

As Introduced

**133rd General Assembly
Regular Session
2019-2020**

S. B. No. 8

**Senator Schuring
Cosponsors: Senators Rulli, Hottinger**

A BILL

To amend sections 107.036, 5725.98, 5726.98, 1
5729.98, 5747.02, and 5747.98 and to enact 2
sections 122.84 and 122.841 of the Revised Code 3
to authorize tax credits for investments in an 4
Ohio Opportunity Zone. 5

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

Section 1. That sections 107.036, 5725.98, 5726.98, 6
5729.98, 5747.02, and 5747.98 be amended and sections 122.84 and 7
122.841 of the Revised Code be enacted to read as follows: 8

Sec. 107.036. (A) For each business incentive tax credit, 9
the main operating appropriations act shall contain a detailed 10
estimate of the total amount of credits that may be authorized 11
in each year, an estimate of the amount of credits expected to 12
be claimed in each year, and an estimate of the amount of 13
credits expected to remain outstanding at the end of the 14
biennium. The governor shall include such estimates in the state 15
budget submitted to the general assembly pursuant to section 16
107.03 of the Revised Code. 17

(B) As used in this section, "business incentive tax 18

credit" means all of the following:	19
(1) The job creation tax credit under section 122.17 of the Revised Code;	20 21
(2) The job retention tax credit under section 122.171 of the Revised Code;	22 23
(3) The historic preservation tax credit under section 149.311 of the Revised Code;	24 25
(4) The motion picture tax credit under section 122.85 of the Revised Code;	26 27
(5) The new markets tax credit under section 5725.33 of the Revised Code;	28 29
(6) The research and development credit under section 166.21 of the Revised Code;	30 31
(7) The small business investment credit under section 122.86 of the Revised Code;	32 33
(8) The rural growth investment credit under section 122.152 of the Revised Code;	34 35
<u>(9) The qualified opportunity zone investment credits</u> <u>under sections 122.84 and 122.841 of the Revised Code.</u>	36 37
<u>Sec. 122.84. (A) As used in this section and in section</u> <u>122.841 of the Revised Code:</u>	38 39
<u>(1) "Ohio qualified opportunity fund" means a qualified</u> <u>opportunity fund that holds one hundred per cent of its assets</u> <u>in qualified opportunity zone property situated in a qualified</u> <u>opportunity zone designated in this state under 26 U.S.C. 1400Z-</u> <u>1. The percentage shall be determined by the average of the</u> <u>percentage of qualified opportunity zone property held in the</u>	40 41 42 43 44 45

fund as measured on the last day of the first six-month period 46
of the taxable year of the fund and on the last day of the 47
taxable year of the fund. 48

In the case of qualified opportunity zone property that is 49
qualified opportunity zone stock or qualified opportunity zone 50
partnership interest, the stock or interest is situated in a 51
qualified opportunity zone designated in this state only if, 52
during all of the qualified opportunity fund's holding period 53
for such stock or interest, all of the use of the corporation's 54
or partnership's tangible property was in a qualified 55
opportunity zone designated in this state. In the case of 56
qualified opportunity zone property that is qualified 57
opportunity zone business property, the property is situated in 58
a qualified opportunity zone designated in this state only if, 59
during all of the fund's holding period for such property, all 60
of the use of the property was in a qualified opportunity zone 61
designated in this state. 62

All terms used in division (A) (1) of this section have the 63
same meaning as in 26 U.S.C. 1400Z-2, except that "all" shall be 64
substituted for "substantially all" wherever "substantially all" 65
appears in the definition of those terms or in the definition of 66
terms used in those terms. 67

(2) "Taxable year" means one of the following, as 68
applicable: 69

(a) In the case of the tax levied under section 5725.18 or 70
5729.03 of the Revised Code, the calendar year; 71

(b) In the case of the tax levied under section 5726.02 of 72
the Revised Code, the taxable year as defined in section 5726.01 73
of the Revised Code; 74

(c) In the case of the tax levied under section 5747.02 of 75
the Revised Code, the taxable year as defined in section 5747.01 76
of the Revised Code. 77

(B) A taxpayer may apply to the director of development 78
services, on forms prescribed by the director, on or before the 79
first day of February of each year for a nonrefundable credit 80
against one of the taxes levied under section 5725.18, 5726.02, 81
5729.03, or 5747.02 of the Revised Code equal to one per cent of 82
the amount the taxpayer invests in Ohio qualified opportunity 83
funds during the taxpayer's preceding taxable year, provided the 84
taxpayer invests at least two hundred fifty thousand dollars 85
during that taxable year in Ohio qualified opportunity funds. 86
The taxpayer shall include the following information with the 87
taxpayer's application: 88

(1) The amount of money the taxpayer invested in 89
qualifying Ohio opportunity funds in the taxpayer's preceding 90
taxable year, arranged according to the amount invested in each 91
such fund; 92

(2) A statement from an employee or officer of each 93
qualifying Ohio opportunity fund identified by the taxpayer 94
under division (B)(1) of this section certifying the amount the 95
taxpayer invested in the fund in the taxpayer's preceding 96
taxable year and describing each project funded by the 97
investment, including the portion of the taxpayer's investment 98
invested in each such project. 99

(3) The tax against which the taxpayer intends to claim 100
the credit, which may be the tax levied under section 5725.18, 101
5726.02, 5729.03, or 5747.02 of the Revised Code. 102

(C) If the director of development services determines 103

that the applicant qualifies for a credit under this section, 104
the director shall issue, within twenty days after the receipt 105
of a complete application under division (B) of this section, a 106
certificate to the taxpayer identified with a unique number and 107
listing the amount of credit the director determines the 108
taxpayer is eligible to claim for the taxpayer's preceding 109
taxable year. The certificate shall also list the tax against 110
which the taxpayer may claim the credit. The credit may be 111
claimed for the taxable year in which the investment is made in 112
the order prescribed by section 5725.98, 5726.98, 5729.98, or 113
5747.98 of the Revised Code, as applicable. Any unused amount 114
may be carried forward for the following five taxable years. If 115
the certificate is issued to a pass-through entity that has 116
selected the tax levied under section 5747.02 of the Revised 117
Code under division (B)(3) of this section, any taxpayer that is 118
a direct or indirect investor in the pass-through entity may 119
claim the taxpayer's proportionate or distributive share of the 120
credit against the taxpayer's aggregate amount of tax levied 121
under that section. 122

(D)(1) A taxpayer claiming a credit under this section 123
shall submit a copy of the certificate with the taxpayer's 124
return or report. After the credit is claimed, the certificate 125
expires. 126

(2) The director of insurance or tax commissioner, as 127
applicable, shall certify the amount of each credit claimed on 128
the basis of a certificate issued under division (C) of this 129
section to the director of development services. Except as 130
provided under division (E) of this section, the director of 131
development services shall, before the first day of February of 132
the following year, and each year thereafter until the credit 133
may no longer be claimed, issue a new certificate to the 134

taxpayer indicating the amount of credit the taxpayer is 135
eligible to claim, against the tax selected under division (B) 136
(3) of this section, for the taxpayer's immediately preceding 137
taxable year, which shall be the amount determined under 138
division (C) of this section minus any amount of the credit 139
previously claimed by the taxpayer for other taxable years. 140

(E) A taxpayer that holds an unexpired certificate under 141
division (C) or (D) of this section may notify the tax 142
commissioner, in writing, that the taxpayer is transferring the 143
right to claim the amount of unclaimed credit stated on the 144
transferred certificate. The taxpayer shall identify in that 145
notification (1) the certificate's number, (2) the name and the 146
tax identification number of the transferee, and (3) the tax 147
against which the transferee intends to claim the credit, which 148
may be the tax levied under section 5725.18, 5726.02, 5729.03, 149
or 5747.02 of the Revised Code. Pursuant to division (D) (1) of 150
this section, the transferee may claim any unclaimed portion of 151
the credit stated on the certificate against the tax identified 152
in the notification, subject to the remainder of the five-year 153
carryforward period to which the transferor was subject. The 154
director of development services shall issue any certificates 155
for subsequent years to the transferee pursuant to division (D) 156
(2) of this section. A transferee may not transfer the right to 157
claim the credit to any other person. 158

Sec. 122.841. (A) As used in this section: 159

(1) "Estimated increased tax collections" means the 160
difference, if positive, of the amount of state and local taxes 161
estimated to be derived from economic activity occurring within 162
the project described under division (B) (2) (b) of this section 163
during the completion period, minus the amount of such taxes 164

estimated to be derived from such economic activity in that area 165
during that period if the project were not completed. 166

(2) "Completion period" means the time period beginning on 167
the day after the completion of a project described under 168
division (B) (2) (b) of this section and ending on the fifth 169
anniversary of that day. 170

(B) A taxpayer may apply to the director of development 171
services, on forms prescribed by the director, on or before the 172
first day of February following the taxable year in which a 173
completion period ends for the project described under division 174
(B) (2) (b) of this section, for a nonrefundable credit against 175
one of the taxes levied under section 5725.18, 5726.02, 5729.03, 176
or 5747.02 of the Revised Code. The credit shall equal two per 177
cent of the amount that the taxpayer invests in an Ohio 178
qualified opportunity zone fund that the fund uses exclusively 179
for a project that meets the qualifications described in 180
division (C) of this section, provided the taxpayer invested 181
more than two hundred fifty thousand dollars in the fund that 182
the fund uses exclusively for that project. 183

The taxpayer shall include the following information with 184
the taxpayer's application: 185

(1) The name of the Ohio qualified opportunity zone fund 186
in which the taxpayer has invested money; 187

(2) A statement from an employee or officer of the 188
qualifying Ohio opportunity fund certifying the following: 189

(a) The amount the taxpayer invested in the fund in any of 190
the taxpayer's preceding taxable years used for the project 191
described in division (B) (2) (b) of this section; 192

(b) A description of the project in which the fund 193

exclusively invests the taxpayer's investment; 194

(c) The completion date of that project. 195

(3) An estimate certified by a certified public accountant 196
of the amount of estimated increased tax collections for the 197
project. 198

(4) The tax against which the taxpayer intends to claim 199
the credit, which may be the tax levied under section 5725.18, 200
5726.02, 5729.03, or 5747.02 of the Revised Code. 201

(C) Upon receipt of a complete application, the director 202
of development services shall do both of the following: 203

(1) Calculate the aggregate amount of tax credits the 204
director has awarded under section 122.84 of the Revised Code on 205
the basis of investments in the project described in division 206
(B) (2) (b) of this section; 207

(2) Determine whether the estimate furnished under 208
division (B) (3) of this section complies with the rules adopted 209
by the director under division (F) of this section. If the 210
director determines that the estimate does not comply with those 211
rules, the director may adjust that estimate as necessary to 212
cause the amount to comply with those rules. 213

If the amount calculated under division (C) (1) of this 214
section exceeds the estimate described in division (C) (2) of 215
this section, the director shall deny the application and notify 216
the applicant of the director's denial. Otherwise, the director 217
shall approve the application and, within twenty days after the 218
receipt of a complete application under division (B) of this 219
section, issue a certificate to the applicant bearing a unique 220
number and listing the amount of credit the director determines 221
the taxpayer is eligible to claim for the taxpayer's preceding 222

taxable year. The certificate shall also list the tax against 223
which the taxpayer may claim the credit. The credit may be 224
claimed for the taxable year preceding the year in which the 225
certificate is issued and in the order prescribed by section 226
5725.98, 5726.98, 5729.98, or 5747.98 of the Revised Code, as 227
applicable. Any unused amount may be carried forward for the 228
following five taxable years. If the certificate is issued to a 229
pass-through entity that has selected the tax levied under 230
section 5747.02 of the Revised Code under division (B)(4) of 231
this section, any taxpayer that is a direct or indirect investor 232
in the pass-through entity may claim the taxpayer's 233
proportionate or distributive share of the credit against the 234
taxpayer's aggregate amount of tax levied under that section. 235

(D)(1) A taxpayer claiming a credit under this section 236
shall submit a copy of the certificate with the taxpayer's 237
return or report. After the credit is claimed, the certificate 238
expires. 239

(2) The director of insurance or tax commissioner, as 240
applicable, shall certify the amount of each credit claimed on 241
the basis of a certificate issued under division (C) of this 242
section to the director of development services. Except as 243
provided under division (E) of this section, the director of 244
development services shall, before the first day of February of 245
the following year, and each year thereafter until the credit 246
may no longer be claimed, issue a new certificate to the 247
taxpayer indicating the amount of credit the taxpayer is 248
eligible to claim, against the tax selected under division (B) 249
(4) of this section, for the taxpayer's immediately preceding 250
taxable year, which shall be the amount determined under 251
division (C) of this section minus any amount of the credit 252
claimed by the taxpayer for other preceding taxable years. 253

(E) A taxpayer that holds an unexpired certificate under 254
division (C) or (D) of this section may notify the tax 255
commissioner, in writing, that the taxpayer is transferring the 256
right to claim the amount of unclaimed credit stated on the 257
transferred certificate. The taxpayer shall identify in that 258
notification (1) the certificate's number, (2) the name and the 259
tax identification number of the transferee, and (3) the tax 260
against which the transferee intends to claim the credit, which 261
may be the tax levied under section 5725.18, 5726.02, 5729.03, 262
or 5747.02 of the Revised Code. Pursuant to division (D)(1) of 263
this section, the transferee may claim any unclaimed portion of 264
the credit stated on the certificate against the tax identified 265
in the notification, subject to the remainder of the five-year 266
carryforward period to which the transferor was subject. The 267
director of development services shall issue any certificates 268
for subsequent taxable years to the transferee pursuant to 269
division (D)(2) of this section. A transferee may not transfer 270
the right to claim the credit to any other person. 271

(F) The director of development services, in consultation 272
with the tax commissioner, may adopt rules in accordance with 273
Chapter 119. of the Revised Code prescribing the manner by which 274
estimated increased tax collections must be calculated. 275

Sec. 5725.98. (A) To provide a uniform procedure for 276
calculating the amount of tax imposed by section 5725.18 of the 277
Revised Code that is due under this chapter, a taxpayer shall 278
claim any credits and offsets against tax liability to which it 279
is entitled in the following order: 280

(1) The credit for an insurance company or insurance 281
company group under section 5729.031 of the Revised Code; 282

(2) The credit for eligible employee training costs under 283

section 5725.31 of the Revised Code;	284
(3) The credit for purchasers of qualified low-income community investments under section 5725.33 of the Revised Code;	285 286
(4) The nonrefundable job retention credit under division (B) of section 122.171 of the Revised Code;	287 288
(5) The nonrefundable credit for investments in rural business growth funds under section 122.152 of the Revised Code;	289 290
(6) The offset of assessments by the Ohio life and health insurance guaranty association permitted by section 3956.20 of the Revised Code;	291 292 293
(7) <u>The nonrefundable credit for investments in an Ohio qualified opportunity fund under section 122.84 of the Revised Code;</u>	294 295 296
(8) <u>The nonrefundable credit for investments in an Ohio qualified opportunity fund investing in certain projects under section 122.841 of the Revised Code;</u>	297 298 299
(9) <u>The refundable credit for rehabilitating a historic building under section 5725.34 of the Revised Code;</u>	300 301
(8) (10) <u>The refundable credit for Ohio job retention under former division (B) (2) or (3) of section 122.171 of the Revised Code as those divisions existed before September 29, 2015, the effective date of the amendment of this section by H.B. 64 of the 131st general assembly;</u>	302 303 304 305 306
(9) (11) <u>The refundable credit for Ohio job creation under section 5725.32 of the Revised Code;</u>	307 308
(10) (12) <u>The refundable credit under section 5725.19 of the Revised Code for losses on loans made under the Ohio venture</u>	309 310

capital program under sections 150.01 to 150.10 of the Revised Code.	311 312
(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a taxable 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. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.	313 314 315 316 317 318 319 320 321
Sec. 5726.98. (A) To provide a uniform procedure for calculating the amount of tax due under section 5726.02 of the Revised Code, a taxpayer shall claim any credits to which the taxpayer is entitled under this chapter in the following order:	322 323 324 325
(1) The nonrefundable job retention credit under division (B) of section 5726.50 of the Revised Code;	326 327
(2) The nonrefundable credit for purchases of qualified low-income community investments under section 5726.54 of the Revised Code;	328 329 330
(3) <u>The nonrefundable credit for investments in an Ohio qualified opportunity fund under section 122.84 of the Revised Code;</u>	331 332 333
(4) <u>The nonrefundable credit for investments in an Ohio qualified opportunity fund investing in certain projects under section 122.841 of the Revised Code;</u>	334 335 336
(5) <u>The nonrefundable credit for qualified research expenses under section 5726.56 of the Revised Code;</u>	337 338

(4) <u>(6)</u> The nonrefundable credit for qualifying dealer in intangibles taxes under section 5726.57 of the Revised Code;	339 340
(5) <u>(7)</u> The refundable credit for rehabilitating an historic building under section 5726.52 of the Revised Code;	341 342
(6) <u>(8)</u> The refundable job retention or job creation credit under division (A) of section 5726.50 of the Revised Code;	343 344 345
(7) <u>(9)</u> The refundable credit under section 5726.53 of the Revised Code for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	346 347 348 349
(8) <u>(10)</u> The refundable motion picture production credit under section 5726.55 of the Revised Code.	350 351
(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a taxable 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. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.	352 353 354 355 356 357 358 359 360
Sec. 5729.98. (A) To provide a uniform procedure for calculating the amount of tax due under this chapter, a taxpayer shall claim any credits and offsets against tax liability to which it is entitled in the following order:	361 362 363 364
(1) The credit for an insurance company or insurance company group under section 5729.031 of the Revised Code;	365 366

(2) The credit for eligible employee training costs under section 5729.07 of the Revised Code;	367 368
(3) The credit for purchases of qualified low-income community investments under section 5729.16 of the Revised Code;	369 370
(4) The nonrefundable job retention credit under division (B) of section 122.171 of the Revised Code;	371 372
(5) The nonrefundable credit for investments in rural business growth funds under section 122.152 of the Revised Code;	373 374
(6) The offset of assessments by the Ohio life and health insurance guaranty association against tax liability permitted by section 3956.20 of the Revised Code;	375 376 377
(7) <u>The nonrefundable credit for investments in an Ohio qualified opportunity fund under section 122.84 of the Revised Code;</u>	378 379 380
(8) <u>The nonrefundable credit for investments in an Ohio qualified opportunity fund investing in certain projects under section 122.841 of the Revised Code;</u>	381 382 383
<u>(9)</u> The refundable credit for rehabilitating a historic building under section 5729.17 of the Revised Code; ;	384 385
(8) <u>(10)</u> The refundable credit for Ohio job retention under former division (B) (2) or (3) of section 122.171 of the Revised Code as those divisions existed before September 29, 2015, the effective date of the amendment of this section by H.B. 64 of the 131st general assembly;	386 387 388 389 390
(9) <u>(11)</u> The refundable credit for Ohio job creation under section 5729.032 of the Revised Code;	391 392
(10) <u>(12)</u> The refundable credit under section 5729.08 of	393

the Revised Code for losses on loans made under the Ohio venture 394
capital program under sections 150.01 to 150.10 of the Revised 395
Code. 396

(B) For any credit except the refundable credits 397
enumerated in this section, the amount of the credit for a 398
taxable year shall not exceed the tax due after allowing for any 399
other credit that precedes it in the order required under this 400
section. Any excess amount of a particular credit may be carried 401
forward if authorized under the section creating that credit. 402
Nothing in this chapter shall be construed to allow a taxpayer 403
to claim, directly or indirectly, a credit more than once for a 404
taxable year. 405

Sec. 5747.02. (A) For the purpose of providing revenue for 406
the support of schools and local government functions, to 407
provide relief to property taxpayers, to provide revenue for the 408
general revenue fund, and to meet the expenses of administering 409
the tax levied by this chapter, there is hereby levied on every 410
individual, trust, and estate residing in or earning or 411
receiving income in this state, on every individual, trust, and 412
estate earning or receiving lottery winnings, prizes, or awards 413
pursuant to Chapter 3770. of the Revised Code, on every 414
individual, trust, and estate earning or receiving winnings on 415
casino gaming, and on every individual, trust, and estate 416
otherwise having nexus with or in this state under the 417
Constitution of the United States, an annual tax measured as 418
prescribed in divisions (A) (1) to (4) of this section. 419

(1) In the case of trusts, the tax imposed by this section 420
shall be measured by modified Ohio taxable income under division 421
(D) of this section and levied in the same amount as the tax is 422
imposed on estates as prescribed in division (A) (2) of this 423

section. 424

(2) In the case of estates, the tax imposed by this 425
section shall be measured by Ohio taxable income and levied at 426
the rate of seven thousand four hundred twenty-five ten- 427
thousandths per cent for the first ten thousand five hundred 428
dollars of such income and, for income in excess of that amount, 429
at the same rates prescribed in division (A)(3) of this section 430
for individuals. 431

(3) In the case of individuals, for taxable years 432
beginning in 2017 or thereafter, the tax imposed by this section 433
on income other than taxable business income shall be measured 434
by Ohio adjusted gross income, less taxable business income and 435
less an exemption for the taxpayer, the taxpayer's spouse, and 436
each dependent as provided in section 5747.025 of the Revised 437
Code. If the balance thus obtained is equal to or less than ten 438
thousand five hundred dollars, no tax shall be imposed on that 439
balance. If the balance thus obtained is greater than ten 440
thousand five hundred dollars, the tax is hereby levied as 441
follows: 442

OHIO ADJUSTED GROSS 443

INCOME LESS TAXABLE 444

BUSINESS INCOME AND EXEMPTIONS 445

(INDIVIDUALS) 446

OR 447

MODIFIED OHIO 448

TAXABLE INCOME (TRUSTS) 449

OR 450

OHIO TAXABLE INCOME (ESTATES) TAX 451

More than \$10,500 but \$77.96 plus 1.980% of the amount 452

not more than \$15,800 in excess of \$10,500 453

More than \$15,800 but \$182.90 plus 2.476% of the amount	454
not more than \$21,100 in excess of \$15,800	455
More than \$21,100 but \$314.13 plus 2.969% of the amount	456
not more than \$42,100 in excess of \$21,100	457
More than \$42,100 but \$937.62 plus 3.465% of the amount	458
not more than \$84,200 in excess of \$42,100	459
More than \$84,200 but \$2,396.39 plus 3.960% of the amount	460
not more than \$105,300 in excess of \$84,200	461
More than \$105,300 but \$3,231.95 plus 4.597% of the amount	462
not more than \$210,600 in excess of \$105,300	463
More than \$210,600 \$8,072.59 plus 4.997% of the amount	464
in excess of \$210,600	465
(4) (a) In the case of individuals, for taxable years	466
beginning in 2016 or thereafter, the tax imposed by this section	467
on taxable business income shall equal three per cent of the	468
result obtained by subtracting any amount allowed under division	469
(A) (4) (b) of this section from the individual's taxable business	470
income.	471
(b) If the exemptions allowed to an individual under	472
division (A) (3) of this section exceed the taxpayer's Ohio	473
adjusted gross income less taxable business income, the excess	474
shall be deducted from taxable business income before computing	475
the tax under division (A) (4) (a) of this section.	476
(5) Except as otherwise provided in this division, in	477
August of each year, the tax commissioner shall make a new	478
adjustment to the income amounts prescribed in divisions (A) (2)	479
and (3) of this section by multiplying the percentage increase	480
in the gross domestic product deflator computed that year under	481

section 5747.025 of the Revised Code by each of the income 482
amounts resulting from the adjustment under this division in the 483
preceding year, adding the resulting product to the 484
corresponding income amount resulting from the adjustment in the 485
preceding year, and rounding the resulting sum to the nearest 486
multiple of fifty dollars. The tax commissioner also shall 487
recompute each of the tax dollar amounts to the extent necessary 488
to reflect the new adjustment of the income amounts. To 489
recompute the tax dollar amount corresponding to the lowest tax 490
rate in division (A)(3) of this section, the commissioner shall 491
multiply the tax rate prescribed in division (A)(2) of this 492
section by the income amount specified in that division and as 493
adjusted according to this paragraph. The rates of taxation 494
shall not be adjusted. 495

The adjusted amounts apply to taxable years beginning in 496
the calendar year in which the adjustments are made and to 497
taxable years beginning in each ensuing calendar year until a 498
calendar year in which a new adjustment is made pursuant to this 499
division. The tax commissioner shall not make a new adjustment 500
in any year in which the amount resulting from the adjustment 501
would be less than the amount resulting from the adjustment in 502
the preceding year. 503

(B) If the director of budget and management makes a 504
certification to the tax commissioner under division (B) of 505
section 131.44 of the Revised Code, the amount of tax as 506
determined under divisions (A)(1) to (3) of this section shall 507
be reduced by the percentage prescribed in that certification 508
for taxable years beginning in the calendar year in which that 509
certification is made. 510

(C) The levy of this tax on income does not prevent a 511

municipal corporation, a joint economic development zone created 512
under section 715.691, or a joint economic development district 513
created under section 715.70, 715.71, or 715.72 of the Revised 514
Code from levying a tax on income. 515

(D) This division applies only to taxable years of a trust 516
beginning in 2002 or thereafter. 517

(1) The tax imposed by this section on a trust shall be 518
computed by multiplying the Ohio modified taxable income of the 519
trust by the rates prescribed by division (A) of this section. 520

(2) A resident trust may claim a credit against the tax 521
computed under division (D) of this section equal to the lesser 522
of (a) the tax paid to another state or the District of Columbia 523
on the resident trust's modified nonbusiness income, other than 524
the portion of the resident trust's nonbusiness income that is 525
qualifying investment income as defined in section 5747.012 of 526
the Revised Code, or (b) the effective tax rate, based on 527
modified Ohio taxable income, multiplied by the resident trust's 528
modified nonbusiness income other than the portion of the 529
resident trust's nonbusiness income that is qualifying 530
investment income. The credit applies before any other 531
applicable credits. 532

(3) The credits enumerated in divisions (A)(1) to (9) and 533
(A)~~(18)~~~~(20)~~ to ~~(20)~~~~(22)~~ of section 5747.98 of the Revised Code 534
do not apply to a trust subject to division (D) of this section. 535
Any credits enumerated in other divisions of section 5747.98 of 536
the Revised Code apply to a trust subject to division (D) of 537
this section. To the extent that the trust distributes income 538
for the taxable year for which a credit is available to the 539
trust, the credit shall be shared by the trust and its 540
beneficiaries. The tax commissioner and the trust shall be 541

guided by applicable regulations of the United States treasury 542
regarding the sharing of credits. 543

(E) For the purposes of this section, "trust" means any 544
trust described in Subchapter J of Chapter 1 of the Internal 545
Revenue Code, excluding trusts that are not irrevocable as 546
defined in division (I) (3) (b) of section 5747.01 of the Revised 547
Code and that have no modified Ohio taxable income for the 548
taxable year, charitable remainder trusts, qualified funeral 549
trusts and preneed funeral contract trusts established pursuant 550
to sections 4717.31 to 4717.38 of the Revised Code that are not 551
qualified funeral trusts, endowment and perpetual care trusts, 552
qualified settlement trusts and funds, designated settlement 553
trusts and funds, and trusts exempted from taxation under 554
section 501(a) of the Internal Revenue Code. 555

(F) Nothing in division (A) (3) of this section shall 556
prohibit an individual with an Ohio adjusted gross income, less 557
taxable business income and exemptions, of ten thousand five 558
hundred dollars or less from filing a return under this chapter 559
to receive a refund of taxes withheld or to claim any refundable 560
credit allowed under this chapter. 561

Sec. 5747.98. (A) To provide a uniform procedure for 562
calculating a taxpayer's aggregate tax liability under section 563
5747.02 of the Revised Code, a taxpayer shall claim any credits 564
to which the taxpayer is entitled in the following order: 565

(1) Either the retirement income credit under division (B) 566
of section 5747.055 of the Revised Code or the lump sum 567
retirement income credits under divisions (C), (D), and (E) of 568
that section; 569

(2) Either the senior citizen credit under division (F) of 570

section 5747.055 of the Revised Code or the lump sum	571
distribution credit under division (G) of that section;	572
(3) The dependent care credit under section 5747.054 of the Revised Code;	573 574
(4) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	575 576
(5) The campaign contribution credit under section 5747.29 of the Revised Code;	577 578
(6) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	579 580
(7) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	581 582
(8) The earned income credit under section 5747.71 of the Revised Code;	583 584
(9) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	585 586
(10) The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	587 588
(11) The enterprise zone credit under section 5709.66 of the Revised Code;	589 590
(12) The ethanol plant investment credit under section 5747.75 of the Revised Code;	591 592
(13) <u>The nonrefundable credit for investments in an Ohio qualified opportunity fund under section 122.84 of the Revised Code;</u>	593 594 595
(14) <u>The nonrefundable credit for investments in an Ohio qualified opportunity fund investing in certain projects under</u>	596 597

<u>section 122.841 of the Revised Code;</u>	598
<u>(15)</u> The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	599 600
(14) <u>(16)</u> The small business investment credit under section 5747.81 of the Revised Code;	601 602
(15) <u>(17)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	603 604
(16) <u>(18)</u> The research and development credit under section 5747.331 of the Revised Code;	605 606
(17) <u>(19)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	607 608
(18) <u>(20)</u> The nonresident credit under division (A) of section 5747.05 of the Revised Code;	609 610
(19) <u>(21)</u> The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	611 612
(20) <u>(22)</u> The refundable motion picture production credit under section 5747.66 of the Revised Code;	613 614
(21) <u>(23)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	615 616 617
(22) <u>(24)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	618 619 620
(23) <u>(25)</u> The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;	621 622 623
(24) <u>(26)</u> The refundable credit under section 5747.80 of	624

the Revised Code for losses on loans made to the Ohio venture 625
capital program under sections 150.01 to 150.10 of the Revised 626
Code; 627

~~(25)~~ (27) The refundable credit for rehabilitating a 628
historic building under section 5747.76 of the Revised Code; 629

~~(26)~~ (28) The refundable credit for financial institution 630
taxes paid by a pass-through entity granted under section 631
5747.65 of the Revised Code. 632

(B) For any credit, except the refundable credits 633
enumerated in this section and the credit granted under division 634
(H) of section 5747.08 of the Revised Code, the amount of the 635
credit for a taxable year shall not exceed the taxpayer's 636
aggregate amount of tax due under section 5747.02 of the Revised 637
Code, after allowing for any other credit that precedes it in 638
the order required under this section. Any excess amount of a 639
particular credit may be carried forward if authorized under the 640
section creating that credit. Nothing in this chapter shall be 641
construed to allow a taxpayer to claim, directly or indirectly, 642
a credit more than once for a taxable year. 643

Section 2. That existing sections 107.036, 5725.98, 644
5726.98, 5729.98, 5747.02, and 5747.98 of the Revised Code are 645
hereby repealed. 646

Section 3. Pursuant to division (G) of section 5703.95 of 647
the Revised Code, which states that any bill introduced in the 648
House of Representatives or the Senate that proposes to enact or 649
modify one or more tax expenditures should include a statement 650
explaining the objectives of the tax expenditure or its 651
modification and the sponsor's intent in proposing the tax 652
expenditure or its modification: 653

The purpose of this bill is to foster economic development
and increase tax collections for state and local governments.

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