allowed by division (A) (14) of this section

does not apply to medical savings account deposits and earnings 2039  
otherwise deducted or excluded for the current or any other 2040  
taxable year from the taxpayer's federal adjusted gross income. 2041

(15) (a) Add an amount equal to the funds withdrawn from a 2042  
medical savings account during the taxable year, and the net 2043  
investment earnings on those funds, when the funds withdrawn 2044  
were used for any purpose other than to reimburse an account 2045  
holder for, or to pay, eligible medical expenses, in accordance 2046  
with section 3924.66 of the Revised Code; 2047

(b) Add the amounts distributed from a medical savings 2048  
account under division (A) (2) of section 3924.68 of the Revised 2049  
Code during the taxable year. 2050

(16) Add any amount claimed as a credit under section 2051  
5747.059 or 5747.65 of the Revised Code to the extent that such 2052  
amount satisfies either of the following: 2053

(a) The amount was deducted or excluded from the 2054  
computation of the taxpayer's federal adjusted gross income as 2055  
required to be reported for the taxpayer's taxable year under 2056  
the Internal Revenue Code; 2057

(b) The amount resulted in a reduction of the taxpayer's 2058  
federal adjusted gross income as required to be reported for any 2059  
of the taxpayer's taxable years under the Internal Revenue Code. 2060

(17) Deduct the amount contributed by the taxpayer to an 2061  
individual development account program established by a county 2062  
department of job and family services pursuant to sections 2063  
329.11 to 329.14 of the Revised Code for the purpose of matching 2064  
funds deposited by program participants. On request of the tax 2065  
commissioner, the taxpayer shall provide any information that, 2066  
in the tax commissioner's opinion, is necessary to establish the 2067

amount deducted under division (A)(17) of this section. 2068

(18) Beginning in taxable year 2001 but not for any 2069  
taxable year beginning after December 31, 2005, if the taxpayer 2070  
is married and files a joint return and the combined federal 2071  
adjusted gross income of the taxpayer and the taxpayer's spouse 2072  
for the taxable year does not exceed one hundred thousand 2073  
dollars, or if the taxpayer is single and has a federal adjusted 2074  
gross income for the taxable year not exceeding fifty thousand 2075  
dollars, deduct amounts paid during the taxable year for 2076  
qualified tuition and fees paid to an eligible institution for 2077  
the taxpayer, the taxpayer's spouse, or any dependent of the 2078  
taxpayer, who is a resident of this state and is enrolled in or 2079  
attending a program that culminates in a degree or diploma at an 2080  
eligible institution. The deduction may be claimed only to the 2081  
extent that qualified tuition and fees are not otherwise 2082  
deducted or excluded for any taxable year from federal or Ohio 2083  
adjusted gross income. The deduction may not be claimed for 2084  
educational expenses for which the taxpayer claims a credit 2085  
under section 5747.27 of the Revised Code. 2086

(19) Add any reimbursement received during the taxable 2087  
year of any amount the taxpayer deducted under division (A)(18) 2088  
of this section in any previous taxable year to the extent the 2089  
amount is not otherwise included in Ohio adjusted gross income. 2090

(20)(a)(i) Subject to divisions (A)(20)(a)(iii), (iv), and 2091  
(v) of this section, add five-sixths of the amount of 2092  
depreciation expense allowed by subsection (k) of section 168 of 2093  
the Internal Revenue Code, including the taxpayer's 2094  
proportionate or distributive share of the amount of 2095  
depreciation expense allowed by that subsection to a pass- 2096  
through entity in which the taxpayer has a direct or indirect 2097



ownership interest. 2098

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) 2099  
of this section, add five-sixths of the amount of qualifying 2100  
section 179 depreciation expense, including the taxpayer's 2101  
proportionate or distributive share of the amount of qualifying 2102  
section 179 depreciation expense allowed to any pass-through 2103  
entity in which the taxpayer has a direct or indirect ownership 2104  
interest. 2105

(iii) Subject to division (A) (20) (a) (v) of this section, 2106  
for taxable years beginning in 2012 or thereafter, if the 2107  
increase in income taxes withheld by the taxpayer is equal to or 2108  
greater than ten per cent of income taxes withheld by the 2109  
taxpayer during the taxpayer's immediately preceding taxable 2110  
year, "two-thirds" shall be substituted for "five-sixths" for 2111  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 2112

(iv) Subject to division (A) (20) (a) (v) of this section, 2113  
for taxable years beginning in 2012 or thereafter, a taxpayer is 2114  
not required to add an amount under division (A) (20) of this 2115  
section if the increase in income taxes withheld by the taxpayer 2116  
and by any pass-through entity in which the taxpayer has a 2117  
direct or indirect ownership interest is equal to or greater 2118  
than the sum of (I) the amount of qualifying section 179 2119  
depreciation expense and (II) the amount of depreciation expense 2120  
allowed to the taxpayer by subsection (k) of section 168 of the 2121  
Internal Revenue Code, and including the taxpayer's 2122  
proportionate or distributive shares of such amounts allowed to 2123  
any such pass-through entities. 2124

(v) If a taxpayer directly or indirectly incurs a net 2125  
operating loss for the taxable year for federal income tax 2126  
purposes, to the extent such loss resulted from depreciation 2127

expense allowed by subsection (k) of section 168 of the Internal Revenue Code and by qualifying section 179 depreciation expense, "the entire" shall be substituted for "five-sixths of the" for the purpose of divisions (A) (20) (a) (i) and (ii) of this section.

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

(b) Nothing in division (A) (20) of this section shall be construed to adjust or modify the adjusted basis of any asset.

(c) To the extent the add-back required under division (A) (20) (a) of this section is attributable to property generating nonbusiness income or loss allocated under section 5747.20 of the Revised Code, the add-back shall be situated to the same location as the nonbusiness income or loss generated by the property for the purpose of determining the credit under division (A) of section 5747.05 of the Revised Code. Otherwise, the add-back shall be apportioned, subject to one or more of the four alternative methods of apportionment enumerated in section 5747.21 of the Revised Code.

(d) For the purposes of division (A) (20) (a) (v) of this section, net operating loss carryback and carryforward shall not include the allowance of any net operating loss deduction carryback or carryforward to the taxable year to the extent such loss resulted from depreciation allowed by section 168(k) of the Internal Revenue Code and by the qualifying section 179 depreciation expense amount.

(e) For the purposes of divisions (A) (20) and (21) of this section:

(i) "Income taxes withheld" means the total amount 2157  
withheld and remitted under sections 5747.06 and 5747.07 of the 2158  
Revised Code by an employer during the employer's taxable year. 2159

(ii) "Increase in income taxes withheld" means the amount 2160  
by which the amount of income taxes withheld by an employer 2161  
during the employer's current taxable year exceeds the amount of 2162  
income taxes withheld by that employer during the employer's 2163  
immediately preceding taxable year. 2164

(iii) "Qualifying section 179 depreciation expense" means 2165  
the difference between (I) the amount of depreciation expense 2166  
directly or indirectly allowed to a taxpayer under section 179 2167  
of the Internal Revised Code, and (II) the amount of 2168  
depreciation expense directly or indirectly allowed to the 2169  
taxpayer under section 179 of the Internal Revenue Code as that 2170  
section existed on December 31, 2002. 2171

(21) (a) If the taxpayer was required to add an amount 2172  
under division (A) (20) (a) of this section for a taxable year, 2173  
deduct one of the following: 2174

(i) One-fifth of the amount so added for each of the five 2175  
succeeding taxable years if the amount so added was five-sixths 2176  
of qualifying section 179 depreciation expense or depreciation 2177  
expense allowed by subsection (k) of section 168 of the Internal 2178  
Revenue Code; 2179

(ii) One-half of the amount so added for each of the two 2180  
succeeding taxable years if the amount so added was two-thirds 2181  
of such depreciation expense; 2182

(iii) One-sixth of the amount so added for each of the six 2183  
succeeding taxable years if the entire amount of such 2184  
depreciation expense was so added. 2185

(b) If the amount deducted under division (A) (21) (a) of 2186  
this section is attributable to an add-back allocated under 2187  
division (A) (20) (c) of this section, the amount deducted shall 2188  
be situated to the same location. Otherwise, the add-back shall 2189  
be apportioned using the apportionment factors for the taxable 2190  
year in which the deduction is taken, subject to one or more of 2191  
the four alternative methods of apportionment enumerated in 2192  
section 5747.21 of the Revised Code. 2193

(c) No deduction is available under division (A) (21) (a) of 2194  
this section with regard to any depreciation allowed by section 2195  
168(k) of the Internal Revenue Code and by the qualifying 2196  
section 179 depreciation expense amount to the extent that such 2197  
depreciation results in or increases a federal net operating 2198  
loss carryback or carryforward. If no such deduction is 2199  
available for a taxable year, the taxpayer may carry forward the 2200  
amount not deducted in such taxable year to the next taxable 2201  
year and add that amount to any deduction otherwise available 2202  
under division (A) (21) (a) of this section for that next taxable 2203  
year. The carryforward of amounts not so deducted shall continue 2204  
until the entire addition required by division (A) (20) (a) of 2205  
this section has been deducted. 2206

(d) No refund shall be allowed as a result of adjustments 2207  
made by division (A) (21) of this section. 2208

(22) Deduct, to the extent not otherwise deducted or 2209  
excluded in computing federal or Ohio adjusted gross income for 2210  
the taxable year, the amount the taxpayer received during the 2211  
taxable year as reimbursement for life insurance premiums under 2212  
section 5919.31 of the Revised Code. 2213

(23) Deduct, to the extent not otherwise deducted or 2214  
excluded in computing federal or Ohio adjusted gross income for 2215

the taxable year, the amount the taxpayer received during the 2216  
taxable year as a death benefit paid by the adjutant general 2217  
under section 5919.33 of the Revised Code. 2218

(24) Deduct, to the extent included in federal adjusted 2219  
gross income and not otherwise allowable as a deduction or 2220  
exclusion in computing federal or Ohio adjusted gross income for 2221  
the taxable year, military pay and allowances received by the 2222  
taxpayer during the taxable year for active duty service in the 2223  
United States army, air force, navy, marine corps, or coast 2224  
guard or reserve components thereof or the national guard. The 2225  
deduction may not be claimed for military pay and allowances 2226  
received by the taxpayer while the taxpayer is stationed in this 2227  
state. 2228

(25) Deduct, to the extent not otherwise allowable as a 2229  
deduction or exclusion in computing federal or Ohio adjusted 2230  
gross income for the taxable year and not otherwise compensated 2231  
for by any other source, the amount of qualified organ donation 2232  
expenses incurred by the taxpayer during the taxable year, not 2233  
to exceed ten thousand dollars. A taxpayer may deduct qualified 2234  
organ donation expenses only once for all taxable years 2235  
beginning with taxable years beginning in 2007. 2236

For the purposes of division (A) (25) of this section: 2237

(a) "Human organ" means all or any portion of a human 2238  
liver, pancreas, kidney, intestine, or lung, and any portion of 2239  
human bone marrow. 2240

(b) "Qualified organ donation expenses" means travel 2241  
expenses, lodging expenses, and wages and salary forgone by a 2242  
taxpayer in connection with the taxpayer's donation, while 2243  
living, of one or more of the taxpayer's human organs to another 2244

human being. 2245

(26) Deduct, to the extent not otherwise deducted or 2246  
excluded in computing federal or Ohio adjusted gross income for 2247  
the taxable year, amounts received by the taxpayer as retired 2248  
personnel pay for service in the uniformed services or reserve 2249  
components thereof, or the national guard, or received by the 2250  
surviving spouse or former spouse of such a taxpayer under the 2251  
survivor benefit plan on account of such a taxpayer's death. If 2252  
the taxpayer receives income on account of retirement paid under 2253  
the federal civil service retirement system or federal employees 2254  
retirement system, or under any successor retirement program 2255  
enacted by the congress of the United States that is established 2256  
and maintained for retired employees of the United States 2257  
government, and such retirement income is based, in whole or in 2258  
part, on credit for the taxpayer's uniformed service, the 2259  
deduction allowed under this division shall include only that 2260  
portion of such retirement income that is attributable to the 2261  
taxpayer's uniformed service, to the extent that portion of such 2262  
retirement income is otherwise included in federal adjusted 2263  
gross income and is not otherwise deducted under this section. 2264  
Any amount deducted under division (A) (26) of this section is 2265  
not included in a taxpayer's adjusted gross income for the 2266  
purposes of section 5747.055 of the Revised Code. No amount may 2267  
be deducted under division (A) (26) of this section on the basis 2268  
of which a credit was claimed under section 5747.055 of the 2269  
Revised Code. 2270

(27) Deduct, to the extent not otherwise deducted or 2271  
excluded in computing federal or Ohio adjusted gross income for 2272  
the taxable year, the amount the taxpayer received during the 2273  
taxable year from the military injury relief fund created in 2274  
section 5902.05 of the Revised Code. 2275

(28) Deduct, to the extent not otherwise deducted or 2276  
excluded in computing federal or Ohio adjusted gross income for 2277  
the taxable year, the amount the taxpayer received as a veterans 2278  
bonus during the taxable year from the Ohio department of 2279  
veterans services as authorized by Section 2r of Article VIII, 2280  
Ohio Constitution. 2281

(29) Deduct, to the extent not otherwise deducted or 2282  
excluded in computing federal or Ohio adjusted gross income for 2283  
the taxable year, any income derived from a transfer agreement 2284  
or from the enterprise transferred under that agreement under 2285  
section 4313.02 of the Revised Code. 2286

(30) Deduct, to the extent not otherwise deducted or 2287  
excluded in computing federal or Ohio adjusted gross income for 2288  
the taxable year, Ohio college opportunity or federal Pell grant 2289  
amounts received by the taxpayer or the taxpayer's spouse or 2290  
dependent pursuant to section 3333.122 of the Revised Code or 20 2291  
U.S.C. 1070a, et seq., and used to pay room or board furnished 2292  
by the educational institution for which the grant was awarded 2293  
at the institution's facilities, including meal plans 2294  
administered by the institution. For the purposes of this 2295  
division, receipt of a grant includes the distribution of a 2296  
grant directly to an educational institution and the crediting 2297  
of the grant to the enrollee's account with the institution. 2298

~~(31) Deduct all business income~~ (a) For taxable years 2299  
beginning in 2015, deduct from the portion of an individual's 2300  
adjusted gross income that is business income, to the extent not 2301  
otherwise deducted or excluded in computing federal or Ohio 2302  
adjusted gross income for the taxable year, the lesser of the 2303  
following amounts: 2304

(i) Seventy-five per cent of the individual's business 2305

income; 2306

(ii) Ninety-three thousand seven hundred fifty dollars for 2307  
each spouse if spouses file separate returns under section 2308  
5747.08 of the Revised Code or one hundred eighty-seven thousand 2309  
five hundred dollars for all other individuals. 2310

(b) For taxable years beginning in 2016 or thereafter, 2311  
deduct from the portion of an individual's adjusted gross income 2312  
that is business income, to the extent not otherwise deducted or 2313  
excluded in computing federal adjusted gross income for the 2314  
taxable year, one hundred twenty-five thousand dollars for each 2315  
spouse if spouses file separate returns under section 5747.08 of 2316  
the Revised Code or two hundred fifty thousand dollars for all 2317  
other individuals. 2318

(B) "Business income" means income, including gain or 2319  
loss, arising from transactions, activities, and sources in the 2320  
regular course of a trade or business and includes income, gain, 2321  
or loss from real property, tangible property, and intangible 2322  
property if the acquisition, rental, management, and disposition 2323  
of the property constitute integral parts of the regular course 2324  
of a trade or business operation. "Business income" includes 2325  
income, including gain or loss, from a partial or complete 2326  
liquidation of a business, including, but not limited to, gain 2327  
or loss from the sale or other disposition of goodwill. 2328

(C) "Nonbusiness income" means all income other than 2329  
business income and may include, but is not limited to, 2330  
compensation, rents and royalties from real or tangible personal 2331  
property, capital gains, interest, dividends and distributions, 2332  
patent or copyright royalties, or lottery winnings, prizes, and 2333  
awards. 2334



(D) "Compensation" means any form of remuneration paid to an employee for personal services.	2335 2336
(E) "Fiduciary" means a guardian, trustee, executor, administrator, receiver, conservator, or any other person acting in any fiduciary capacity for any individual, trust, or estate.	2337 2338 2339
(F) "Fiscal year" means an accounting period of twelve months ending on the last day of any month other than December.	2340 2341
(G) "Individual" means any natural person.	2342
(H) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.	2343 2344
(I) "Resident" means any of the following, provided that division (I) (3) of this section applies only to taxable years of a trust beginning in 2002 or thereafter:	2345 2346 2347
(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code;	2348 2349
(2) The estate of a decedent who at the time of death was domiciled in this state. The domicile tests of section 5747.24 of the Revised Code are not controlling for purposes of division (I) (2) of this section.	2350 2351 2352 2353
(3) A trust that, in whole or part, resides in this state. If only part of a trust resides in this state, the trust is a resident only with respect to that part.	2354 2355 2356
For the purposes of division (I) (3) of this section:	2357
(a) A trust resides in this state for the trust's current taxable year to the extent, as described in division (I) (3) (d) of this section, that the trust consists directly or indirectly, in whole or in part, of assets, net of any related liabilities,	2358 2359 2360 2361

that were transferred, or caused to be transferred, directly or 2362  
indirectly, to the trust by any of the following: 2363

(i) A person, a court, or a governmental entity or 2364  
instrumentality on account of the death of a decedent, but only 2365  
if the trust is described in division (I) (3) (e) (i) or (ii) of 2366  
this section; 2367

(ii) A person who was domiciled in this state for the 2368  
purposes of this chapter when the person directly or indirectly 2369  
transferred assets to an irrevocable trust, but only if at least 2370  
one of the trust's qualifying beneficiaries is domiciled in this 2371  
state for the purposes of this chapter during all or some 2372  
portion of the trust's current taxable year; 2373

(iii) A person who was domiciled in this state for the 2374  
purposes of this chapter when the trust document or instrument 2375  
or part of the trust document or instrument became irrevocable, 2376  
but only if at least one of the trust's qualifying beneficiaries 2377  
is a resident domiciled in this state for the purposes of this 2378  
chapter during all or some portion of the trust's current 2379  
taxable year. If a trust document or instrument became 2380  
irrevocable upon the death of a person who at the time of death 2381  
was domiciled in this state for purposes of this chapter, that 2382  
person is a person described in division (I) (3) (a) (iii) of this 2383  
section. 2384

(b) A trust is irrevocable to the extent that the 2385  
transferor is not considered to be the owner of the net assets 2386  
of the trust under sections 671 to 678 of the Internal Revenue 2387  
Code. 2388

(c) With respect to a trust other than a charitable lead 2389  
trust, "qualifying beneficiary" has the same meaning as 2390

"potential current beneficiary" as defined in section 1361(e) (2) 2391  
of the Internal Revenue Code, and with respect to a charitable 2392  
lead trust "qualifying beneficiary" is any current, future, or 2393  
contingent beneficiary, but with respect to any trust 2394  
"qualifying beneficiary" excludes a person or a governmental 2395  
entity or instrumentality to any of which a contribution would 2396  
qualify for the charitable deduction under section 170 of the 2397  
Internal Revenue Code. 2398

(d) For the purposes of division (I) (3) (a) of this 2399  
section, the extent to which a trust consists directly or 2400  
indirectly, in whole or in part, of assets, net of any related 2401  
liabilities, that were transferred directly or indirectly, in 2402  
whole or part, to the trust by any of the sources enumerated in 2403  
that division shall be ascertained by multiplying the fair 2404  
market value of the trust's assets, net of related liabilities, 2405  
by the qualifying ratio, which shall be computed as follows: 2406

(i) The first time the trust receives assets, the 2407  
numerator of the qualifying ratio is the fair market value of 2408  
those assets at that time, net of any related liabilities, from 2409  
sources enumerated in division (I) (3) (a) of this section. The 2410  
denominator of the qualifying ratio is the fair market value of 2411  
all the trust's assets at that time, net of any related 2412  
liabilities. 2413

(ii) Each subsequent time the trust receives assets, a 2414  
revised qualifying ratio shall be computed. The numerator of the 2415  
revised qualifying ratio is the sum of (1) the fair market value 2416  
of the trust's assets immediately prior to the subsequent 2417  
transfer, net of any related liabilities, multiplied by the 2418  
qualifying ratio last computed without regard to the subsequent 2419  
transfer, and (2) the fair market value of the subsequently 2420

transferred assets at the time transferred, net of any related 2421  
liabilities, from sources enumerated in division (I) (3) (a) of 2422  
this section. The denominator of the revised qualifying ratio is 2423  
the fair market value of all the trust's assets immediately 2424  
after the subsequent transfer, net of any related liabilities. 2425

(iii) Whether a transfer to the trust is by or from any of 2426  
the sources enumerated in division (I) (3) (a) of this section 2427  
shall be ascertained without regard to the domicile of the 2428  
trust's beneficiaries. 2429

(e) For the purposes of division (I) (3) (a) (i) of this 2430  
section: 2431

(i) A trust is described in division (I) (3) (e) (i) of this 2432  
section if the trust is a testamentary trust and the testator of 2433  
that testamentary trust was domiciled in this state at the time 2434  
of the testator's death for purposes of the taxes levied under 2435  
Chapter 5731. of the Revised Code. 2436

(ii) A trust is described in division (I) (3) (e) (ii) of 2437  
this section if the transfer is a qualifying transfer described 2438  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 2439  
trust is an irrevocable inter vivos trust, and at least one of 2440  
the trust's qualifying beneficiaries is domiciled in this state 2441  
for purposes of this chapter during all or some portion of the 2442  
trust's current taxable year. 2443

(f) For the purposes of division (I) (3) (e) (ii) of this 2444  
section, a "qualifying transfer" is a transfer of assets, net of 2445  
any related liabilities, directly or indirectly to a trust, if 2446  
the transfer is described in any of the following: 2447

(i) The transfer is made to a trust, created by the 2448  
decedent before the decedent's death and while the decedent was 2449

domiciled in this state for the purposes of this chapter, and, 2450  
prior to the death of the decedent, the trust became irrevocable 2451  
while the decedent was domiciled in this state for the purposes 2452  
of this chapter. 2453

(ii) The transfer is made to a trust to which the 2454  
decedent, prior to the decedent's death, had directly or 2455  
indirectly transferred assets, net of any related liabilities, 2456  
while the decedent was domiciled in this state for the purposes 2457  
of this chapter, and prior to the death of the decedent the 2458  
trust became irrevocable while the decedent was domiciled in 2459  
this state for the purposes of this chapter. 2460

(iii) The transfer is made on account of a contractual 2461  
relationship existing directly or indirectly between the 2462  
transferor and either the decedent or the estate of the decedent 2463  
at any time prior to the date of the decedent's death, and the 2464  
decedent was domiciled in this state at the time of death for 2465  
purposes of the taxes levied under Chapter 5731. of the Revised 2466  
Code. 2467

(iv) The transfer is made to a trust on account of a 2468  
contractual relationship existing directly or indirectly between 2469  
the transferor and another person who at the time of the 2470  
decedent's death was domiciled in this state for purposes of 2471  
this chapter. 2472

(v) The transfer is made to a trust on account of the will 2473  
of a testator who was domiciled in this state at the time of the 2474  
testator's death for purposes of the taxes levied under Chapter 2475  
5731. of the Revised Code. 2476

(vi) The transfer is made to a trust created by or caused 2477  
to be created by a court, and the trust was directly or 2478

indirectly created in connection with or as a result of the 2479  
death of an individual who, for purposes of the taxes levied 2480  
under Chapter 5731. of the Revised Code, was domiciled in this 2481  
state at the time of the individual's death. 2482

(g) The tax commissioner may adopt rules to ascertain the 2483  
part of a trust residing in this state. 2484

(J) "Nonresident" means an individual or estate that is 2485  
not a resident. An individual who is a resident for only part of 2486  
a taxable year is a nonresident for the remainder of that 2487  
taxable year. 2488

(K) "Pass-through entity" has the same meaning as in 2489  
section 5733.04 of the Revised Code. 2490

(L) "Return" means the notifications and reports required 2491  
to be filed pursuant to this chapter for the purpose of 2492  
reporting the tax due and includes declarations of estimated tax 2493  
when so required. 2494

(M) "Taxable year" means the calendar year or the 2495  
taxpayer's fiscal year ending during the calendar year, or 2496  
fractional part thereof, upon which the adjusted gross income is 2497  
calculated pursuant to this chapter. 2498

(N) "Taxpayer" means any person subject to the tax imposed 2499  
by section 5747.02 of the Revised Code or any pass-through 2500  
entity that makes the election under division (D) of section 2501  
5747.08 of the Revised Code. 2502

(O) "Dependents" means dependents as defined in the 2503  
Internal Revenue Code and as claimed in the taxpayer's federal 2504  
income tax return for the taxable year or which the taxpayer 2505  
would have been permitted to claim had the taxpayer filed a 2506  
federal income tax return. 2507

(P) "Principal county of employment" means, in the case of 2508  
a nonresident, the county within the state in which a taxpayer 2509  
performs services for an employer or, if those services are 2510  
performed in more than one county, the county in which the major 2511  
portion of the services are performed. 2512

(Q) As used in sections 5747.50 to 5747.55 of the Revised 2513  
Code: 2514

(1) "Subdivision" means any county, municipal corporation, 2515  
park district, or township. 2516

(2) "Essential local government purposes" includes all 2517  
functions that any subdivision is required by general law to 2518  
exercise, including like functions that are exercised under a 2519  
charter adopted pursuant to the Ohio Constitution. 2520

(R) "Overpayment" means any amount already paid that 2521  
exceeds the figure determined to be the correct amount of the 2522  
tax. 2523

(S) "Taxable income" or "Ohio taxable income" applies only 2524  
to estates and trusts, and means federal taxable income, as 2525  
defined and used in the Internal Revenue Code, adjusted as 2526  
follows: 2527

(1) Add interest or dividends, net of ordinary, necessary, 2528  
and reasonable expenses not deducted in computing federal 2529  
taxable income, on obligations or securities of any state or of 2530  
any political subdivision or authority of any state, other than 2531  
this state and its subdivisions and authorities, but only to the 2532  
extent that such net amount is not otherwise includible in Ohio 2533  
taxable income and is described in either division (S) (1) (a) or 2534  
(b) of this section: 2535

(a) The net amount is not attributable to the S portion of 2536

an electing small business trust and has not been distributed to	2537
beneficiaries for the taxable year;	2538
(b) The net amount is attributable to the S portion of an	2539
electing small business trust for the taxable year.	2540
(2) Add interest or dividends, net of ordinary, necessary,	2541
and reasonable expenses not deducted in computing federal	2542
taxable income, on obligations of any authority, commission,	2543
instrumentality, territory, or possession of the United States	2544
to the extent that the interest or dividends are exempt from	2545
federal income taxes but not from state income taxes, but only	2546
to the extent that such net amount is not otherwise includible	2547
in Ohio taxable income and is described in either division (S)	2548
(1) (a) or (b) of this section;	2549
(3) Add the amount of personal exemption allowed to the	2550
estate pursuant to section 642(b) of the Internal Revenue Code;	2551
(4) Deduct interest or dividends, net of related expenses	2552
deducted in computing federal taxable income, on obligations of	2553
the United States and its territories and possessions or of any	2554
authority, commission, or instrumentality of the United States	2555
to the extent that the interest or dividends are exempt from	2556
state taxes under the laws of the United States, but only to the	2557
extent that such amount is included in federal taxable income	2558
and is described in either division (S) (1) (a) or (b) of this	2559
section;	2560
(5) Deduct the amount of wages and salaries, if any, not	2561
otherwise allowable as a deduction but that would have been	2562
allowable as a deduction in computing federal taxable income for	2563
the taxable year, had the targeted jobs credit allowed under	2564
sections 38, 51, and 52 of the Internal Revenue Code not been in	2565



effect, but only to the extent such amount relates either to 2566  
income included in federal taxable income for the taxable year 2567  
or to income of the S portion of an electing small business 2568  
trust for the taxable year; 2569

(6) Deduct any interest or interest equivalent, net of 2570  
related expenses deducted in computing federal taxable income, 2571  
on public obligations and purchase obligations, but only to the 2572  
extent that such net amount relates either to income included in 2573  
federal taxable income for the taxable year or to income of the 2574  
S portion of an electing small business trust for the taxable 2575  
year; 2576

(7) Add any loss or deduct any gain resulting from sale, 2577  
exchange, or other disposition of public obligations to the 2578  
extent that such loss has been deducted or such gain has been 2579  
included in computing either federal taxable income or income of 2580  
the S portion of an electing small business trust for the 2581  
taxable year; 2582

(8) Except in the case of the final return of an estate, 2583  
add any amount deducted by the taxpayer on both its Ohio estate 2584  
tax return pursuant to section 5731.14 of the Revised Code, and 2585  
on its federal income tax return in determining federal taxable 2586  
income; 2587

(9) (a) Deduct any amount included in federal taxable 2588  
income solely because the amount represents a reimbursement or 2589  
refund of expenses that in a previous year the decedent had 2590  
deducted as an itemized deduction pursuant to section 63 of the 2591  
Internal Revenue Code and applicable treasury regulations. The 2592  
deduction otherwise allowed under division (S) (9) (a) of this 2593  
section shall be reduced to the extent the reimbursement is 2594  
attributable to an amount the taxpayer or decedent deducted 2595

under this section in any taxable year.	2596
(b) Add any amount not otherwise included in Ohio taxable	2597
income for any taxable year to the extent that the amount is	2598
attributable to the recovery during the taxable year of any	2599
amount deducted or excluded in computing federal or Ohio taxable	2600
income in any taxable year, but only to the extent such amount	2601
has not been distributed to beneficiaries for the taxable year.	2602
(10) Deduct any portion of the deduction described in	2603
section 1341(a)(2) of the Internal Revenue Code, for repaying	2604
previously reported income received under a claim of right, that	2605
meets both of the following requirements:	2606
(a) It is allowable for repayment of an item that was	2607
included in the taxpayer's taxable income or the decedent's	2608
adjusted gross income for a prior taxable year and did not	2609
qualify for a credit under division (A) or (B) of section	2610
5747.05 of the Revised Code for that year.	2611
(b) It does not otherwise reduce the taxpayer's taxable	2612
income or the decedent's adjusted gross income for the current	2613
or any other taxable year.	2614
(11) Add any amount claimed as a credit under section	2615
5747.059 or 5747.65 of the Revised Code to the extent that the	2616
amount satisfies either of the following:	2617
(a) The amount was deducted or excluded from the	2618
computation of the taxpayer's federal taxable income as required	2619
to be reported for the taxpayer's taxable year under the	2620
Internal Revenue Code;	2621
(b) The amount resulted in a reduction in the taxpayer's	2622
federal taxable income as required to be reported for any of the	2623
taxpayer's taxable years under the Internal Revenue Code.	2624

(12) Deduct any amount, net of related expenses deducted 2625  
in computing federal taxable income, that a trust is required to 2626  
report as farm income on its federal income tax return, but only 2627  
if the assets of the trust include at least ten acres of land 2628  
satisfying the definition of "land devoted exclusively to 2629  
agricultural use" under section 5713.30 of the Revised Code, 2630  
regardless of whether the land is valued for tax purposes as 2631  
such land under sections 5713.30 to 5713.38 of the Revised Code. 2632  
If the trust is a pass-through entity investor, section 5747.231 2633  
of the Revised Code applies in ascertaining if the trust is 2634  
eligible to claim the deduction provided by division (S) (12) of 2635  
this section in connection with the pass-through entity's farm 2636  
income. 2637

Except for farm income attributable to the S portion of an 2638  
electing small business trust, the deduction provided by 2639  
division (S) (12) of this section is allowed only to the extent 2640  
that the trust has not distributed such farm income. Division 2641  
(S) (12) of this section applies only to taxable years of a trust 2642  
beginning in 2002 or thereafter. 2643

(13) Add the net amount of income described in section 2644  
641(c) of the Internal Revenue Code to the extent that amount is 2645  
not included in federal taxable income. 2646

(14) Add or deduct the amount the taxpayer would be 2647  
required to add or deduct under division (A) (20) or (21) of this 2648  
section if the taxpayer's Ohio taxable income were computed in 2649  
the same manner as an individual's Ohio adjusted gross income is 2650  
computed under this section. In the case of a trust, division 2651  
(S) (14) of this section applies only to any of the trust's 2652  
taxable years beginning in 2002 or thereafter. 2653

(T) "School district income" and "school district income 2654

tax" have the same meanings as in section 5748.01 of the Revised Code. 2655  
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(U) As used in divisions (A) (8), (A) (9), (S) (6), and (S) (7) of this section, "public obligations," "purchase obligations," and "interest or interest equivalent" have the same meanings as in section 5709.76 of the Revised Code. 2657  
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(V) "Limited liability company" means any limited liability company formed under Chapter 1705. of the Revised Code or under the laws of any other state. 2661  
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(W) "Pass-through entity investor" means any person who, during any portion of a taxable year of a pass-through entity, is a partner, member, shareholder, or equity investor in that pass-through entity. 2664  
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(X) "Banking day" has the same meaning as in section 1304.01 of the Revised Code. 2668  
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(Y) "Month" means a calendar month. 2670

(Z) "Quarter" means the first three months, the second three months, the third three months, or the last three months of the taxpayer's taxable year. 2671  
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(AA) (1) "Eligible institution" means a state university or state institution of higher education as defined in section 3345.011 of the Revised Code, or a private, nonprofit college, university, or other post-secondary institution located in this state that possesses a certificate of authorization issued by the chancellor of higher education pursuant to Chapter 1713. of the Revised Code or a certificate of registration issued by the state board of career colleges and schools under Chapter 3332. of the Revised Code. 2674  
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(2) "Qualified tuition and fees" means tuition and fees 2683  
imposed by an eligible institution as a condition of enrollment 2684  
or attendance, not exceeding two thousand five hundred dollars 2685  
in each of the individual's first two years of post-secondary 2686  
education. If the individual is a part-time student, "qualified 2687  
tuition and fees" includes tuition and fees paid for the 2688  
academic equivalent of the first two years of post-secondary 2689  
education during a maximum of five taxable years, not exceeding 2690  
a total of five thousand dollars. "Qualified tuition and fees" 2691  
does not include: 2692

(a) Expenses for any course or activity involving sports, 2693  
games, or hobbies unless the course or activity is part of the 2694  
individual's degree or diploma program; 2695

(b) The cost of books, room and board, student activity 2696  
fees, athletic fees, insurance expenses, or other expenses 2697  
unrelated to the individual's academic course of instruction; 2698

(c) Tuition, fees, or other expenses paid or reimbursed 2699  
through an employer, scholarship, grant in aid, or other 2700  
educational benefit program. 2701

(BB) (1) "Modified business income" means the business 2702  
income included in a trust's Ohio taxable income after such 2703  
taxable income is first reduced by the qualifying trust amount, 2704  
if any. 2705

(2) "Qualifying trust amount" of a trust means capital 2706  
gains and losses from the sale, exchange, or other disposition 2707  
of equity or ownership interests in, or debt obligations of, a 2708  
qualifying investee to the extent included in the trust's Ohio 2709  
taxable income, but only if the following requirements are 2710  
satisfied: 2711

(a) The book value of the qualifying investee's physical 2712  
assets in this state and everywhere, as of the last day of the 2713  
qualifying investee's fiscal or calendar year ending immediately 2714  
prior to the date on which the trust recognizes the gain or 2715  
loss, is available to the trust. 2716

(b) The requirements of section 5747.011 of the Revised 2717  
Code are satisfied for the trust's taxable year in which the 2718  
trust recognizes the gain or loss. 2719

Any gain or loss that is not a qualifying trust amount is 2720  
modified business income, qualifying investment income, or 2721  
modified nonbusiness income, as the case may be. 2722

(3) "Modified nonbusiness income" means a trust's Ohio 2723  
taxable income other than modified business income, other than 2724  
the qualifying trust amount, and other than qualifying 2725  
investment income, as defined in section 5747.012 of the Revised 2726  
Code, to the extent such qualifying investment income is not 2727  
otherwise part of modified business income. 2728

(4) "Modified Ohio taxable income" applies only to trusts, 2729  
and means the sum of the amounts described in divisions (BB) (4) 2730  
(a) to (c) of this section: 2731

(a) The fraction, calculated under section 5747.013, and 2732  
applying section 5747.231 of the Revised Code, multiplied by the 2733  
sum of the following amounts: 2734

(i) The trust's modified business income; 2735

(ii) The trust's qualifying investment income, as defined 2736  
in section 5747.012 of the Revised Code, but only to the extent 2737  
the qualifying investment income does not otherwise constitute 2738  
modified business income and does not otherwise constitute a 2739  
qualifying trust amount. 2740

(b) The qualifying trust amount multiplied by a fraction, 2741  
the numerator of which is the sum of the book value of the 2742  
qualifying investee's physical assets in this state on the last 2743  
day of the qualifying investee's fiscal or calendar year ending 2744  
immediately prior to the day on which the trust recognizes the 2745  
qualifying trust amount, and the denominator of which is the sum 2746  
of the book value of the qualifying investee's total physical 2747  
assets everywhere on the last day of the qualifying investee's 2748  
fiscal or calendar year ending immediately prior to the day on 2749  
which the trust recognizes the qualifying trust amount. If, for 2750  
a taxable year, the trust recognizes a qualifying trust amount 2751  
with respect to more than one qualifying investee, the amount 2752  
described in division (BB) (4) (b) of this section shall equal the 2753  
sum of the products so computed for each such qualifying 2754  
investee. 2755

(c) (i) With respect to a trust or portion of a trust that 2756  
is a resident as ascertained in accordance with division (I) (3) 2757  
(d) of this section, its modified nonbusiness income. 2758

(ii) With respect to a trust or portion of a trust that is 2759  
not a resident as ascertained in accordance with division (I) (3) 2760  
(d) of this section, the amount of its modified nonbusiness 2761  
income satisfying the descriptions in divisions (B) (2) to (5) of 2762  
section 5747.20 of the Revised Code, except as otherwise 2763  
provided in division (BB) (4) (c) (ii) of this section. With 2764  
respect to a trust or portion of a trust that is not a resident 2765  
as ascertained in accordance with division (I) (3) (d) of this 2766  
section, the trust's portion of modified nonbusiness income 2767  
recognized from the sale, exchange, or other disposition of a 2768  
debt interest in or equity interest in a section 5747.212 2769  
entity, as defined in section 5747.212 of the Revised Code, 2770  
without regard to division (A) of that section, shall not be 2771

allocated to this state in accordance with section 5747.20 of 2772  
the Revised Code but shall be apportioned to this state in 2773  
accordance with division (B) of section 5747.212 of the Revised 2774  
Code without regard to division (A) of that section. 2775

If the allocation and apportionment of a trust's income 2776  
under divisions (BB) (4) (a) and (c) of this section do not fairly 2777  
represent the modified Ohio taxable income of the trust in this 2778  
state, the alternative methods described in division (C) of 2779  
section 5747.21 of the Revised Code may be applied in the manner 2780  
and to the same extent provided in that section. 2781

(5) (a) Except as set forth in division (BB) (5) (b) of this 2782  
section, "qualifying investee" means a person in which a trust 2783  
has an equity or ownership interest, or a person or unit of 2784  
government the debt obligations of either of which are owned by 2785  
a trust. For the purposes of division (BB) (2) (a) of this section 2786  
and for the purpose of computing the fraction described in 2787  
division (BB) (4) (b) of this section, all of the following apply: 2788

(i) If the qualifying investee is a member of a qualifying 2789  
controlled group on the last day of the qualifying investee's 2790  
fiscal or calendar year ending immediately prior to the date on 2791  
which the trust recognizes the gain or loss, then "qualifying 2792  
investee" includes all persons in the qualifying controlled 2793  
group on such last day. 2794

(ii) If the qualifying investee, or if the qualifying 2795  
investee and any members of the qualifying controlled group of 2796  
which the qualifying investee is a member on the last day of the 2797  
qualifying investee's fiscal or calendar year ending immediately 2798  
prior to the date on which the trust recognizes the gain or 2799  
loss, separately or cumulatively own, directly or indirectly, on 2800  
the last day of the qualifying investee's fiscal or calendar 2801



year ending immediately prior to the date on which the trust 2802  
recognizes the qualifying trust amount, more than fifty per cent 2803  
of the equity of a pass-through entity, then the qualifying 2804  
investee and the other members are deemed to own the 2805  
proportionate share of the pass-through entity's physical assets 2806  
which the pass-through entity directly or indirectly owns on the 2807  
last day of the pass-through entity's calendar or fiscal year 2808  
ending within or with the last day of the qualifying investee's 2809  
fiscal or calendar year ending immediately prior to the date on 2810  
which the trust recognizes the qualifying trust amount. 2811

(iii) For the purposes of division (BB) (5) (a) (iii) of this 2812  
section, "upper level pass-through entity" means a pass-through 2813  
entity directly or indirectly owning any equity of another pass- 2814  
through entity, and "lower level pass-through entity" means that 2815  
other pass-through entity. 2816

An upper level pass-through entity, whether or not it is 2817  
also a qualifying investee, is deemed to own, on the last day of 2818  
the upper level pass-through entity's calendar or fiscal year, 2819  
the proportionate share of the lower level pass-through entity's 2820  
physical assets that the lower level pass-through entity 2821  
directly or indirectly owns on the last day of the lower level 2822  
pass-through entity's calendar or fiscal year ending within or 2823  
with the last day of the upper level pass-through entity's 2824  
fiscal or calendar year. If the upper level pass-through entity 2825  
directly and indirectly owns less than fifty per cent of the 2826  
equity of the lower level pass-through entity on each day of the 2827  
upper level pass-through entity's calendar or fiscal year in 2828  
which or with which ends the calendar or fiscal year of the 2829  
lower level pass-through entity and if, based upon clear and 2830  
convincing evidence, complete information about the location and 2831  
cost of the physical assets of the lower pass-through entity is 2832

not available to the upper level pass-through entity, then 2833  
solely for purposes of ascertaining if a gain or loss 2834  
constitutes a qualifying trust amount, the upper level pass- 2835  
through entity shall be deemed as owning no equity of the lower 2836  
level pass-through entity for each day during the upper level 2837  
pass-through entity's calendar or fiscal year in which or with 2838  
which ends the lower level pass-through entity's calendar or 2839  
fiscal year. Nothing in division (BB) (5) (a) (iii) of this section 2840  
shall be construed to provide for any deduction or exclusion in 2841  
computing any trust's Ohio taxable income. 2842

(b) With respect to a trust that is not a resident for the 2843  
taxable year and with respect to a part of a trust that is not a 2844  
resident for the taxable year, "qualifying investee" for that 2845  
taxable year does not include a C corporation if both of the 2846  
following apply: 2847

(i) During the taxable year the trust or part of the trust 2848  
recognizes a gain or loss from the sale, exchange, or other 2849  
disposition of equity or ownership interests in, or debt 2850  
obligations of, the C corporation. 2851

(ii) Such gain or loss constitutes nonbusiness income. 2852

(6) "Available" means information is such that a person is 2853  
able to learn of the information by the due date plus 2854  
extensions, if any, for filing the return for the taxable year 2855  
in which the trust recognizes the gain or loss. 2856

(CC) "Qualifying controlled group" has the same meaning as 2857  
in section 5733.04 of the Revised Code. 2858

(DD) "Related member" has the same meaning as in section 2859  
5733.042 of the Revised Code. 2860

(EE) (1) For the purposes of division (EE) of this section: 2861

(a) "Qualifying person" means any person other than a qualifying corporation.	2862 2863
(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:	2864 2865 2866
(i) A corporation that has made an election under subchapter S, chapter one, subtitle A, of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year;	2867 2868 2869 2870
(ii) A subsidiary that is wholly owned by any corporation that has made an election under subchapter S, chapter one, subtitle A of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year.	2871 2872 2873 2874 2875
(2) For the purposes of this chapter, unless expressly stated otherwise, no qualifying person indirectly owns any asset directly or indirectly owned by any qualifying corporation.	2876 2877 2878
(FF) For purposes of this chapter and Chapter 5751. of the Revised Code:	2879 2880
(1) "Trust" does not include a qualified pre-income tax trust.	2881 2882
(2) A "qualified pre-income tax trust" is any pre-income tax trust that makes a qualifying pre-income tax trust election as described in division (FF)(3) of this section.	2883 2884 2885
(3) A "qualifying pre-income tax trust election" is an election by a pre-income tax trust to subject to the tax imposed by section 5751.02 of the Revised Code the pre-income tax trust and all pass-through entities of which the trust owns or	2886 2887 2888 2889

controls, directly, indirectly, or constructively through 2890  
related interests, five per cent or more of the ownership or 2891  
equity interests. The trustee shall notify the tax commissioner 2892  
in writing of the election on or before April 15, 2006. The 2893  
election, if timely made, shall be effective on and after 2894  
January 1, 2006, and shall apply for all tax periods and tax 2895  
years until revoked by the trustee of the trust. 2896

(4) A "pre-income tax trust" is a trust that satisfies all 2897  
of the following requirements: 2898

(a) The document or instrument creating the trust was 2899  
executed by the grantor before January 1, 1972; 2900

(b) The trust became irrevocable upon the creation of the 2901  
trust; and 2902

(c) The grantor was domiciled in this state at the time 2903  
the trust was created. 2904

(GG) "Uniformed services" has the same meaning as in 10 2905  
U.S.C. 101. 2906

(HH) "Taxable business income" means the amount by which 2907  
an individual's business income reduced by deductions from 2908  
business income and by one of the following amounts, provided 2909  
that "taxable business income" shall not be less than zero: 2910

~~(1) For taxable years beginning in 2015, the lesser of~~ 2911  
~~seventy five per cent of Ohio business income or (a) ninety~~ 2912  
~~three thousand seven hundred fifty dollars for each spouse if~~ 2913  
~~spouses file separate returns under section 5747.08 of the~~ 2914  
~~Revised Code or (b) one hundred eighty seven thousand five~~ 2915  
~~hundred dollars for all other taxpayers;~~ 2916

~~(2) For taxable years beginning in 2016 and thereafter,~~ 2917

~~one hundred twenty five thousand dollars for each spouse if~~ 2918  
~~spouses file separate returns under section 5747.08 of the~~ 2919  
~~Revised Code or two hundred fifty thousand dollars for all other~~ 2920  
~~individuals~~ that is included in federal adjusted gross income 2921  
exceeds the amount of business income the individual is 2922  
authorized to deduct under division (A) (31) of this section for 2923  
the taxable year. 2924

**Sec. 5747.02.** (A) For the purpose of providing revenue for 2925  
the support of schools and local government functions, to 2926  
provide relief to property taxpayers, to provide revenue for the 2927  
general revenue fund, and to meet the expenses of administering 2928  
the tax levied by this chapter, there is hereby levied on every 2929  
individual, trust, and estate residing in or earning or 2930  
receiving income in this state, on every individual, trust, and 2931  
estate earning or receiving lottery winnings, prizes, or awards 2932  
pursuant to Chapter 3770. of the Revised Code, on every 2933  
individual, trust, and estate earning or receiving winnings on 2934  
casino gaming, and on every individual, trust, and estate 2935  
otherwise having nexus with or in this state under the 2936  
Constitution of the United States, an annual tax measured as 2937  
prescribed in divisions (A) (1) to (4) of this section. 2938

(1) In the case of trusts, the tax imposed by this section 2939  
shall be measured by modified Ohio taxable income under division 2940  
(D) of this section and levied at the same rates prescribed in 2941  
division (A) (3) of this section for individuals. 2942

(2) In the case of estates, the tax imposed by this 2943  
section shall be measured by Ohio taxable income and levied at 2944  
the same rates prescribed in division (A) (3) of this section for 2945  
individuals. 2946

(3) In the case of individuals, for taxable years 2947

beginning in 2015 or thereafter, the tax imposed by this section			2948
on income other than <u>taxable</u> business income shall be measured			2949
by Ohio adjusted gross income, <u>less taxable business income and</u>			2950
less an exemption for the taxpayer, the taxpayer's spouse, and			2951
each dependent as provided in section 5747.025 of the Revised			2952
Code. The tax imposed on the balance thus obtained is hereby			2953
levied as follows:			2954
OHIO ADJUSTED GROSS			2955
<u>INCOME LESS TAXABLE BUSINESS</u>			2956
<u>INCOME AND EXEMPTIONS</u>			2957
(INDIVIDUALS)			2958
OR			2959
MODIFIED OHIO			2960
TAXABLE INCOME (TRUSTS)			2961
OR			2962
OHIO TAXABLE INCOME (ESTATES)	TAX		2963
\$5,000 or less	.495%		2964
More than \$5,000 but	\$24.75 plus .990% of the amount		2965
not more than \$10,000	in excess of \$5,000		2966
More than \$10,000 but	\$74.25 plus 1.980% of the amount		2967
not more than \$15,000	in excess of \$10,000		2968
More than \$15,000 but	\$173.25 plus 2.476% of the amount		2969
not more than \$20,000	in excess of \$15,000		2970
More than \$20,000 but	\$297.05 plus 2.969% of the amount		2971
not more than \$40,000	in excess of \$20,000		2972
More than \$40,000 but	\$890.85 plus 3.465% of the amount		2973
not more than \$80,000	in excess of \$40,000		2974
More than \$80,000 but	\$2,276.85 plus 3.960% of the amount		2975
not more than \$100,000	in excess of \$80,000		2976

More than \$100,000 but	\$3,068.85 plus 4.597% of the amount	2977
not more than \$200,000	in excess of \$100,000	2978
More than \$200,000	\$7,665.85 plus 4.997% of the amount	2979
	in excess of \$200,000	2980

(4)(a) In the case of individuals, for taxable years 2981  
beginning in 2015, the tax imposed by this section on taxable 2982  
business income shall be measured by taxable business income 2983  
less any amount allowed under division (A) (4) (c) of this 2984  
section. The tax imposed on the balance thus obtained is hereby 2985  
levied as follows: 2986

TAXABLE BUSINESS INCOME 2987

LESS ALLOWED EXEMPTION AMOUNT      TAX 2988

\$5,000 or less      .495% 2989

More than \$5,000 but      \$24.75 plus .990% of 2990  
not more than \$10,000      the amount 2991

\_\_\_\_\_ in excess of \$5,000 2992

More than \$10,000 but      \$74.25 plus 1.980% of 2993  
not more than \$15,000      the amount 2994

\_\_\_\_\_ in excess of \$10,000 2995

More than \$15,000 but      \$173.25 plus 2.476% 2996  
not more than \$20,000      of the amount 2997

\_\_\_\_\_ in excess of \$15,000 2998

More than \$20,000 but      \$297.05 plus 2.969% 2999  
not more than \$40,000      of the amount 3000

\_\_\_\_\_ in excess of \$20,000 3001

More than \$40,000 \_\_\_\_\_ \$890.85 plus 3% of 3002  
\_\_\_\_\_ the amount in 3003  
\_\_\_\_\_ excess of \$40,000 3004

(b) In the case of individuals, for taxable years 3005  
beginning in 2015-2016 or thereafter, the tax imposed by this 3006  
section on taxable business income shall equal three per cent of 3007  
the result obtained by subtracting any amount allowed under 3008  
division (A) (4) (c) of this section from the taxpayer's 3009  
individual's taxable business income. 3010

(c) If the exemptions allowed to an individual under 3011  
division (A) (3) of this section exceed the taxpayer's Ohio 3012  
adjusted gross income less taxable business income, the excess 3013  
shall be deducted from taxable business income before computing 3014  
the tax under division (A) (4) (a) or (b) of this section. 3015

Except as otherwise provided in this division, in August 3016  
of each year, the tax commissioner shall make a new adjustment 3017  
to the income amounts prescribed in division (A) (3) of this 3018  
section by multiplying the percentage increase in the gross 3019  
domestic product deflator computed that year under section 3020  
5747.025 of the Revised Code by each of the income amounts 3021  
resulting from the adjustment under this division in the 3022  
preceding year, adding the resulting product to the 3023  
corresponding income amount resulting from the adjustment in the 3024  
preceding year, and rounding the resulting sum to the nearest 3025  
multiple of fifty dollars. The tax commissioner also shall 3026  
recompute each of the tax dollar amounts to the extent necessary 3027  
to reflect the new adjustment of the income amounts. The rates 3028  
of taxation shall not be adjusted. 3029

The adjusted amounts apply to taxable years beginning in 3030



the calendar year in which the adjustments are made and to 3031  
taxable years beginning in each ensuing calendar year until a 3032  
calendar year in which a new adjustment is made pursuant to this 3033  
division. The tax commissioner shall not make a new adjustment 3034  
in any year in which the amount resulting from the adjustment 3035  
would be less than the amount resulting from the adjustment in 3036  
the preceding year. The commissioner shall not make a new 3037  
adjustment for taxable years beginning in 2013, 2014, or 2015. 3038

(B) If the director of budget and management makes a 3039  
certification to the tax commissioner under division (B) of 3040  
section 131.44 of the Revised Code, the amount of tax as 3041  
determined under divisions (A) (1) to (3) of this section shall 3042  
be reduced by the percentage prescribed in that certification 3043  
for taxable years beginning in the calendar year in which that 3044  
certification is made. 3045

(C) The levy of this tax on income does not prevent a 3046  
municipal corporation, a joint economic development zone created 3047  
under section 715.691, or a joint economic development district 3048  
created under section 715.70 or 715.71 or sections 715.72 to 3049  
715.81 of the Revised Code from levying a tax on income. 3050

(D) This division applies only to taxable years of a trust 3051  
beginning in 2002 or thereafter. 3052

(1) The tax imposed by this section on a trust shall be 3053  
computed by multiplying the Ohio modified taxable income of the 3054  
trust by the rates prescribed by division (A) of this section. 3055

(2) A resident trust may claim a credit against the tax 3056  
computed under division (D) of this section equal to the lesser 3057  
of (1) the tax paid to another state or the District of Columbia 3058  
on the resident trust's modified nonbusiness income, other than 3059

the portion of the resident trust's nonbusiness income that is 3060  
qualifying investment income as defined in section 5747.012 of 3061  
the Revised Code, or (2) the effective tax rate, based on 3062  
modified Ohio taxable income, multiplied by the resident trust's 3063  
modified nonbusiness income other than the portion of the 3064  
resident trust's nonbusiness income that is qualifying 3065  
investment income. The credit applies before any other 3066  
applicable credits. 3067

(3) The credits enumerated in ~~division~~divisions (A) (1) ~~or~~ 3068  
~~(2)~~ to (10) and (A) (19) to (21) of section 5747.98 of the 3069  
Revised Code do not apply to a trust subject to division (D) of 3070  
this section. Any credits enumerated in ~~division (A) (3) or (4)~~ 3071  
other divisions of section 5747.98 of the Revised Code apply to 3072  
a trust subject to division (D) of this section. To the extent 3073  
that the trust distributes income for the taxable year for which 3074  
a credit is available to the trust, the credit shall be shared 3075  
by the trust and its beneficiaries. The tax commissioner and the 3076  
trust shall be guided by applicable regulations of the United 3077  
States treasury regarding the sharing of credits. 3078

(E) For the purposes of this section, "trust" means any 3079  
trust described in Subchapter J of Chapter 1 of the Internal 3080  
Revenue Code, excluding trusts that are not irrevocable as 3081  
defined in division (I) (3) (b) of section 5747.01 of the Revised 3082  
Code and that have no modified Ohio taxable income for the 3083  
taxable year, charitable remainder trusts, qualified funeral 3084  
trusts and preneed funeral contract trusts established pursuant 3085  
to sections 4717.31 to 4717.38 of the Revised Code that are not 3086  
qualified funeral trusts, endowment and perpetual care trusts, 3087  
qualified settlement trusts and funds, designated settlement 3088  
trusts and funds, and trusts exempted from taxation under 3089  
section 501(a) of the Internal Revenue Code. 3090

**Sec. 5747.05.** As used in this section, "income tax" 3091  
includes both a tax on net income and a tax measured by net 3092  
income. 3093

The following credits shall be allowed against the 3094  
aggregate income tax liability imposed by section 5747.02 of the 3095  
Revised Code on individuals and estates: 3096

(A) (1) The amount of tax otherwise due under section 3097  
5747.02 of the Revised Code on such portion of the combined 3098  
adjusted gross income and business income of any nonresident 3099  
taxpayer that is not allocable or apportionable to this state 3100  
pursuant to sections 5747.20 to 5747.23 of the Revised Code. The 3101  
credit provided under this division shall not exceed the total 3102  
tax due under section 5747.02 of the Revised Code. 3103

(2) The tax commissioner may enter into an agreement with 3104  
the taxing authorities of any state or of the District of 3105  
Columbia that imposes an income tax to provide that compensation 3106  
paid in this state to a nonresident taxpayer shall not be 3107  
subject to the tax levied in section 5747.02 of the Revised Code 3108  
so long as compensation paid in such other state or in the 3109  
District of Columbia to a resident taxpayer shall likewise not 3110  
be subject to the income tax of such other state or of the 3111  
District of Columbia. 3112

(B) The lesser of division (B) (1) or (2) of this section: 3113

(1) The aggregate amount of tax otherwise due under 3114  
section 5747.02 of the Revised Code on such portion of the 3115  
combined adjusted gross income and business income of a resident 3116  
taxpayer that in another state or in the District of Columbia is 3117  
subjected to an income tax. The credit provided under division 3118  
(B) (1) of this section shall not exceed the total tax due under 3119

section 5747.02 of the Revised Code. 3120

(2) The amount of income tax liability to another state or 3121  
the District of Columbia on the portion of the combined adjusted 3122  
gross income and business income of a resident taxpayer that in 3123  
another state or in the District of Columbia is subjected to an 3124  
income tax. The credit provided under division (B) (2) of this 3125  
section shall not exceed the total amount of tax otherwise due 3126  
under section 5747.02 of the Revised Code. 3127

(3) If the credit provided under division (B) of this 3128  
section is affected by a change in either the portion of the 3129  
combined adjusted gross income and business income of a resident 3130  
taxpayer subjected to an income tax in another state or the 3131  
District of Columbia or the amount of income tax liability that 3132  
has been paid to another state or the District of Columbia, the 3133  
taxpayer shall report the change to the tax commissioner within 3134  
sixty days of the change in such form as the commissioner 3135  
requires. 3136

(a) In the case of an underpayment, the report shall be 3137  
accompanied by payment of any additional tax due as a result of 3138  
the reduction in credit together with interest on the additional 3139  
tax and is a return subject to assessment under section 5747.13 3140  
of the Revised Code solely for the purpose of assessing any 3141  
additional tax due under this division, together with any 3142  
applicable penalty and interest. It shall not reopen the 3143  
computation of the taxpayer's tax liability under this chapter 3144  
from a previously filed return no longer subject to assessment 3145  
except to the extent that such liability is affected by an 3146  
adjustment to the credit allowed by division (B) of this 3147  
section. 3148

(b) In the case of an overpayment, an application for 3149

refund may be filed under this division within the sixty-day 3150  
period prescribed for filing the report even if it is beyond the 3151  
period prescribed in section 5747.11 of the Revised Code if it 3152  
otherwise conforms to the requirements of such section. An 3153  
application filed under this division shall only claim refund of 3154  
overpayments resulting from an adjustment to the credit allowed 3155  
by division (B) of this section unless it is also filed within 3156  
the time prescribed in section 5747.11 of the Revised Code. It 3157  
shall not reopen the computation of the taxpayer's tax liability 3158  
except to the extent that such liability is affected by an 3159  
adjustment to the credit allowed by division (B) of this 3160  
section. 3161

(4) No credit shall be allowed under division (B) of this 3162  
section: 3163

(a) For income tax paid or accrued to another state or to 3164  
the District of Columbia if the taxpayer, when computing federal 3165  
adjusted gross income, has directly or indirectly deducted, or 3166  
was required to directly or indirectly deduct, the amount of 3167  
that income tax; 3168

(b) For compensation that is not subject to the income tax 3169  
of another state or the District of Columbia as the result of an 3170  
agreement entered into by the tax commissioner under division 3171  
(A) (3) of this section; or 3172

(c) For income tax paid or accrued to another state or the 3173  
District of Columbia if the taxpayer fails to furnish such proof 3174  
as the tax commissioner shall require that such income tax 3175  
liability has been paid. 3176

(C) An individual who is a resident for part of a taxable 3177  
year and a nonresident for the remainder of the taxable year is 3178

allowed the credits under divisions (A) and (B) of this section 3179  
in accordance with rules prescribed by the tax commissioner. In 3180  
no event shall the same income be subject to both credits. 3181

(D) The credit allowed under division (A) of this section 3182  
shall be calculated based upon the amount of tax due under 3183  
section 5747.02 of the Revised Code after subtracting any other 3184  
credits that precede the credit under that division in the order 3185  
required under section 5747.98 of the Revised Code. The credit 3186  
allowed under division (B) of this section shall be calculated 3187  
based upon the amount of tax due under section 5747.02 of the 3188  
Revised Code after subtracting any other credits that precede 3189  
the credit under that division in the order required under 3190  
section 5747.98 of the Revised Code. 3191

(E) (1) On a joint return filed by a husband and wife, each 3192  
of whom had adjusted gross income of at least five hundred 3193  
dollars, exclusive of interest, dividends and distributions, 3194  
royalties, rent, and capital gains, a credit equal to the 3195  
~~percentage shown in the table contained in this division of the~~ 3196  
~~amount of tax due after allowing for any other credit that~~ 3197  
~~precedes the credit under this division in the order required~~ 3198  
~~under section 5747.98 of the Revised Code.~~ 3199

~~(2) The credit to which a taxpayer is entitled under this~~ 3200  
~~division in any taxable year is lesser of six hundred fifty~~ 3201  
~~dollars or the percentage shown in column B that corresponds~~ 3202  
with the taxpayer's adjusted gross income, less exemptions for 3203  
the taxable year, of the total amount of tax due after allowing 3204  
for any other credit that precedes this credit as required under 3205  
section 5747.98 of the Revised Code: 3206

A. B. 3207  
IF THE ADJUSTED GROSS INCOME, THE CREDIT FOR THE TAXABLE 3208

LESS EXEMPTIONS, FOR THE	YEAR IS:	3209
TAX YEAR IS:		3210
\$25,000 or less	20%	3211
More than \$25,000 but not more than \$50,000	15%	3212 3213
More than \$50,000 but not more than \$75,000	10%	3214 3215
More than \$75,000	5%	3216
<del>(3) The credit allowed under this division shall not exceed six hundred fifty dollars in any taxable year.</del>		3217 3218
<del>(4)-(2) The credit shall be claimed in the order required under section 5747.98 of the Revised Code.</del>		3219 3220
(F) No claim for credit under this section shall be allowed unless the claimant furnishes such supporting information as the tax commissioner prescribes by rules.		3221 3222 3223
<b>Sec. 5747.054.</b> <del>As used in this section, "adjusted gross income" means adjusted gross income as defined in section 5747.01 of the Revised Code.</del>		3224 3225 3226
<del>For taxable years ending on or after January 1, 1988, in In addition to all other credits allowed by this chapter, a credit shall be allowed against <u>the a taxpayer's aggregate tax imposed by liability under</u> section 5747.02 of the Revised Code for taxpayers with adjusted gross income of less than <del>thirty thousand dollars</del>; and, for taxable years beginning on or after January 1, 1993, for taxpayers with adjusted gross income of less than forty thousand dollars. The amount of the credit shall equal twenty-five per cent of the federal dependent care credit for which the taxpayer is eligible for the taxable year under section 21 of the Internal Revenue Code, 26 U.S.C.A. 21; except</del>		3227 3228 3229 3230 3231 3232 3233 3234 3235 3236 3237

that, ~~for taxable years beginning on or after January 1, 1997,~~ 3238  
the amount of the credit for a taxpayer with adjusted gross 3239  
income of less than twenty thousand dollars shall equal the 3240  
federal credit for which the taxpayer is eligible, in any case 3241  
without regard to any limitation imposed by section 26 of the 3242  
Internal Revenue Code, 26 U.S.C.A. 26. 3243

The credit allowed by this section shall be claimed in the 3244  
order required under section 5747.98 of the Revised Code. 3245

**Sec. 5747.055.** (A) As used in this section "retirement 3246  
income" means retirement benefits, annuities, or distributions 3247  
that are made from or pursuant to a pension, retirement, or 3248  
profit-sharing plan and that: 3249

(1) In the case of an individual, are received by the 3250  
individual on account of retirement and are included in the 3251  
individual's adjusted gross income; 3252

(2) In the case of an estate, are payable to the estate 3253  
for the benefit of the surviving spouse of the decedent and are 3254  
included in the estate's taxable income. 3255

(B) A credit shall be allowed against ~~the a taxpayer's~~ 3256  
aggregate tax imposed by liability under section 5747.02 of the 3257  
Revised Code for taxpayers who received retirement income during 3258  
the taxable year and whose adjusted gross income for the taxable 3259  
year, less applicable exemptions under section 5747.025 of the 3260  
Revised Code, as shown on an individual or joint annual return 3261  
is less than one hundred thousand dollars. Only one such credit 3262  
shall be allowed for each return, and the amount of the credit 3263  
shall be computed in accordance with the following schedule: 3264

AMOUNT OF RETIREMENT INCOME RECEIVED	CREDIT FOR THE	3265
DURING THE TAXABLE YEAR	TAXABLE YEAR	3266



\$500 or less	\$ 0	3267
Over \$500 but not more than \$1,500	\$ 25	3268
Over \$1,500 but not more than \$3,000	\$ 50	3269
Over \$3,000 but not more than \$5,000	\$ 80	3270
Over \$5,000 but not more than \$8,000	\$130	3271
Over \$8,000	\$200	3272

(C) A taxpayer who received a lump-sum distribution from a pension, retirement, or profit-sharing plan in the taxable year and whose adjusted gross income for the taxable year, less applicable exemptions under section 5747.025 of the Revised Code, as shown on an individual or joint annual return is less than one hundred thousand dollars, may elect to receive a credit under this division in lieu of the credit allowed under division (B) of this section. A taxpayer making such an election is not entitled to the credit authorized under this division or division (B) of this section in subsequent taxable years. A taxpayer electing the credit under this division shall receive a credit for the taxable year against the taxpayer's aggregate tax imposed by liability under section 5747.02 of the Revised Code computed as follows:

(1) Divide the amount of retirement income received during the taxable year by the taxpayer's expected remaining life on the last day of the taxable year, as shown by annuity tables issued under the provisions of the Internal Revenue Code and in effect for the calendar year that includes the last day of the taxable year;

(2) Using the quotient thus obtained as the amount of retirement income received during the taxable year, compute the credit for the taxable year in accordance with division (B) of this section;

(3) Multiply the credit thus obtained by the taxpayer's 3297  
expected remaining life. The product thus obtained shall be the 3298  
credit under this division for the taxable year. 3299

(D) If the credit under division (C) or (E) of this 3300  
section exceeds the taxpayer's aggregate tax due-liability under 3301  
section 5747.02 of the Revised Code for the taxable year after 3302  
allowing for any other credit that precedes that credit in the 3303  
order required under section 5747.98 of the Revised Code, the 3304  
taxpayer may elect to receive a credit for each subsequent 3305  
taxable year. The amount of the credit for each such year shall 3306  
be computed as follows: 3307

(1) Determine the amount by which the unused credit 3308  
elected under division (C) or (E) of this section exceeded the 3309  
total tax due for the taxable year after allowing for any 3310  
preceding credit in the required order; 3311

(2) Divide the amount of such excess by one year less than 3312  
the taxpayer's expected remaining life on the last day of the 3313  
taxable year of the distribution for which the credit was 3314  
allowed under division (C) or (E) of this section. The quotient 3315  
thus obtained shall be the credit for each subsequent year. 3316

(E) If subsequent to the receipt of a lump-sum 3317  
distribution and an election under division (C) of this section 3318  
an individual receives another lump-sum distribution within one 3319  
taxable year, and the taxpayer's adjusted gross income for the 3320  
taxable year, less applicable exemptions under section 5747.025 3321  
of the Revised Code, as shown on an individual or joint annual 3322  
return is less than one hundred thousand dollars, the taxpayer 3323  
may elect to receive a credit for that taxable year. The credit 3324  
shall equal the lesser of: 3325

(1) A credit computed in the manner prescribed in division 3326  
(C) of this section; 3327

(2) The amount of credit, if any, to which the taxpayer 3328  
would otherwise be entitled for the taxable year under division 3329  
(D) of this section times the taxpayer's expected remaining life 3330  
on the last day of the taxable year. A taxpayer who elects to 3331  
receive a credit under this division is not entitled to a credit 3332  
under this division or division (B) or (C) of this section for 3333  
any subsequent year except as provided in division (D) of this 3334  
section. 3335

(F) A credit equal to fifty dollars for each return 3336  
required to be filed under section 5747.08 of the Revised Code 3337  
shall be allowed against ~~the a taxpayer's aggregate tax imposed~~ 3338  
~~by liability under~~ section 5747.02 of the Revised Code for 3339  
taxpayers sixty-five years of age or older during the taxable 3340  
year whose adjusted gross income, less applicable exemptions 3341  
under section 5747.025 of the Revised Code, as shown on an 3342  
individual or joint annual return is less than one hundred 3343  
thousand dollars for that taxable year. 3344

(G) A taxpayer sixty-five years of age or older during the 3345  
taxable year who has received a lump-sum distribution from a 3346  
pension, retirement, or profit-sharing plan in the taxable year, 3347  
and whose adjusted gross income, less applicable exemptions 3348  
under section 5747.025 of the Revised Code, as shown on an 3349  
individual or joint annual return is less than one hundred 3350  
thousand dollars for that taxable year may elect to receive a 3351  
credit under this division in lieu of the credit to which the 3352  
taxpayer is entitled under division (F) of this section. A 3353  
taxpayer making such an election shall receive a credit for the 3354  
taxable year against the taxpayer's aggregate tax imposed by 3355

liability under section 5747.02 of the Revised Code equal to 3356  
fifty dollars times the taxpayer's expected remaining life as 3357  
shown by annuity tables issued under the Internal Revenue Code 3358  
and in effect for the calendar year that includes the last day 3359  
of the taxable year. A taxpayer making an election under this 3360  
division is not entitled to the credit authorized under this 3361  
division or division (F) of this section in subsequent taxable 3362  
years. 3363

(H) The credits allowed by this section shall be claimed 3364  
in the order required under section 5747.98 of the Revised Code. 3365  
The tax commissioner may require a taxpayer to furnish any 3366  
information necessary to support a claim for credit under this 3367  
section, and no credit shall be allowed unless such information 3368  
is provided. 3369

**Sec. 5747.056.** For taxable years beginning in ~~2005-2015~~ or 3370  
thereafter, a nonrefundable credit equal to eighty-eight dollars 3371  
shall be allowed per return against the aggregate amount of tax 3372  
~~imposed by due under~~ section 5747.02 of the Revised Code ~~for a~~ 3373  
~~on an individual's return not filed by an estate or trust that~~ 3374  
indicates Ohio adjusted gross income less exemptions of ten 3375  
thousand dollars or less. ~~For taxable years beginning in 2005,~~ 3376  
~~the credit shall equal one hundred seven dollars. For taxable~~ 3377  
~~years beginning in 2006, the credit shall equal one hundred two~~ 3378  
~~dollars. For taxable years beginning in 2007, the credit shall~~ 3379  
~~equal ninety-eight dollars. For taxable years beginning in 2008,~~ 3380  
~~2009, or 2010, the credit shall equal ninety-three dollars. For~~ 3381  
~~taxable years beginning in 2011 or thereafter, the credit shall~~ 3382  
~~equal eighty-eight dollars.~~ The credit shall be claimed in the 3383  
order required under section 5747.98 of the Revised Code. 3384

**Sec. 5747.059.** (A) This section applies only to reduce ~~the~~ 3385

a taxpayer's aggregate tax imposed by liability under section 3386  
5747.02 of the Revised Code. 3387

(B) There is hereby allowed a refundable credit against 3388  
~~the a taxpayer's aggregate tax imposed liability~~ under section 3389  
5747.02 of the Revised Code. This credit shall be equal to the 3390  
taxpayer's proportionate share of the lesser of either the tax 3391  
due or the tax paid under section 5733.41 or 5747.41 of the 3392  
Revised Code by any qualifying entity as defined in section 3393  
5733.40 of the Revised Code for the qualifying taxable year of 3394  
the qualifying entity which ends in the taxable year of the 3395  
taxpayer. 3396

(C) The taxpayer shall claim the credit for the taxpayer's 3397  
taxable year in which ends the qualifying entity's qualifying 3398  
taxable year. For purposes of making tax payments under this 3399  
chapter, taxes equal to the amount of the credit shall be 3400  
considered to be paid by the taxpayer to this state on the day 3401  
that the qualifying entity pays to the treasurer of state the 3402  
amount due pursuant to section 5733.41 and sections 5747.41 to 3403  
5747.453 of the Revised Code with respect to and for the 3404  
taxpayer. 3405

(D) In claiming the credit and determining the taxpayer's 3406  
proportionate share of the tax due and the tax paid by any 3407  
qualifying entity, the taxpayer shall follow the concepts set 3408  
forth in subchapters J and K of the Internal Revenue Code. 3409

(E) The credit shall be claimed in the order required 3410  
under section 5747.98 of the Revised Code. If the amount of the 3411  
credit under this section exceeds the aggregate amount of tax 3412  
otherwise due under section 5747.02 of the Revised Code after 3413  
deduction of all other credits in that order, the taxpayer is 3414  
entitled to a refund of the excess. 3415

**Sec. 5747.21.** (A) This section applies solely for the 3416  
purposes of computing the credit allowed under division (A) of 3417  
section 5747.05 of the Revised Code, and computing income 3418  
taxable in this state under division (D) of section 5747.08 of 3419  
the Revised Code, ~~computing the deduction under division (A) (31)~~ 3420  
~~of section 5747.01 of the Revised Code, and computing the credit~~ 3421  
~~allowed under section 5747.057 of the Revised Code.~~ 3422

(B) Except as otherwise provided under section 5747.212 of 3423  
the Revised Code, all items of business income and business 3424  
deduction shall be apportioned to this state by multiplying 3425  
business income by the fraction calculated under division (B) (2) 3426  
of section 5733.05 and section 5733.057 of the Revised Code as 3427  
if the taxpayer's business were a corporation subject to the tax 3428  
imposed by section 5733.06 of the Revised Code. 3429

(C) If the allocation and apportionment provisions of 3430  
sections 5747.20 to 5747.23 of the Revised Code or of any rule 3431  
adopted by the tax commissioner, do not fairly represent the 3432  
extent of business activity in this state of a taxpayer or pass- 3433  
through entity, the taxpayer or pass-through entity may request, 3434  
which request must be in writing accompanying a timely filed 3435  
return or timely filed amended return, or the tax commissioner 3436  
may require, in respect of all or any part of the business 3437  
activity, if reasonable, any one or more of the following: 3438

(1) Separate accounting; 3439

(2) The exclusion of one or more factors; 3440

(3) The inclusion of one or more additional factors which 3441  
will fairly represent the business activity in this state; 3442

(4) The employment of any other method to effectuate an 3443  
equitable allocation and apportionment of such business in this 3444

state. An alternative method will be effective only with 3445  
approval of the tax commissioner. 3446

The tax commissioner may adopt rules in the manner 3447  
provided by sections 5703.14 and 5747.18 of the Revised Code 3448  
providing for alternative methods of calculating business income 3449  
and nonbusiness income applicable to all taxpayers and pass- 3450  
through entities, to classes of taxpayers and pass-through 3451  
entities, or only to taxpayers and pass-through entities within 3452  
a certain industry. 3453

**Sec. 5747.212.** (A) This section applies solely for the 3454  
purpose of computing the credit allowed under division (A) of 3455  
section 5747.05 of the Revised Code, ~~and~~ computing income 3456  
taxable in this state under division (D) of section 5747.08 of 3457  
the Revised Code, ~~and computing the credit allowed under section~~ 3458  
~~5747.057 of the Revised Code.~~ 3459

(B) A taxpayer, directly or indirectly, owning at any time 3460  
during the three-year period ending on the last day of the 3461  
taxpayer's taxable year at least twenty per cent of the equity 3462  
voting rights of a section 5747.212 entity shall apportion any 3463  
income, including gain or loss, realized from each sale, 3464  
exchange, or other disposition of a debt or equity interest in 3465  
that entity as prescribed in this section. For such purposes, in 3466  
lieu of using the method prescribed by sections 5747.20 and 3467  
5747.21 of the Revised Code, the investor shall apportion the 3468  
income using the average of the section 5747.212 entity's 3469  
apportionment fractions otherwise applicable under section 3470  
5733.05, 5733.056, or 5747.21 of the Revised Code for the 3471  
current and two preceding taxable years. If the section 5747.212 3472  
entity was not in business for one or more of those years, each 3473  
year that the entity was not in business shall be excluded in 3474

determining the average. 3475

(C) For the purposes of this section: 3476

(1) A "section 5747.212 entity" is any qualifying person 3477  
if, on at least one day of the three-year period ending on the 3478  
last day of the taxpayer's taxable year, any of the following 3479  
apply: 3480

(a) The qualifying person is a pass-through entity; 3481

(b) Five or fewer persons directly or indirectly own all 3482  
the equity interests, with voting rights, of the qualifying 3483  
person; 3484

(c) One person directly or indirectly owns at least fifty 3485  
per cent of the qualifying person's equity interests with voting 3486  
rights. 3487

(2) A "qualifying person" is any person other than an 3488  
individual, estate, or trust. 3489

(3) "Estate" and "trust" do not include any person 3490  
classified for federal income tax purposes as an association 3491  
taxable as a corporation. 3492

**Sec. 5747.22.** (A) This section applies solely for the 3493  
purposes of computing the credit allowed under division (A) of 3494  
section 5747.05, of the Revised Code and computing income 3495  
taxable in this state under division (D) of section 5747.08, ~~and~~ 3496  
~~computing the deduction under division (A) (31) of section~~ 3497  
~~5747.01~~ of the Revised Code. 3498

(B) With respect to a pass-through entity, one or more of 3499  
the pass-through entity investors of which are liable for the 3500  
tax imposed by section 5747.02 of the Revised Code, the business 3501  
income and deductions ~~included in the adjusted gross income of~~ 3502



the pass-through entity shall be apportioned to this state in 3503  
the hands of the pass-through entity investors pursuant to 3504  
section 5747.21 of the Revised Code. The business income and 3505  
deductions as thus apportioned to this state then shall be 3506  
allocated to the pass-through entity investors in proportion to 3507  
their right to share in that business income. 3508

(C) With respect to a pass-through entity described in 3509  
division (B) of this section, the nonbusiness income and 3510  
deductions ~~included in the adjusted gross income~~ of the pass- 3511  
through entity shall be allocated to the pass-through entity 3512  
investors in proportion to their right to share in the 3513  
nonbusiness income, and then the pass-through entity shares 3514  
shall be allocated to this state in the hands of each pass- 3515  
through entity investor pursuant to section 5747.20 of the 3516  
Revised Code. 3517

**Sec. 5747.27.** As used in this section, "displaced worker" 3518  
means an individual who has lost or left ~~his~~ the individual's 3519  
job due to the closing or moving of the facility at which ~~he~~ the 3520  
individual was employed or the abolishment of ~~his~~ the 3521  
individual's position or shift at that facility and who has not 3522  
obtained another job at which ~~he~~ the individual works more than 3523  
twenty hours a week. 3524

A nonrefundable credit is allowed against the aggregate 3525  
tax ~~imposed liability~~ under section 5747.02 of the Revised Code 3526  
~~for~~ of a displaced worker who pays for job training to enhance 3527  
~~his~~ the displaced worker's ability to get a new job. The amount 3528  
of the credit equals the lesser of five hundred dollars or fifty 3529  
per cent of the amount the individual actually paid less any 3530  
reimbursements for job training during the twelve-month period 3531  
beginning when ~~he loses or leaves his job and becomes displaced~~ 3532

~~the individual became a displaced worker. However, if the worker~~ 3533  
~~receives reimbursement for his job training expenses from any~~ 3534  
~~source, the amount of the credit equals the lesser of five~~ 3535  
~~hundred dollars or fifty per cent of the amount obtained by~~ 3536  
~~subtracting the reimbursement from the amount paid for job~~ 3537  
~~training during that twelve month period. The credit shall be~~ 3538  
claimed for the taxable year in which the worker pays for the 3539  
job training. If the twelve-month period after ~~he loses or~~ 3540  
~~leaves his job~~ the individual becomes a displaced worker extends 3541  
over two taxable years ~~and the worker pays for job training in~~ 3542  
~~both those taxable years,~~ the worker may claim all or a portion 3543  
of the credit, not to exceed five hundred dollars, for both 3544  
~~those taxable years, but the aggregate amount claimed shall not~~ 3545  
~~exceed five hundred dollars.~~ The displaced worker shall claim 3546  
the credit in the order required under section 5747.98 of the 3547  
Revised Code. The credit for a taxable year shall not exceed the 3548  
displaced worker's tax liability for that year after allowing 3549  
for any other credit that precedes the credit under this section 3550  
in that order. 3551

**Sec. 5747.28.** (A) As used in this section: 3552

(1) "Qualifying property" means any property, plant, or 3553  
equipment used to produce grapes in this state, and includes but 3554  
is not limited to land and improvements to land, grape seeds and 3555  
vines, stakes, wiring, tractors, and other machinery used in the 3556  
growth, harvesting, or producing of grapes. 3557

(2) "Related member" has the same meaning as in division 3558  
(A) (6) of section 5733.042 of the Revised Code, without regard 3559  
to division (B) of that section. 3560

(B) A nonrefundable credit is allowed against ~~the a~~ 3561  
taxpayer's aggregate tax imposed by liability under section 3562

5747.02 of the Revised Code for a taxpayer engaged in the 3563  
business of producing grapes who purchases qualifying property 3564  
on or after January 1, 1994. The amount of the credit equals ten 3565  
per cent of the cost of purchasing and installing or 3566  
constructing the qualifying property. The taxpayer shall claim 3567  
the credit in the taxable year in which the qualifying property 3568  
is placed in operation. The taxpayer shall claim the credit in 3569  
the order required under section 5747.98 of the Revised Code. 3570  
The taxpayer may carry forward for the ensuing seven taxable 3571  
years any credit amount in excess of its aggregate tax due under 3572  
section 5747.02 of the Revised Code in the taxable year in which 3573  
the qualifying property is placed in operation after allowing 3574  
for any other credits that precede the credit under this section 3575  
in that order, and shall deduct the amount of the excess credit 3576  
allowed in any such year from the balance carried forward to the 3577  
next year. However, if the taxpayer is subject to a recapture 3578  
tax under division (C) (1) of this section because ~~it~~ the 3579  
taxpayer disposes of the qualifying property or ceases to use it 3580  
as qualifying property during the seven-year recapture period 3581  
prescribed under that division, ~~it~~ the taxpayer may claim no 3582  
credit in connection with that property in the taxable year of 3583  
disposal or cessation or any ensuing taxable year. 3584

(C) (1) If, within the seven-year period after qualifying 3585  
property is placed in operation, the taxpayer disposes of the 3586  
property or ceases to use it as qualifying property, the amount 3587  
of tax otherwise imposed on the taxpayer by section 5747.02 of 3588  
the Revised Code shall be increased in the taxable year in which 3589  
the property is disposed of or ceases to be used as qualifying 3590  
property. The amount of the increase shall equal the recapture 3591  
percentage multiplied by the aggregate credit the taxpayer has 3592  
been allowed under this section in all prior taxable years in 3593

connection with that property. The recapture percentage shall be 3594  
determined in accordance with the following table: 3595

If the property is disposed of		3596
or ceases to be used as qualifying		3597
property within this amount of time	The recapture	3598
after being placed in operation:	percentage is:	3599
One year	100%	3600
Two years	86%	3601
Three years	72%	3602
Four years	58%	3603
Five years	44%	3604
Six years	30%	3605
Seven years	15%	3606

(2) Division (C) (1) of this section does not apply in any 3607  
of the following circumstances: 3608

(a) The qualifying property is transferred to a related 3609  
member and the related member continues to use the property to 3610  
produce grapes in this state; 3611

(b) The qualifying property is transferred to a family 3612  
member and the family member continues to use the property to 3613  
produce grapes in this state; 3614

(c) There is an involuntary disposition of the qualifying 3615  
property. The involuntary disposition may be due to, without 3616  
limitation, a bankruptcy, a receivership, or destruction by 3617  
natural forces. 3618

(D) The tax commissioner, by rule, may prescribe 3619  
guidelines for taxpayers to use in determining if their property 3620  
is qualifying property for the purposes of this section. 3621

**Sec. 5747.29.** A nonrefundable credit is allowed against 3622

~~the a taxpayer's aggregate tax imposed by liability under~~ 3623  
section 5747.02 of the Revised Code for contributions of money 3624  
made to the campaign committee of candidates for any of the 3625  
following public offices: governor, lieutenant governor, 3626  
secretary of state, auditor of state, treasurer of state, 3627  
attorney general, member of the state board of education, chief 3628  
justice of the supreme court, justice of the supreme court, or 3629  
member of the general assembly. The amount of the credit for a 3630  
taxable year equals the lesser of the combined total 3631  
contributions made during the taxable year by each taxpayer 3632  
filing a return required to be filed under section 5747.08 of 3633  
the Revised Code or the amount of fifty dollars, in the case of 3634  
an individual return, or one hundred dollars, in the case of a 3635  
joint return. 3636

As used in this section: 3637

(A) "Candidate" has the same meaning as in division (C) (3) 3638  
of section 3517.01 of the Revised Code, but is limited to 3639  
candidates for the public offices specified in this section. 3640

(B) "Contribution" has the same meaning as in division (C) 3641  
(5) of section 3517.01 of the Revised Code, but is limited to 3642  
contributions of money only. 3643

The taxpayer shall claim the credit in the order required 3644  
under section 5747.98 of the Revised Code. The credit for a 3645  
taxable year shall not exceed the aggregate amount of tax 3646  
otherwise due for that year after allowing for any other credits 3647  
that precede the credit under this section in that order. 3648

**Sec. 5747.331.** (A) As used in this section: 3649

(1) "Borrower" means any person that receives a loan from 3650  
the director of development under section 166.21 of the Revised 3651

Code, regardless of whether the borrower is subject to the tax 3652  
imposed by section 5747.02 of the Revised Code. 3653

(2) "Related member" has the same meaning as in section 3654  
5733.042 of the Revised Code. 3655

(3) "Qualified research and development loan payments" has 3656  
the same meaning as in section 166.21 of the Revised Code. 3657

(B) Beginning with taxable years beginning in 2003, a 3658  
nonrefundable credit is allowed against ~~the a taxpayer's~~ 3659  
aggregate tax imposed by liability under section 5747.02 of the 3660  
Revised Code equal to a borrower's qualified research and 3661  
development loan payments made during the calendar year that 3662  
includes the last day of the taxable year for which the credit 3663  
is claimed. The amount of the credit for a taxable year shall 3664  
not exceed one hundred fifty thousand dollars. No taxpayer is 3665  
entitled to claim a credit under this section unless it has 3666  
obtained a certificate issued by the director of development 3667  
under division (D) of section 166.21 of the Revised Code and 3668  
submits a copy of the certificate with its report for the 3669  
taxable year. Failure to submit a copy of the certificate with 3670  
the report does not invalidate a claim for a credit if the 3671  
taxpayer submits a copy of the certificate within sixty days 3672  
after the tax commissioner requests it. The credit shall be 3673  
claimed in the order required under section 5747.98 of the 3674  
Revised Code. No credit shall be allowed under this section if 3675  
the credit was available against the tax imposed by Chapter 3676  
5751. of the Revised Code except to the extent the credit was 3677  
not applied against that tax. The credit, to the extent it 3678  
exceeds the taxpayer's aggregate tax liability for the taxable 3679  
year after allowance for any other credits that precede the 3680  
credit under this section in that order, shall be carried 3681

forward to the next succeeding taxable year or years until fully used. 3682  
3683

(C) A borrower entitled to a credit under this section may assign the credit, or a portion thereof, to any of the following: 3684  
3685  
3686

(1) A related member of that borrower; 3687

(2) The owner or lessee of the eligible research and development project; 3688  
3689

(3) A related member of the owner or lessee of the eligible research and development project. 3690  
3691

A borrower making an assignment under this division shall provide written notice of the assignment to the tax commissioner and the director of development, in such form as the tax commissioner prescribes, before the credit that was assigned is used. The assignor may not claim the credit to the extent it was assigned to an assignee. The assignee may claim the credit only to the extent the assignor has not claimed it. 3692  
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(D) If any taxpayer is a shareholder in an S corporation, a partner in a partnership, or a member in a limited liability company treated as a partnership for federal income tax purposes, the taxpayer shall be allowed the taxpayer's distributive or proportionate share of the credit available through the S corporation, partnership, or limited liability company. 3699  
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3701  
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(E) The aggregate credit against the taxes imposed by section 5747.02 and Chapter 5751. of the Revised Code that may be claimed under this section and section 5751.52 of the Revised Code by a borrower as a result of qualified research and development loan payments attributable during a calendar year to 3706  
3707  
3708  
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3710

any one loan shall not exceed one hundred fifty thousand 3711  
dollars. 3712

**Sec. 5747.37.** (A) As used in this section: 3713

(1) "Minor child" means a person under eighteen years of 3714  
age. 3715

(2) "Legally adopt" means to adopt a minor child pursuant 3716  
to Chapter 3107. of the Revised Code, or pursuant to the laws of 3717  
any other state or nation if such an adoption is recognizable 3718  
under section 3107.18 of the Revised Code. For the purposes of 3719  
this section, a minor child is legally adopted when the final 3720  
decree or order of adoption is issued by the proper court under 3721  
the laws of the state or nation under which the child is 3722  
adopted, or, in the case of an interlocutory order of adoption, 3723  
when the order becomes final under the laws of the state or 3724  
nation. "Legally adopt" does not include the adoption of a minor 3725  
child by the child's stepparent. 3726

(B) There is hereby granted a credit against ~~the tax~~ 3727  
~~imposed by a taxpayer's aggregate tax liability under~~ section 3728  
5747.02 of the Revised Code for the legal adoption by a taxpayer 3729  
of a minor child. The ~~total~~ amount of the credit ~~applied against~~ 3730  
~~the taxes imposed under divisions (A) (3) and (4) of section~~ 3731  
~~5747.02 of the Revised Code~~ for each minor child legally adopted 3732  
by the taxpayer shall equal the greater of the following: 3733

(1) One thousand five hundred dollars; 3734

(2) The amount of expenses incurred by the taxpayer and 3735  
the taxpayer's spouse to legally adopt the child, not to exceed 3736  
ten thousand dollars. For the purposes of this division, 3737  
expenses incurred to legally adopt a child include expenses 3738  
described in division (C) of section 3107.055 of the Revised 3739



Code. 3740

The taxpayer shall claim the credit for each child 3741  
beginning with the taxable year in which the child was legally 3742  
adopted. If the sum of the credit to which the taxpayer would 3743  
otherwise be entitled under this section is greater than the 3744  
total tax due under section 5747.02 of the Revised Code for that 3745  
taxable year after allowing for any other credits that precede 3746  
the credit under this section in the order required under 3747  
section 5747.98 of the Revised Code, such excess shall be 3748  
allowed as a credit in each of the ensuing five taxable years, 3749  
but the amount of any excess credit allowed in any such taxable 3750  
year shall be deducted from the balance carried forward to the 3751  
ensuing taxable year. The credit shall be claimed in the order 3752  
required under section 5747.98 of the Revised Code. For the 3753  
purposes of making tax payments under this chapter, taxes equal 3754  
to the amount of the credit shall be considered to be paid to 3755  
this state on the first day of the taxable year. 3756

The taxpayer shall provide to the tax commissioner any 3757  
receipts or other documentation of the expenses incurred to 3758  
legally adopt the child upon the request of the tax commissioner 3759  
for the purpose of division (B) (2) of this section. 3760

**Sec. 5747.65.** There is hereby allowed a refundable credit 3761  
against ~~the tax imposed~~ a taxpayer's aggregate tax liability 3762  
under section 5747.02 of the Revised Code. The amount of the 3763  
credit shall equal the taxpayer's proportionate share of the 3764  
lesser of either the tax due or the tax paid for the tax imposed 3765  
by section 5726.02 of the Revised Code by a pass-through entity 3766  
for the pass-through entity's taxable year ending in the 3767  
taxpayer's taxable year. 3768

The taxpayer shall claim the credit for the taxpayer's 3769

taxable year that includes the last day of the pass-through 3770  
entity's taxable year. For purposes of making tax payments under 3771  
this chapter, taxes equal to the amount of the credit shall be 3772  
considered to be paid by the taxpayer on the day the pass- 3773  
through entity pays to the treasurer of state the amount due for 3774  
the tax imposed by section 5726.02 of the Revised Code. 3775

In claiming the credit and determining the taxpayer's 3776  
proportionate share of the tax due and the tax paid by a pass- 3777  
through entity, the taxpayer shall follow the concepts set forth 3778  
in subchapters J and K of the Internal Revenue Code. 3779

The credit shall be claimed in the order required under 3780  
section 5747.98 of the Revised Code. If the amount of the credit 3781  
exceeds the aggregate amount of tax otherwise due under section 3782  
5747.02 of the Revised Code after deduction of all other credits 3783  
in that order, the taxpayer is entitled to a refund of the 3784  
excess. 3785

**Sec. 5747.66.** (A) Any term used in this section has the 3786  
same meaning as in section 122.85 of the Revised Code. 3787

(B) There is allowed a credit against ~~the tax imposed by a~~ 3788  
taxpayer's aggregate tax liability under section 5747.02 of the 3789  
Revised Code for any individual who, on the last day of the 3790  
individual's taxable year, is the certificate owner of a tax 3791  
credit certificate issued under section 122.85 of the Revised 3792  
Code. The credit shall be claimed for the taxable year that 3793  
includes the date the certificate was issued by the director of 3794  
development. The credit amount equals the amount stated in the 3795  
certificate. The credit shall be claimed in the order required 3796  
under section 5747.98 of the Revised Code. If the credit amount 3797  
exceeds the aggregate amount of tax otherwise due under section 3798  
5747.02 of the Revised Code after deducting all other credits in 3799

that order, the excess shall be refunded. 3800

Nothing in this section limits or disallows pass-through 3801  
treatment of the credit. 3802

**Sec. 5747.71.** There is hereby allowed a nonrefundable 3803  
credit against ~~the tax imposed by a taxpayer's aggregate tax~~ 3804  
liability under section 5747.02 of the Revised Code for a 3805  
taxpayer who is an "eligible individual" as defined in section 3806  
32 of the Internal Revenue Code. The credit shall equal five per 3807  
cent of the credit allowed on the taxpayer's federal income tax 3808  
return pursuant to section 32 of the Internal Revenue Code for 3809  
taxable years beginning in 2013, and ten per cent of the federal 3810  
credit allowed for taxable years beginning in or after 2014. If 3811  
the Ohio adjusted gross income of the taxpayer, or the taxpayer 3812  
and the taxpayer's spouse if the taxpayer and the taxpayer's 3813  
spouse file a joint return under section 5747.08 of the Revised 3814  
Code, less applicable exemptions under section 5747.025 of the 3815  
Revised Code, exceeds twenty thousand dollars, the credit 3816  
authorized by this section shall not exceed fifty per cent of 3817  
the aggregate amount of tax otherwise due under section 5747.02 3818  
of the Revised Code after deducting any other nonrefundable 3819  
credits that precede the credit allowed under this section in 3820  
the order prescribed by section 5747.98 of the Revised Code 3821  
except for the joint filing credit authorized under division (E) 3822  
of section 5747.05 of the Revised Code. In all other cases, the 3823  
credit authorized by this section shall not exceed the aggregate 3824  
amount of tax otherwise due under section 5747.02 of the Revised 3825  
Code after deducting any other nonrefundable credits that 3826  
precede the credit allowed under this section in the order 3827  
prescribed by section 5747.98 of the Revised Code. 3828

The credit shall be claimed in the order prescribed by 3829

section 5747.98 of the Revised Code. 3830

**Sec. 5747.75.** (A) As used in this section: 3831

(1) "Ethanol" means fermentation ethyl alcohol derived 3832  
from agricultural products, including potatoes, cereal, grains, 3833  
cheese whey, and sugar beets; forest products; or other 3834  
renewable resources, including residue and waste generated from 3835  
the production, processing, and marketing of agricultural 3836  
products, forest products, and other renewable resources that 3837  
meet all of the specifications in the American society for 3838  
testing and materials (ASTM) specification D 4806-88 and is 3839  
denatured as specified in Parts 20 and 21 of Title 27 of the 3840  
Code of Federal Regulations. 3841

(2) "Certified ethanol plant" means a facility at which 3842  
ethanol is produced and for which a certificate has been issued 3843  
under section 901.13 of the Revised Code. 3844

(3) "Money" means United States currency, or a check, 3845  
draft, or cashier's check for United States currency, payable on 3846  
demand and drawn on a bank. 3847

(B) Beginning in taxable year 2002 and ending in taxable 3848  
year 2012, there is hereby allowed a nonrefundable credit 3849  
against ~~the tax imposed by a taxpayer's aggregate tax liability~~ 3850  
under section 5747.02 of the Revised Code for a taxpayer that 3851  
invests money in a certified ethanol plant. The amount of the 3852  
credit equals fifty per cent of the money the taxpayer invests 3853  
in the plant, but the credit amount shall not exceed five 3854  
thousand dollars per taxpayer per certified ethanol plant 3855  
regardless of the number of years in which the taxpayer makes 3856  
investments. The credit shall be claimed for the taxable year 3857  
during which the investment was made. 3858

(C) The taxpayer shall claim the credit in the order 3859  
required by section 5747.98 of the Revised Code. Any credit 3860  
amount in excess of the aggregate amount of tax due under 3861  
section 5747.02 of the Revised Code, after allowing for any 3862  
other credits preceding the credit in that order, may be carried 3863  
forward for three taxable years, but the amount of the excess 3864  
credit allowed in any such year shall be deducted from the 3865  
balance carried forward to the next year. 3866

(D) If the taxpayer is a direct or indirect investor in a 3867  
pass-through entity that has made an investment under this 3868  
section, the taxpayer may claim its proportionate or 3869  
distributive share of the credit allowed under this section. 3870

(E) The tax commissioner may require that the taxpayer 3871  
furnish information as is necessary to support the claim for the 3872  
credit under this section, and no credit shall be allowed unless 3873  
the information is provided. 3874

**Sec. 5747.76.** (A) As used in this section, "certificate 3875  
owner" has the same meaning as in section 149.311 of the Revised 3876  
Code. 3877

(B) There is allowed a credit against ~~the tax imposed a~~ 3878  
taxpayer's aggregate tax liability under section 5747.02 of the 3879  
Revised Code for a taxpayer that is the certificate owner of a 3880  
rehabilitation tax credit certificate issued under section 3881  
149.311 of the Revised Code. The credit shall equal twenty-five 3882  
per cent of the dollar amount indicated on the certificate, but 3883  
the amount of credit allowed for any taxpayer shall not exceed 3884  
five million dollars. The credit shall be claimed for the 3885  
taxable year specified in the certificate and in the order 3886  
required under section 5747.98 of the Revised Code. 3887

(C) Nothing in this section limits or disallows pass- 3888  
through treatment of the credit if the certificate owner is a 3889  
pass-through entity. If the certificate owner is a pass-through 3890  
entity, the amount of the credit allowed for the pass-through 3891  
entity shall not exceed five million dollars. If the certificate 3892  
owner is a pass-through entity, the credit may be allocated 3893  
among the entity's equity owners in proportion to their 3894  
ownership interests or in such proportions or amounts as the 3895  
equity owners mutually agree. 3896

(D) If the credit allowed for any taxable year exceeds the 3897  
aggregate amount of tax otherwise due under section 5747.02 of 3898  
the Revised Code, after allowing for any other credits preceding 3899  
the credit in the order prescribed by section 5747.98 of the 3900  
Revised Code, the excess shall be refunded to the taxpayer but, 3901  
if any amount of the credit is refunded, the sum of the amount 3902  
refunded and the amount applied to reduce the aggregate amount 3903  
of tax otherwise due for that year shall not exceed three 3904  
million dollars or, if the certificate owner is a pass-through 3905  
entity, shall not exceed the taxpayer's distributive or 3906  
proportionate share, as allocated under division (C) of this 3907  
section, of three million dollars. The taxpayer may carry 3908  
forward any balance of the credit in excess of the amount 3909  
claimed for that year for not more than five ensuing taxable 3910  
years, and shall deduct any amount claimed for any such year 3911  
from the amount claimed in an ensuing year. 3912

(E) A taxpayer claiming a credit under this section shall 3913  
retain the rehabilitation tax credit certificate for four years 3914  
following the end of the taxable year to which the credit was 3915  
applied, and shall make the certificate available for inspection 3916  
by the tax commissioner upon the request of the tax commissioner 3917  
during that period. 3918

**Sec. 5747.80.** Upon the issuance of a tax credit 3919  
certificate by the Ohio venture capital authority under section 3920  
150.07 of the Revised Code, a refundable credit may be claimed 3921  
against ~~the tax imposed by a taxpayer's aggregate tax liability~~ 3922  
under section 5747.02 of the Revised Code. The credit shall be 3923  
claimed for the taxable year specified in the certificate issued 3924  
by the authority and in the order required under section 5747.98 3925  
of the Revised Code. 3926

**Sec. 5747.81.** (A) Any term used in this section that is 3927  
defined in section 122.86 of the Revised Code has the same 3928  
meaning as defined in that section. 3929

(B) For the purpose of encouraging new capital investment 3930  
in small businesses in this state and thereby promoting the 3931  
economic welfare of all Ohioans, a nonrefundable credit is 3932  
allowed against ~~the tax imposed by a taxpayer's aggregate tax~~ 3933  
liability under section 5747.02 of the Revised Code for a 3934  
taxpayer to whom a small business investment certificate was 3935  
issued under section 122.86 of the Revised Code if the taxpayer 3936  
did not sell or otherwise dispose of the qualifying investment 3937  
before the conclusion of the applicable holding period and if 3938  
the small business enterprise on the basis of which the 3939  
certificate was issued is included in the register maintained 3940  
under division (D) of section 122.86 of the Revised Code. 3941

The credit shall be claimed for the taxpayer's taxable 3942  
year that includes the last day of the holding period of the 3943  
qualifying investment. If the certificate was issued to a pass- 3944  
through entity that made the qualifying investment, a taxpayer 3945  
that holds a direct or indirect equity interest in the pass- 3946  
through entity on the last day of the entity's taxable year that 3947  
includes the last day of the holding period may claim the 3948

taxpayer's distributive or proportionate share of the credit for 3949  
the taxpayer's taxable year that includes the last day of the 3950  
entity's taxable year. 3951

The credit equals the amount of the taxpayer's qualifying 3952  
investment as indicated on the certificate multiplied by ten per 3953  
cent. If a taxpayer claims a credit on the basis of more than 3954  
one small business investment certificate issued for the same 3955  
fiscal biennium, including a certificate issued to a pass- 3956  
through entity in which the taxpayer owns an equity interest, 3957  
the total amount of credit claimed by the taxpayer on the basis 3958  
of all such certificates shall not exceed one million dollars. 3959  
If a taxpayer and the taxpayer's spouse file a joint return 3960  
under section 5747.08 of the Revised Code, the credit shall be 3961  
computed on the basis of the total qualifying investments made 3962  
by both spouses or by any pass-through entities in which either 3963  
spouse owns an equity interest, but the total amount of credit 3964  
claimed on the basis of all certificates issued to the spouses 3965  
or to such pass-through entities for a fiscal biennium shall not 3966  
exceed two million dollars. 3967

The credit shall be claimed in the order prescribed by 3968  
section 5747.98 of the Revised Code. If the credit exceeds the 3969  
aggregate amount of tax otherwise due for the taxable year, the 3970  
excess may be carried forward and applied against the tax due 3971  
for not more than seven succeeding taxable years, provided that 3972  
the amount applied to the tax due for any taxable year shall be 3973  
subtracted from the amount available to carry forward to 3974  
succeeding years. 3975

**Sec. 5747.98.** (A) To provide a uniform procedure for 3976  
calculating ~~the amount of tax due~~ a taxpayer's aggregate tax 3977  
liability under section 5747.02 of the Revised Code, a taxpayer 3978



shall claim any credits to which the taxpayer is entitled in the following order:	3979 3980
<del>(1) Against the tax imposed by division (A) (3) of section 5747.02 of the Revised Code:</del>	3981 3982
<del>(a) <u>The</u> <u>Either the</u> retirement income credit under division (B) of section 5747.055 of the Revised Code <u>or the lump sum</u> retirement income credits under divisions (C), (D), and (E) of that section;</del>	3983 3984 3985 3986
<del>(b) <u>The</u> <u>(2) Either the</u> senior citizen credit under division (F) of section 5747.055 of the Revised Code <u>or the lump sum distribution credit under division (G) of that section;</u></del>	3987 3988 3989
<del>(c) <u>The lump sum distribution credit under division (G) of section 5747.055 of the Revised Code;</u></del>	3990 3991
<del>(d) <u>(3) The</u> dependent care credit under section 5747.054 of the Revised Code;</del>	3992 3993
<del>(e) <u>The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;</u></del>	3994 3995
<del>(f) <u>The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;</u></del>	3996 3997
<del>(g) <u>The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;</u></del>	3998 3999
<del>(h) <u>(4) The</u> low-income credit under section 5747.056 of the Revised Code;</del>	4000 4001
<del>(i) <u>(5) The</u> credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;</del>	4002 4003
<del>(j) <u>(6) The</u> campaign contribution credit under section 5747.29 of the Revised Code;</del>	4004 4005

<del>(k)</del> <u>(7)</u> The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	4006 4007
<del>(l)</del> <u>(8)</u> The joint filing credit under division (G) of section 5747.05 of the Revised Code;	4008 4009
<del>(m)</del> <u>(9)</u> The earned income credit under section 5747.71 of the Revised Code.	4010 4011
<del>(2) Against the tax imposed by division (A) (4) of section 5747.02 of the Revised Code:</del>	4012 4013
<del>(a) The credit for employers that reimburse employee child-care expenses under section 5747.36 of the Revised Code;</del>	4014 4015
<del>(b) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;</del>	4016 4017
<del>(e)</del> <u>(10)</u> <u>The credit for adoption of a minor child under section 5747.37 of the Revised Code;</u>	4018 4019
<u>(11)</u> The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	4020 4021
<del>(d) The credit for selling alternative fuel under section 5747.77 of the Revised Code;</del>	4022 4023
<del>(e) The second credit for purchases of new manufacturing machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code;</del>	4024 4025 4026
<del>(f) The job training credit under section 5747.39 of the Revised Code;</del>	4027 4028
<del>(g)</del> <u>(12)</u> The enterprise zone credit under section 5709.66 of the Revised Code;	4029 4030
<del>(h) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;</del>	4031 4032

<del>(i) The credit for employers that establish on-site child-</del>	4033
<del>day-care centers under section 5747.35 of the Revised Code;</del>	4034
<del>(j) (13) The ethanol plant investment credit under section</del>	4035
<del>5747.75 of the Revised Code;</del>	4036
<del>(k) (14) The credit for purchases of qualifying grape</del>	4037
<del>production property under section 5747.28 of the Revised Code;</del>	4038
<del>(l) (15) The small business investment credit under</del>	4039
<del>section 5747.81 of the Revised Code;</del>	4040
<del>(m) (16) The enterprise zone credits under section 5709.65</del>	4041
<del>of the Revised Code;</del>	4042
<del>(n) (17) The research and development credit under section</del>	4043
<del>5747.331 of the Revised Code;</del>	4044
<del>(o) (18) The credit for rehabilitating a historic building</del>	4045
<del>under section 5747.76 of the Revised Code;</del>	4046
<del>(3) Against the tax imposed by either division (A) (3) or</del>	4047
<del>(4) of section 5747.02 of the Revised Code:—</del>	4048
<del>(a) The credit for adoption of a minor child under section</del>	4049
<del>5747.37 of the Revised Code;—</del>	4050
<del>(b) (19) The nonresident credit under division (A) of</del>	4051
<del>section 5747.05 of the Revised Code;</del>	4052
<del>(c) (20) The credit for a resident's out-of-state income</del>	4053
<del>under division (B) of section 5747.05 of the Revised Code;</del>	4054
<del>(d) The refundable credit for rehabilitating a historic</del>	4055
<del>building under section 5747.76 of the Revised Code;—</del>	4056
<del>(e) (21) <u>The refundable motion picture production credit</u></del>	4057
<del><u>under section 5747.66 of the Revised Code;</u></del>	4058

(22) The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	4059 4060 4061
<del>(f)</del> (23) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	4062 4063 4064
<del>(g)</del> (24) The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;	4065 4066 4067
<del>(h)</del> (25) The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	4068 4069 4070 4071
<del>(i) The refundable motion picture production credit under section 5747.66 of the Revised Code;</del>	4072 4073
<del>(j)</del> (26) <u>The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;</u>	4074 4075
(27) The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code.	4076 4077 4078
(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the <u>taxpayer's aggregate amount of tax due under division (A) (3) or (4) of section 5747.02 of the Revised Code, as applicable</u> , after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section	4079 4080 4081 4082 4083 4084 4085 4086 4087

creating that credit. Nothing in this chapter shall be construed 4088  
to allow a taxpayer to claim, directly or indirectly, a credit 4089  
more than once for a taxable year. 4090

**Sec. 5751.01.** As used in this chapter: 4091

(A) "Person" means, but is not limited to, individuals, 4092  
combinations of individuals of any form, receivers, assignees, 4093  
trustees in bankruptcy, firms, companies, joint-stock companies, 4094  
business trusts, estates, partnerships, limited liability 4095  
partnerships, limited liability companies, associations, joint 4096  
ventures, clubs, societies, for-profit corporations, S 4097  
corporations, qualified subchapter S subsidiaries, qualified 4098  
subchapter S trusts, trusts, entities that are disregarded for 4099  
federal income tax purposes, and any other entities. 4100

(B) "Consolidated elected taxpayer" means a group of two 4101  
or more persons treated as a single taxpayer for purposes of 4102  
this chapter as the result of an election made under section 4103  
5751.011 of the Revised Code. 4104

(C) "Combined taxpayer" means a group of two or more 4105  
persons treated as a single taxpayer for purposes of this 4106  
chapter under section 5751.012 of the Revised Code. 4107

(D) "Taxpayer" means any person, or any group of persons 4108  
in the case of a consolidated elected taxpayer or combined 4109  
taxpayer treated as one taxpayer, required to register or pay 4110  
tax under this chapter. "Taxpayer" does not include excluded 4111  
persons. 4112

(E) "Excluded person" means any of the following: 4113

(1) Any person with not more than one hundred fifty 4114  
thousand dollars of taxable gross receipts during the calendar 4115  
year. Division (E) (1) of this section does not apply to a person 4116

that is a member of a consolidated elected taxpayer; 4117

(2) A public utility that paid the excise tax imposed by 4118  
section 5727.24 or 5727.30 of the Revised Code based on one or 4119  
more measurement periods that include the entire tax period 4120  
under this chapter, except that a public utility that is a 4121  
combined company is a taxpayer with regard to the following 4122  
gross receipts: 4123

(a) Taxable gross receipts directly attributed to a public 4124  
utility activity, but not directly attributed to an activity 4125  
that is subject to the excise tax imposed by section 5727.24 or 4126  
5727.30 of the Revised Code; 4127

(b) Taxable gross receipts that cannot be directly 4128  
attributed to any activity, multiplied by a fraction whose 4129  
numerator is the taxable gross receipts described in division 4130  
(E) (2) (a) of this section and whose denominator is the total 4131  
taxable gross receipts that can be directly attributed to any 4132  
activity; 4133

(c) Except for any differences resulting from the use of 4134  
an accrual basis method of accounting for purposes of 4135  
determining gross receipts under this chapter and the use of the 4136  
cash basis method of accounting for purposes of determining 4137  
gross receipts under section 5727.24 of the Revised Code, the 4138  
gross receipts directly attributed to the activity of a natural 4139  
gas company shall be determined in a manner consistent with 4140  
division (D) of section 5727.03 of the Revised Code. 4141

As used in division (E) (2) of this section, "combined 4142  
company" and "public utility" have the same meanings as in 4143  
section 5727.01 of the Revised Code. 4144

(3) A financial institution, as defined in section 5726.01 4145

of the Revised Code, that paid the tax imposed by section 4146  
5726.02 of the Revised Code based on one or more taxable years 4147  
that include the entire tax period under this chapter; 4148

(4) A person directly or indirectly owned by one or more 4149  
financial institutions, as defined in section 5726.01 of the 4150  
Revised Code, that paid the tax imposed by section 5726.02 of 4151  
the Revised Code based on one or more taxable years that include 4152  
the entire tax period under this chapter. 4153

For the purposes of division (E) (4) of this section, a 4154  
person owns another person under the following circumstances: 4155

(a) In the case of corporations issuing capital stock, one 4156  
corporation owns another corporation if it owns fifty per cent 4157  
or more of the other corporation's capital stock with current 4158  
voting rights; 4159

(b) In the case of a limited liability company, one person 4160  
owns the company if that person's membership interest, as 4161  
defined in section 1705.01 of the Revised Code, is fifty per 4162  
cent or more of the combined membership interests of all persons 4163  
owning such interests in the company; 4164

(c) In the case of a partnership, trust, or other 4165  
unincorporated business organization other than a limited 4166  
liability company, one person owns the organization if, under 4167  
the articles of organization or other instrument governing the 4168  
affairs of the organization, that person has a beneficial 4169  
interest in the organization's profits, surpluses, losses, or 4170  
distributions of fifty per cent or more of the combined 4171  
beneficial interests of all persons having such an interest in 4172  
the organization. 4173

(5) A domestic insurance company or foreign insurance 4174

company, as defined in section 5725.01 of the Revised Code, that 4175  
paid the insurance company premiums tax imposed by section 4176  
5725.18 or Chapter 5729. of the Revised Code, or an unauthorized 4177  
insurance company whose gross premiums are subject to tax under 4178  
section 3905.36 of the Revised Code based on one or more 4179  
measurement periods that include the entire tax period under 4180  
this chapter; 4181

(6) A person that solely facilitates or services one or 4182  
more securitizations of phase-in-recovery property pursuant to a 4183  
final financing order as those terms are defined in section 4184  
4928.23 of the Revised Code. For purposes of this division, 4185  
"securitization" means transferring one or more assets to one or 4186  
more persons and then issuing securities backed by the right to 4187  
receive payment from the asset or assets so transferred. 4188

(7) Except as otherwise provided in this division, a pre- 4189  
income tax trust as defined in division (FF) (4) of section 4190  
5747.01 of the Revised Code and any pass-through entity of which 4191  
such pre-income tax trust owns or controls, directly, 4192  
indirectly, or constructively through related interests, more 4193  
than five per cent of the ownership or equity interests. If the 4194  
pre-income tax trust has made a qualifying pre-income tax trust 4195  
election under division (FF) (3) of section 5747.01 of the 4196  
Revised Code, then the trust and the pass-through entities of 4197  
which it owns or controls, directly, indirectly, or 4198  
constructively through related interests, more than five per 4199  
cent of the ownership or equity interests, shall not be excluded 4200  
persons for purposes of the tax imposed under section 5751.02 of 4201  
the Revised Code. 4202

(8) Nonprofit organizations or the state and its agencies, 4203  
instrumentalities, or political subdivisions. 4204



(F) Except as otherwise provided in divisions (F) (2), (3), 4205  
and (4) of this section, "gross receipts" means the total amount 4206  
realized by a person, without deduction for the cost of goods 4207  
sold or other expenses incurred, that contributes to the 4208  
production of gross income of the person, including the fair 4209  
market value of any property and any services received, and any 4210  
debt transferred or forgiven as consideration. 4211

(1) The following are examples of gross receipts: 4212

(a) Amounts realized from the sale, exchange, or other 4213  
disposition of the taxpayer's property to or with another; 4214

(b) Amounts realized from the taxpayer's performance of 4215  
services for another; 4216

(c) Amounts realized from another's use or possession of 4217  
the taxpayer's property or capital; 4218

(d) Any combination of the foregoing amounts. 4219

(2) "Gross receipts" excludes the following amounts: 4220

(a) Interest income except interest on credit sales; 4221

(b) Dividends and distributions from corporations, and 4222  
distributive or proportionate shares of receipts and income from 4223  
a pass-through entity as defined under section 5733.04 of the 4224  
Revised Code; 4225

(c) Receipts from the sale, exchange, or other disposition 4226  
of an asset described in section 1221 or 1231 of the Internal 4227  
Revenue Code, without regard to the length of time the person 4228  
held the asset. Notwithstanding section 1221 of the Internal 4229  
Revenue Code, receipts from hedging transactions also are 4230  
excluded to the extent the transactions are entered into 4231  
primarily to protect a financial position, such as managing the 4232

risk of exposure to (i) foreign currency fluctuations that 4233  
affect assets, liabilities, profits, losses, equity, or 4234  
investments in foreign operations; (ii) interest rate 4235  
fluctuations; or (iii) commodity price fluctuations. As used in 4236  
division (F) (2) (c) of this section, "hedging transaction" has 4237  
the same meaning as used in section 1221 of the Internal Revenue 4238  
Code and also includes transactions accorded hedge accounting 4239  
treatment under statement of financial accounting standards 4240  
number 133 of the financial accounting standards board. For the 4241  
purposes of division (F) (2) (c) of this section, the actual 4242  
transfer of title of real or tangible personal property to 4243  
another entity is not a hedging transaction. 4244

(d) Proceeds received attributable to the repayment, 4245  
maturity, or redemption of the principal of a loan, bond, mutual 4246  
fund, certificate of deposit, or marketable instrument; 4247

(e) The principal amount received under a repurchase 4248  
agreement or on account of any transaction properly 4249  
characterized as a loan to the person; 4250

(f) Contributions received by a trust, plan, or other 4251  
arrangement, any of which is described in section 501(a) of the 4252  
Internal Revenue Code, or to which Title 26, Subtitle A, Chapter 4253  
1, Subchapter (D) of the Internal Revenue Code applies; 4254

(g) Compensation, whether current or deferred, and whether 4255  
in cash or in kind, received or to be received by an employee, 4256  
former employee, or the employee's legal successor for services 4257  
rendered to or for an employer, including reimbursements 4258  
received by or for an individual for medical or education 4259  
expenses, health insurance premiums, or employee expenses, or on 4260  
account of a dependent care spending account, legal services 4261  
plan, any cafeteria plan described in section 125 of the 4262

Internal Revenue Code, or any similar employee reimbursement;	4263
(h) Proceeds received from the issuance of the taxpayer's	4264
own stock, options, warrants, puts, or calls, or from the sale	4265
of the taxpayer's treasury stock;	4266
(i) Proceeds received on the account of payments from	4267
insurance policies, except those proceeds received for the loss	4268
of business revenue;	4269
(j) Gifts or charitable contributions received; membership	4270
dues received by trade, professional, homeowners', or	4271
condominium associations; and payments received for educational	4272
courses, meetings, meals, or similar payments to a trade,	4273
professional, or other similar association; and fundraising	4274
receipts received by any person when any excess receipts are	4275
donated or used exclusively for charitable purposes;	4276
(k) Damages received as the result of litigation in excess	4277
of amounts that, if received without litigation, would be gross	4278
receipts;	4279
(l) Property, money, and other amounts received or	4280
acquired by an agent on behalf of another in excess of the	4281
agent's commission, fee, or other remuneration;	4282
(m) Tax refunds, other tax benefit recoveries, and	4283
reimbursements for the tax imposed under this chapter made by	4284
entities that are part of the same combined taxpayer or	4285
consolidated elected taxpayer group, and reimbursements made by	4286
entities that are not members of a combined taxpayer or	4287
consolidated elected taxpayer group that are required to be made	4288
for economic parity among multiple owners of an entity whose tax	4289
obligation under this chapter is required to be reported and	4290
paid entirely by one owner, pursuant to the requirements of	4291

sections 5751.011 and 5751.012 of the Revised Code;	4292
(n) Pension reversions;	4293
(o) Contributions to capital;	4294
(p) Sales or use taxes collected as a vendor or an out-of-	4295
state seller on behalf of the taxing jurisdiction from a	4296
consumer or other taxes the taxpayer is required by law to	4297
collect directly from a purchaser and remit to a local, state,	4298
or federal tax authority;	4299
(q) In the case of receipts from the sale of cigarettes or	4300
tobacco products by a wholesale dealer, retail dealer,	4301
distributor, manufacturer, or seller, all as defined in section	4302
5743.01 of the Revised Code, an amount equal to the federal and	4303
state excise taxes paid by any person on or for such cigarettes	4304
or tobacco products under subtitle E of the Internal Revenue	4305
Code or Chapter 5743. of the Revised Code;	4306
(r) In the case of receipts from the sale, transfer,	4307
exchange, or other disposition of motor fuel as "motor fuel" is	4308
defined in section 5736.01 of the Revised Code, an amount equal	4309
to the value of the motor fuel, including federal and state	4310
motor fuel excise taxes and receipts from billing or invoicing	4311
the tax imposed under section 5736.02 of the Revised Code to	4312
another person;	4313
(s) In the case of receipts from the sale of beer or	4314
intoxicating liquor, as defined in section 4301.01 of the	4315
Revised Code, by a person holding a permit issued under Chapter	4316
4301. or 4303. of the Revised Code, an amount equal to federal	4317
and state excise taxes paid by any person on or for such beer or	4318
intoxicating liquor under subtitle E of the Internal Revenue	4319
Code or Chapter 4301. or 4305. of the Revised Code;	4320

(t) Receipts realized by a new motor vehicle dealer or 4321  
used motor vehicle dealer, as defined in section 4517.01 of the 4322  
Revised Code, from the sale or other transfer of a motor 4323  
vehicle, as defined in that section, to another motor vehicle 4324  
dealer for the purpose of resale by the transferee motor vehicle 4325  
dealer, but only if the sale or other transfer was based upon 4326  
the transferee's need to meet a specific customer's preference 4327  
for a motor vehicle; 4328

(u) Receipts from a financial institution described in 4329  
division (E) (3) of this section for services provided to the 4330  
financial institution in connection with the issuance, 4331  
processing, servicing, and management of loans or credit 4332  
accounts, if such financial institution and the recipient of 4333  
such receipts have at least fifty per cent of their ownership 4334  
interests owned or controlled, directly or constructively 4335  
through related interests, by common owners; 4336

(v) Receipts realized from administering anti-neoplastic 4337  
drugs and other cancer chemotherapy, biologicals, therapeutic 4338  
agents, and supportive drugs in a physician's office to patients 4339  
with cancer; 4340

(w) Funds received or used by a mortgage broker that is 4341  
not a dealer in intangibles, other than fees or other 4342  
consideration, pursuant to a table-funding mortgage loan or 4343  
warehouse-lending mortgage loan. Terms used in division (F) (2) 4344  
(w) of this section have the same meanings as in section 1322.01 4345  
of the Revised Code, except "mortgage broker" means a person 4346  
assisting a buyer in obtaining a mortgage loan for a fee or 4347  
other consideration paid by the buyer or a lender, or a person 4348  
engaged in table-funding or warehouse-lending mortgage loans 4349  
that are first lien mortgage loans. 4350

(x) Property, money, and other amounts received by a 4351  
professional employer organization, as defined in section 4352  
4125.01 of the Revised Code, from a client employer, as defined 4353  
in that section, in excess of the administrative fee charged by 4354  
the professional employer organization to the client employer; 4355

(y) In the case of amounts retained as commissions by a 4356  
permit holder under Chapter 3769. of the Revised Code, an amount 4357  
equal to the amounts specified under that chapter that must be 4358  
paid to or collected by the tax commissioner as a tax and the 4359  
amounts specified under that chapter to be used as purse money; 4360

(z) Qualifying distribution center receipts. 4361

(i) For purposes of division (F) (2) (z) of this section: 4362

(I) "Qualifying distribution center receipts" means 4363  
receipts of a supplier from qualified property that is delivered 4364  
to a qualified distribution center, multiplied by a quantity 4365  
that equals one minus the Ohio delivery percentage. If the 4366  
qualified distribution center is a refining facility, "supplier" 4367  
includes all dealers, brokers, processors, sellers, vendors, 4368  
cosigners, and distributors of qualified property. 4369

(II) "Qualified property" means tangible personal property 4370  
delivered to a qualified distribution center that is shipped to 4371  
that qualified distribution center solely for further shipping 4372  
by the qualified distribution center to another location in this 4373  
state or elsewhere or, in the case of gold, silver, platinum, or 4374  
palladium delivered to a refining facility solely for refining 4375  
to a grade and fineness acceptable for delivery to a registered 4376  
commodities exchange. "Further shipping" includes storing and 4377  
repackaging property into smaller or larger bundles, so long as 4378  
the property is not subject to further manufacturing or 4379

processing. "Refining" is limited to extracting impurities from 4380  
gold, silver, platinum, or palladium through smelting or some 4381  
other process at a refining facility. 4382

(III) "Qualified distribution center" means a warehouse, a 4383  
facility similar to a warehouse, or a refining facility in this 4384  
state that, for the qualifying year, is operated by a person 4385  
that is not part of a combined taxpayer group and that has a 4386  
qualifying certificate. All warehouses or facilities similar to 4387  
warehouses that are operated by persons in the same taxpayer 4388  
group and that are located within one mile of each other shall 4389  
be treated as one qualified distribution center. All refining 4390  
facilities that are operated by persons in the same taxpayer 4391  
group and that are located in the same or adjacent counties may 4392  
be treated as one qualified distribution center. 4393

(IV) "Qualifying year" means the calendar year to which 4394  
the qualifying certificate applies. 4395

(V) "Qualifying period" means the period of the first day 4396  
of July of the second year preceding the qualifying year through 4397  
the thirtieth day of June of the year preceding the qualifying 4398  
year. 4399

(VI) "Qualifying certificate" means the certificate issued 4400  
by the tax commissioner after the operator of a distribution 4401  
center files an annual application with the commissioner. The 4402  
application and annual fee shall be filed and paid for each 4403  
qualified distribution center on or before the first day of 4404  
September before the qualifying year or within forty-five days 4405  
after the distribution center opens, whichever is later. 4406

The applicant must substantiate to the commissioner's 4407  
satisfaction that, for the qualifying period, all persons 4408

operating the distribution center have more than fifty per cent 4409  
of the cost of the qualified property shipped to a location such 4410  
that it would be situated outside this state under the provisions 4411  
of division (E) of section 5751.033 of the Revised Code. The 4412  
applicant must also substantiate that the distribution center 4413  
cumulatively had costs from its suppliers equal to or exceeding 4414  
five hundred million dollars during the qualifying period. (For 4415  
purposes of division (F) (2) (z) (i) (VI) of this section, 4416  
"supplier" excludes any person that is part of the consolidated 4417  
elected taxpayer group, if applicable, of the operator of the 4418  
qualified distribution center.) The commissioner may require the 4419  
applicant to have an independent certified public accountant 4420  
certify that the calculation of the minimum thresholds required 4421  
for a qualified distribution center by the operator of a 4422  
distribution center has been made in accordance with generally 4423  
accepted accounting principles. The commissioner shall issue or 4424  
deny the issuance of a certificate within sixty days after the 4425  
receipt of the application. A denial is subject to appeal under 4426  
section 5717.02 of the Revised Code. If the operator files a 4427  
timely appeal under section 5717.02 of the Revised Code, the 4428  
operator shall be granted a qualifying certificate effective for 4429  
the remainder of the qualifying year or until the appeal is 4430  
finalized, whichever is earlier. If the operator does not 4431  
prevail in the appeal, the operator shall pay the ineligible 4432  
operator's supplier tax liability. 4433

(VII) "Ohio delivery percentage" means the proportion of 4434  
the total property delivered to a destination inside Ohio from 4435  
the qualified distribution center during the qualifying period 4436  
compared with total deliveries from such distribution center 4437  
everywhere during the qualifying period. 4438

(VIII) "Refining facility" means one or more buildings 4439



located in a county in the Appalachian region of this state as 4440  
defined by section 107.21 of the Revised Code and utilized for 4441  
refining or smelting gold, silver, platinum, or palladium to a 4442  
grade and fineness acceptable for delivery to a registered 4443  
commodities exchange. 4444

(IX) "Registered commodities exchange" means a board of 4445  
trade, such as New York mercantile exchange, inc. or commodity 4446  
exchange, inc., designated as a contract market by the commodity 4447  
futures trading commission under the "Commodity Exchange Act," 7 4448  
U.S.C. 1 et seq., as amended. 4449

(X) "Ineligible operator's supplier tax liability" means 4450  
an amount equal to the tax liability of all suppliers of a 4451  
distribution center had the distribution center not been issued 4452  
a qualifying certificate for the qualifying year. Ineligible 4453  
operator's supplier tax liability shall not include interest or 4454  
penalties. The tax commissioner shall determine an ineligible 4455  
operator's supplier tax liability based on information that the 4456  
commissioner may request from the operator of the distribution 4457  
center. An operator shall provide a list of all suppliers of the 4458  
distribution center and the corresponding costs of qualified 4459  
property for the qualifying year at issue within sixty days of a 4460  
request by the commissioner under this division. 4461

(ii) (I) If the distribution center is new and was not open 4462  
for the entire qualifying period, the operator of the 4463  
distribution center may request that the commissioner grant a 4464  
qualifying certificate. If the certificate is granted and it is 4465  
later determined that more than fifty per cent of the qualified 4466  
property during that year was not shipped to a location such 4467  
that it would be situated outside of this state under the 4468  
provisions of division (E) of section 5751.033 of the Revised 4469

Code or if it is later determined that the person that operates 4470  
the distribution center had average monthly costs from its 4471  
suppliers of less than forty million dollars during that year, 4472  
then the operator of the distribution center shall pay the 4473  
ineligible operator's supplier tax liability. (For purposes of 4474  
division (F) (2) (z) (ii) of this section, "supplier" excludes any 4475  
person that is part of the consolidated elected taxpayer group, 4476  
if applicable, of the operator of the qualified distribution 4477  
center.) 4478

(II) The commissioner may grant a qualifying certificate 4479  
to a distribution center that does not qualify as a qualified 4480  
distribution center for an entire qualifying period if the 4481  
operator of the distribution center demonstrates that the 4482  
business operations of the distribution center have changed or 4483  
will change such that the distribution center will qualify as a 4484  
qualified distribution center within thirty-six months after the 4485  
date the operator first applies for a certificate. If, at the 4486  
end of that thirty-six-month period, the business operations of 4487  
the distribution center have not changed such that the 4488  
distribution center qualifies as a qualified distribution 4489  
center, the operator of the distribution center shall pay the 4490  
ineligible operator's supplier tax liability for each year that 4491  
the distribution center received a certificate but did not 4492  
qualify as a qualified distribution center. For each year the 4493  
distribution center receives a certificate under division (F) (2) 4494  
(z) (ii) (II) of this section, the distribution center shall pay 4495  
all applicable fees required under division (F) (2) (z) of this 4496  
section and shall submit an updated business plan showing the 4497  
progress the distribution center made toward qualifying as a 4498  
qualified distribution center during the preceding year. 4499

(III) An operator may appeal a determination under 4500

division (F) (2) (z) (ii) (I) or (II) of this section that the 4501  
ineligible operator is liable for the operator's supplier tax 4502  
liability as a result of not qualifying as a qualified 4503  
distribution center, as provided in section 5717.02 of the 4504  
Revised Code. 4505

(iii) When filing an application for a qualifying 4506  
certificate under division (F) (2) (z) (i) (VI) of this section, the 4507  
operator of a qualified distribution center also shall provide 4508  
documentation, as the commissioner requires, for the 4509  
commissioner to ascertain the Ohio delivery percentage. The 4510  
commissioner, upon issuing the qualifying certificate, also 4511  
shall certify the Ohio delivery percentage. The operator of the 4512  
qualified distribution center may appeal the commissioner's 4513  
certification of the Ohio delivery percentage in the same manner 4514  
as an appeal is taken from the denial of a qualifying 4515  
certificate under division (F) (2) (z) (i) (VI) of this section. 4516

(iv) (I) In the case where the distribution center is new 4517  
and not open for the entire qualifying period, the operator 4518  
shall make a good faith estimate of an Ohio delivery percentage 4519  
for use by suppliers in their reports of taxable gross receipts 4520  
for the remainder of the qualifying period. The operator of the 4521  
facility shall disclose to the suppliers that such Ohio delivery 4522  
percentage is an estimate and is subject to recalculation. By 4523  
the due date of the next application for a qualifying 4524  
certificate, the operator shall determine the actual Ohio 4525  
delivery percentage for the estimated qualifying period and 4526  
proceed as provided in division (F) (2) (z) (iii) of this section 4527  
with respect to the calculation and recalculation of the Ohio 4528  
delivery percentage. The supplier is required to file, within 4529  
sixty days after receiving notice from the operator of the 4530  
qualified distribution center, amended reports for the impacted 4531

calendar quarter or quarters or calendar year, whichever the case may be. Any additional tax liability or tax overpayment shall be subject to interest but shall not be subject to the imposition of any penalty so long as the amended returns are timely filed.

(II) The operator of a distribution center that receives a qualifying certificate under division (F)(2)(z)(ii)(II) of this section shall make a good faith estimate of the Ohio delivery percentage that the operator estimates will apply to the distribution center at the end of the thirty-six-month period after the operator first applied for a qualifying certificate under that division. The result of the estimate shall be multiplied by a factor of one and seventy-five one-hundredths. The product of that calculation shall be the Ohio delivery percentage used by suppliers in their reports of taxable gross receipts for each qualifying year that the distribution center receives a qualifying certificate under division (F)(2)(z)(ii)(II) of this section, except that, if the product is less than five per cent, the Ohio delivery percentage used shall be five per cent and that, if the product exceeds forty-nine per cent, the Ohio delivery percentage used shall be forty-nine per cent.

(v) Qualifying certificates and Ohio delivery percentages issued by the commissioner shall be open to public inspection and shall be timely published by the commissioner. A supplier relying in good faith on a certificate issued under this division shall not be subject to tax on the qualifying distribution center receipts under division (F)(2)(z) of this section. An operator receiving a qualifying certificate is liable for the ineligible operator's supplier tax liability for each year the operator received a certificate but did not qualify as a qualified distribution center.

(vi) The annual fee for a qualifying certificate shall be 4563  
one hundred thousand dollars for each qualified distribution 4564  
center. If a qualifying certificate is not issued, the annual 4565  
fee is subject to refund after the exhaustion of all appeals 4566  
provided for in division (F) (2) (z) (i) (VI) of this section. The 4567  
first one hundred thousand dollars of the annual application 4568  
fees collected each calendar year shall be credited to the 4569  
revenue enhancement fund. The remainder of the annual 4570  
application fees collected shall be distributed in the same 4571  
manner required under section 5751.20 of the Revised Code. 4572

(vii) The tax commissioner may require that adequate 4573  
security be posted by the operator of the distribution center on 4574  
appeal when the commissioner disagrees that the applicant has 4575  
met the minimum thresholds for a qualified distribution center 4576  
as set forth in division (F) (2) (z) of this section. 4577

(aa) Receipts of an employer from payroll deductions 4578  
relating to the reimbursement of the employer for advancing 4579  
moneys to an unrelated third party on an employee's behalf; 4580

(bb) Cash discounts allowed and taken; 4581

(cc) Returns and allowances; 4582

(dd) Bad debts from receipts on the basis of which the tax 4583  
imposed by this chapter was paid in a prior quarterly tax 4584  
payment period. For the purpose of this division, "bad debts" 4585  
means any debts that have become worthless or uncollectible 4586  
between the preceding and current quarterly tax payment periods, 4587  
have been uncollected for at least six months, and that may be 4588  
claimed as a deduction under section 166 of the Internal Revenue 4589  
Code and the regulations adopted under that section, or that 4590  
could be claimed as such if the taxpayer kept its accounts on 4591

the accrual basis. "Bad debts" does not include repossessed 4592  
property, uncollectible amounts on property that remains in the 4593  
possession of the taxpayer until the full purchase price is 4594  
paid, or expenses in attempting to collect any account 4595  
receivable or for any portion of the debt recovered; 4596

(ee) Any amount realized from the sale of an account 4597  
receivable to the extent the receipts from the underlying 4598  
transaction giving rise to the account receivable were included 4599  
in the gross receipts of the taxpayer; 4600

(ff) Any receipts directly attributed to a transfer 4601  
agreement or to the enterprise transferred under that agreement 4602  
under section 4313.02 of the Revised Code. 4603

(gg) (i) As used in this division: 4604

(I) "Qualified uranium receipts" means receipts from the 4605  
sale, exchange, lease, loan, production, processing, or other 4606  
disposition of uranium within a uranium enrichment zone 4607  
certified by the tax commissioner under division (F) (2) (gg) (ii) 4608  
of this section. "Qualified uranium receipts" does not include 4609  
any receipts with a situs in this state outside a uranium 4610  
enrichment zone certified by the tax commissioner under division 4611  
(F) (2) (gg) (ii) of this section. 4612

(II) "Uranium enrichment zone" means all real property 4613  
that is part of a uranium enrichment facility licensed by the 4614  
United States nuclear regulatory commission and that was or is 4615  
owned or controlled by the United States department of energy or 4616  
its successor. 4617

(ii) Any person that owns, leases, or operates real or 4618  
tangible personal property constituting or located within a 4619  
uranium enrichment zone may apply to the tax commissioner to 4620

have the uranium enrichment zone certified for the purpose of 4621  
excluding qualified uranium receipts under division (F) (2) (gg) 4622  
of this section. The application shall include such information 4623  
that the tax commissioner prescribes. Within sixty days after 4624  
receiving the application, the tax commissioner shall certify 4625  
the zone for that purpose if the commissioner determines that 4626  
the property qualifies as a uranium enrichment zone as defined 4627  
in division (F) (2) (gg) of this section, or, if the tax 4628  
commissioner determines that the property does not qualify, the 4629  
commissioner shall deny the application or request additional 4630  
information from the applicant. If the tax commissioner denies 4631  
an application, the commissioner shall state the reasons for the 4632  
denial. The applicant may appeal the denial of an application to 4633  
the board of tax appeals pursuant to section 5717.02 of the 4634  
Revised Code. If the applicant files a timely appeal, the tax 4635  
commissioner shall conditionally certify the applicant's 4636  
property. The conditional certification shall expire when all of 4637  
the applicant's appeals are exhausted. Until final resolution of 4638  
the appeal, the applicant shall retain the applicant's records 4639  
in accordance with section 5751.12 of the Revised Code, 4640  
notwithstanding any time limit on the preservation of records 4641  
under that section. 4642

(hh) In the case of amounts collected by a licensed casino 4643  
operator from casino gaming, amounts in excess of the casino 4644  
operator's gross casino revenue. In this division, "casino 4645  
operator" and "casino gaming" have the meanings defined in 4646  
section 3772.01 of the Revised Code, and "gross casino revenue" 4647  
has the meaning defined in section 5753.01 of the Revised Code. 4648

(ii) Receipts realized from the sale of agricultural 4649  
commodities by an agricultural commodity handler, both as 4650  
defined in section 926.01 of the Revised Code, that is licensed 4651

by the director of agriculture to handle agricultural 4652  
commodities in this state. 4653

(jj) Qualifying integrated supply chain receipts. 4654

As used in division (F)(2)(jj) of this section: 4655

(i) "Qualifying integrated supply chain receipts" means 4656  
receipts of a qualified integrated supply chain vendor from ~~the~~ 4657  
~~sale of~~ qualified property delivered to another qualified 4658  
integrated supply chain vendor or to a retailer that is a member 4659  
of the integrated supply chain. 4660

(ii) "Qualified property" means ~~either any~~ of the 4661  
following: 4662

(I) Component parts used to hold, contain, package, or 4663  
dispense qualified products ~~that will be incorporated into the~~ 4664  
~~item sold at retail~~, excluding equipment; 4665

(II) Work-in-process inventory that will become, comprise, 4666  
or form a component part of a qualified product capable of being 4667  
sold at retail, excluding equipment; 4668

(III) Finished goods inventory that is a qualified product 4669  
capable of being sold at retail in the inventory's present form. 4670

(iii) "Qualified integrated supply chain vendor" means a 4671  
person, ~~other than a retailer~~, that is a ~~direct~~ member of an 4672  
integrated supply chain and that provides integrated supply 4673  
chain services within a qualified integrated supply chain 4674  
district to a retailer that is a member of the integrated supply 4675  
chain or to another qualified integrated supply chain vendor 4676  
that is located within the same such district as the person but 4677  
does not share a common owner with that person. 4678

(iv) "Qualified product" means a personal care, health, or 4679



beauty product or an aromatic product, including a candle. 4680

(v) "Integrated supply chain" means two or more qualified 4681  
integrated supply chain vendors that systematically collaborate 4682  
and coordinate business operations with a retailer on the flow 4683  
of tangible personal property from material sourcing through 4684  
manufacturing, assembly, packaging, and delivery to the retailer 4685  
to improve long-term financial performance of each vendor and 4686  
the supply chain that includes the retailer. 4687

(vi) "Integrated supply chain services" means procuring 4688  
raw materials or manufacturing, processing, refining, 4689  
assembling, packaging, or repackaging tangible personal property 4690  
that will become finished goods inventory capable of being sold 4691  
at retail by a retailer that is a member of an integrated supply  
chain. 4692  
4693

(vii) "Retailer" means a person primarily engaged in 4694  
making retail sales and any member of that person's consolidated  
elected taxpayer group or combined taxpayer group, whether or  
not that member is primarily engaged in making retail sales. 4695  
4696  
4697

(viii) "Qualified integrated supply chain district" means 4698  
~~a~~the parcel or ~~contiguous~~ parcels of land ~~composed of a total of~~ 4699  
~~between four hundred and seven hundred acres and owned by the~~  
~~same person on July 1, 2015~~ from which a retailer's integrated  
supply chain provides or receives integrated supply chain  
services, and to which ~~both~~ all of the following apply: 4700  
4701  
4702  
4703

(I) The ~~acreage is~~ parcel or parcels are located wholly in 4704  
a county having a population of greater than one hundred sixty- 4705  
five thousand but less than one hundred seventy thousand based 4706  
on the 2010 federal decennial census. 4707

(II) The ~~acreage is~~ parcel or parcels are located wholly 4708

in a municipal corporation with a population greater than seven 4709  
thousand five hundred and less than eight thousand based on the 4710  
2010 federal decennial census that is partly located in the 4711  
county described in division (F) (2) (jj) (viii) (I) of this 4712  
section. 4713

(III) The aggregate acreage of the parcel or parcels 4714  
equals or exceeds one hundred acres. 4715

(kk) Any receipts for which the tax imposed by this 4716  
chapter is prohibited by the constitution or laws of the United 4717  
States or the constitution of this state. 4718

(3) In the case of a taxpayer when acting as a real estate 4719  
broker, "gross receipts" includes only the portion of any fee 4720  
for the service of a real estate broker, or service of a real 4721  
estate salesperson associated with that broker, that is retained 4722  
by the broker and not paid to an associated real estate 4723  
salesperson or another real estate broker. For the purposes of 4724  
this division, "real estate broker" and "real estate 4725  
salesperson" have the same meanings as in section 4735.01 of the 4726  
Revised Code. 4727

(4) A taxpayer's method of accounting for gross receipts 4728  
for a tax period shall be the same as the taxpayer's method of 4729  
accounting for federal income tax purposes for the taxpayer's 4730  
federal taxable year that includes the tax period. If a 4731  
taxpayer's method of accounting for federal income tax purposes 4732  
changes, its method of accounting for gross receipts under this 4733  
chapter shall be changed accordingly. 4734

(G) "Taxable gross receipts" means gross receipts situated 4735  
to this state under section 5751.033 of the Revised Code. 4736

(H) A person has "substantial nexus with this state" if 4737

any of the following applies. The person:	4738
(1) Owns or uses a part or all of its capital in this	4739
state;	4740
(2) Holds a certificate of compliance with the laws of	4741
this state authorizing the person to do business in this state;	4742
(3) Has bright-line presence in this state;	4743
(4) Otherwise has nexus with this state to an extent that	4744
the person can be required to remit the tax imposed under this	4745
chapter under the Constitution of the United States.	4746
(I) A person has "bright-line presence" in this state for	4747
a reporting period and for the remaining portion of the calendar	4748
year if any of the following applies. The person:	4749
(1) Has at any time during the calendar year property in	4750
this state with an aggregate value of at least fifty thousand	4751
dollars. For the purpose of division (I)(1) of this section,	4752
owned property is valued at original cost and rented property is	4753
valued at eight times the net annual rental charge.	4754
(2) Has during the calendar year payroll in this state of	4755
at least fifty thousand dollars. Payroll in this state includes	4756
all of the following:	4757
(a) Any amount subject to withholding by the person under	4758
section 5747.06 of the Revised Code;	4759
(b) Any other amount the person pays as compensation to an	4760
individual under the supervision or control of the person for	4761
work done in this state; and	4762
(c) Any amount the person pays for services performed in	4763
this state on its behalf by another.	4764

(3) Has during the calendar year taxable gross receipts of	4765
at least five hundred thousand dollars.	4766
(4) Has at any time during the calendar year within this	4767
state at least twenty-five per cent of the person's total	4768
property, total payroll, or total gross receipts.	4769
(5) Is domiciled in this state as an individual or for	4770
corporate, commercial, or other business purposes.	4771
(J) "Tangible personal property" has the same meaning as	4772
in section 5739.01 of the Revised Code.	4773
(K) "Internal Revenue Code" means the Internal Revenue	4774
Code of 1986, 100 Stat. 2085, 26 U.S.C. 1, as amended. Any term	4775
used in this chapter that is not otherwise defined has the same	4776
meaning as when used in a comparable context in the laws of the	4777
United States relating to federal income taxes unless a	4778
different meaning is clearly required. Any reference in this	4779
chapter to the Internal Revenue Code includes other laws of the	4780
United States relating to federal income taxes.	4781
(L) "Calendar quarter" means a three-month period ending	4782
on the thirty-first day of March, the thirtieth day of June, the	4783
thirtieth day of September, or the thirty-first day of December.	4784
(M) "Tax period" means the calendar quarter or calendar	4785
year on the basis of which a taxpayer is required to pay the tax	4786
imposed under this chapter.	4787
(N) "Calendar year taxpayer" means a taxpayer for which	4788
the tax period is a calendar year.	4789
(O) "Calendar quarter taxpayer" means a taxpayer for which	4790
the tax period is a calendar quarter.	4791
(P) "Agent" means a person authorized by another person to	4792

act on its behalf to undertake a transaction for the other,	4793
including any of the following:	4794
(1) A person receiving a fee to sell financial instruments;	4795 4796
(2) A person retaining only a commission from a transaction with the other proceeds from the transaction being remitted to another person;	4797 4798 4799
(3) A person issuing licenses and permits under section 1533.13 of the Revised Code;	4800 4801
(4) A lottery sales agent holding a valid license issued under section 3770.05 of the Revised Code;	4802 4803
(5) A person acting as an agent of the division of liquor control under section 4301.17 of the Revised Code.	4804 4805
(Q) "Received" includes amounts accrued under the accrual method of accounting.	4806 4807
(R) "Reporting person" means a person in a consolidated elected taxpayer or combined taxpayer group that is designated by that group to legally bind the group for all filings and tax liabilities and to receive all legal notices with respect to matters under this chapter, or, for the purposes of section 5751.04 of the Revised Code, a separate taxpayer that is not a member of such a group.	4808 4809 4810 4811 4812 4813 4814
<b>Section 2.</b> That existing sections 9.66, 122.16, 122.172, 122.173, 5709.65, 5709.66, 5709.92, 5733.33, 5733.42, 5733.98, 5747.01, 5747.02, 5747.05, 5747.054, 5747.055, 5747.056, 5747.059, 5747.21, 5747.212, 5747.22, 5747.27, 5747.28, 5747.29, 5747.331, 5747.37, 5747.65, 5747.66, 5747.71, 5747.75, 5747.76, 5747.80, 5747.81, 5747.98, and 5751.01 and sections 5733.48,	4815 4816 4817 4818 4819 4820

5747.051, 5747.057, 5747.26, 5747.261, 5747.31, 5747.32, 4821  
5747.34, 5747.35, 5747.36, 5747.38, 5747.39, and 5747.77 of the 4822  
Revised Code are hereby repealed. 4823

**Section 3.** That Section 263.325 of Am. Sub. H.B. 64 of the 4824  
131st General Assembly be amended to read as follows: 4825

**Sec. 263.325.** SCHOOL DISTRICT TPP SUPPLEMENT 4826

The foregoing appropriation item 200697, School District 4827  
TPP Supplement, shall be distributed to city, local, and 4828  
exempted village school districts for supplemental foundation 4829  
aid as provided in this section. 4830

For each fiscal year, the Department of Education shall 4831  
compute and pay supplemental foundation aid to each school 4832  
district as follows: 4833

(A) (1) Calculate the school district's combined state aid 4834  
for fiscal year 2015, which equals the sum of: 4835

(a) The district's state education aid for fiscal year 4836  
2015, as defined in division (A) (4) (a) of section 5709.92 of the 4837  
Revised Code; and 4838

(b) The district's current expense allocation, as defined 4839  
in division (A) (8) of section 5709.92 of the Revised Code. 4840

(2) Calculate the school district's combined state aid for 4841  
fiscal year 2016, which equals the sum of: 4842

(a) The sum of the amounts computed for the district for 4843  
fiscal year 2016 under section 3317.022 of the Revised Code, as 4844  
amended by ~~this act~~ Am. Sub. H.B. 64 of the 131st General 4845  
Assembly, and under divisions (E), (F), and (G) of section 4846  
3317.0212 of the Revised Code, as amended by ~~this act~~ Am. Sub. 4847  
H.B. 64 of the 131st General Assembly, plus any amount 4848

calculated for temporary transitional aid for fiscal year 2016 4849  
under division (A) of Section 263.230 of ~~this act~~ Am. Sub. H.B. 4850  
64 of the 131st General Assembly, and after any reductions made 4851  
for fiscal year 2016 under division (B) of Section 263.230 of 4852  
~~this act~~ Am. Sub. H.B. 64 of the 131st General Assembly; 4853

~~(e) the~~ (b) The sum of the payments received by the school 4854  
district in fiscal year 2016 for current expense levy losses 4855  
pursuant to division (C) (1) (a) or (b) of section 5709.92 of the 4856  
Revised Code, excluding the portion of such payments 4857  
attributable to levies for joint vocational school district 4858  
purposes. 4859

(3) Calculate the school district's combined state aid for 4860  
fiscal year 2017, which equals the sum of: 4861

(a) The amounts computed for the district for fiscal year 4862  
2017 under section 3317.022 of the Revised Code, as amended by 4863  
Am. Sub. H.B. 64 of the 131st General Assembly, and under 4864  
divisions (E), (F), and (G) of section 3317.0212 of the Revised 4865  
Code, as amended by Am. Sub. H.B. 64 of the 131st General 4866  
Assembly, plus any amount calculated for temporary transitional 4867  
aid for fiscal year 2017 under division (A) of Section 263.230 4868  
of Am. Sub. H.B. 64 of the 131st General Assembly, and after any 4869  
reductions made for fiscal year 2017 under division (B) of 4870  
Section 263.230 of Am. Sub. H.B. 64 of the 131st General 4871  
Assembly. 4872

(b) The sum of the payments received by the school 4873  
district in fiscal year 2017 for current expense levy losses 4874  
pursuant to division (C) (1) (a) or (b) of section 5709.92 of the 4875  
Revised Code, excluding the portion of such payments 4876  
attributable to levies for joint vocational school district 4877  
purposes. 4878

(B) (1) For fiscal year 2016, each district's payment shall 4879  
be in an amount equal to the amount calculated in division (A) 4880  
(1) of this section minus the amount calculated in division (A) 4881  
(2) of this section. If the result is a negative number, the 4882  
district's payment shall be zero. 4883

(2) For fiscal year 2017, each district's payment shall be 4884  
in an amount equal to the following: 4885

((The amount calculated in division (A) (1) of this section - the 4886  
sum of the amounts calculated under divisions (A) (8) and (A) (9) 4887  
of section 3317.022 of the Revised Code for fiscal year 2016) x 4888  
0.96) - (The amount calculated in division (A) (3) of the section 4889  
- the sum of the amounts calculated under divisions (A) (8) and 4890  
(A) (9) of section 3317.022 of the Revised Code for fiscal year 4891  
2017) 4892

If the result is a negative number, the district's payment 4893  
shall be zero. 4894

**Section 4.** That existing Section 263.325 of Am. Sub. H.B. 4895  
64 of the 131st General Assembly is hereby repealed. 4896

**Section 5.** The income amounts prescribed in divisions (A) 4897  
(3) and (A) (4) (a) of section 5747.02 of the Revised Code as 4898  
amended by this act or Am. Sub. H.B. 64 of the 131st General 4899  
Assembly do not reflect adjustments made to such amounts under 4900  
division (A) of that section, and are not intended to replace 4901  
the adjusted income amounts that would otherwise be prescribed 4902  
for taxable years beginning in 2015. 4903

**Section 6.** Subject to the limitations on the time to apply 4904  
for a refund or issue an assessment under section 5751.08 or 4905  
5751.09 of the Revised Code, respectively, the amendment by this 4906  
act of division (F) (2) (jj) of section 5751.01 of the Revised 4907



Code applies to tax periods beginning on or after July 1, 2011, 4908  
and shall be construed as clarifying the law as it existed prior 4909  
to the effective date of that amendment. 4910

**Section 7.** Section 5709.66 of the Revised Code is 4911  
presented in this act as a composite of the section as amended 4912  
by both Am. Sub. H.B. 215 and Sub. H.B. 408 of the 122nd General 4913  
Assembly. The General Assembly, applying the principle stated in 4914  
division (B) of section 1.52 of the Revised Code that amendments 4915  
are to be harmonized if reasonably capable of simultaneous 4916  
operation, finds that the composite is the resulting version of 4917  
the section in effect prior to the effective date of the section 4918  
as presented in this act. 4919

**Section 8.** The amendment or repeal by this act of sections 4920  
9.66, 122.16, 122.172, 122.173, 5709.65, 5709.66, 5733.33, 4921  
5733.42, 5733.48, 5733.98, 5747.01, 5747.02, 5747.05, 5747.051, 4922  
5747.057, 5747.21, 5747.212, 5747.22, 5747.26, 5747.261, 4923  
5747.31, 5747.32, 5747.34, 5747.35, 5747.36, 5747.38, 5747.39, 4924  
5747.77, and 5747.98 of the Revised Code provides for the levy 4925  
of a tax and is exempt from the referendum under Ohio 4926  
Constitution, Article II, section 1d and therefore takes effect 4927  
immediately when this act becomes law. 4928