

As Introduced

132nd General Assembly

Regular Session

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H. B. No. 441

Representatives Lanese, Dever

A BILL

To amend sections 126.35 and 5747.11 and to enact 1
section 5747.114 of the Revised Code to allow 2
the Department of Taxation to provide taxpayers 3
who file electronic returns the option of 4
receiving their income tax refund in the form of 5
a prepaid card. 6

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

Section 1. That sections 126.35 and 5747.11 be amended and 7
section 5747.114 of the Revised Code be enacted to read as 8
follows: 9

Sec. 126.35. (A) The director of budget and management 10
shall draw warrants or process electronic funds transfers 11
against the treasurer of state pursuant to all requests for 12
payment that the director has approved under section 126.07 of 13
the Revised Code. 14

(B) Unless a cash assistance payment is to be made by 15
electronic benefit transfer, payment by the director of budget 16
and management to a participant in the Ohio works first program 17
pursuant to Chapter 5107. of the Revised Code, a recipient of 18
disability financial assistance pursuant to Chapter 5115. of the 19

Revised Code, or a recipient of cash assistance provided under 20
the refugee assistance program established under section 5101.49 21
of the Revised Code shall be made by direct deposit to the 22
account of the participant or recipient in the financial 23
institution designated under section 329.03 of the Revised Code. 24
Payment by the director of budget and management to a recipient 25
of benefits distributed through the medium of electronic benefit 26
transfer pursuant to section 5101.33 of the Revised Code shall 27
be by electronic benefit transfer. Payment by the director of 28
budget and management as compensation to an employee of the 29
state who has, pursuant to section 124.151 of the Revised Code, 30
designated a financial institution and account for the direct 31
deposit of such payments shall be made by direct deposit to the 32
account of the employee. Payment to any other payee who has 33
designated a financial institution and account for the direct 34
deposit of such payment may be made by direct deposit to the 35
account of the payee in the financial institution as provided in 36
section 9.37 of the Revised Code. Accounts maintained by the 37
director of budget and management or the director's agent in a 38
financial institution for the purpose of effectuating payment by 39
direct deposit or electronic benefit transfer shall be 40
maintained in accordance with section 135.18 of the Revised 41
Code. 42

(C) All-Except as provided in section 5747.114 of the 43
Revised Code, all other payments from the state treasury shall 44
be made by paper warrants, electronic funds transfers, or by 45
direct deposit payable to the respective payees. The director of 46
budget and management may mail the paper warrants to the 47
respective payees or distribute them through other state 48
agencies, whichever the director determines to be the better 49
procedure. 50

Sec. 5747.11. (A) The tax commissioner shall refund to 51
employers, qualifying entities, or taxpayers subject to a tax 52
imposed under section 5733.41, 5747.02, or 5747.41, or Chapter 53
5748. of the Revised Code the amount of any overpayment of such 54
tax. 55

(B) Except as otherwise provided under divisions (D) and 56
(E) of this section, applications for refund shall be filed with 57
the tax commissioner, on the form prescribed by the 58
commissioner, within four years from the date of the illegal, 59
erroneous, or excessive payment of the tax, or within any 60
additional period allowed by division (B) (3) (b) of section 61
5747.05, division (B) of section 5747.10, division (A) of 62
section 5747.13, or division (C) of section 5747.45 of the 63
Revised Code. 64

On filing of the refund application, the commissioner 65
shall determine the amount of refund due and, if that amount 66
exceeds one dollar, certify such amount to the director of 67
budget and management and treasurer of state for payment from 68
the tax refund fund created by section 5703.052 of the Revised 69
Code. Payment shall be made as provided in section 5747.114 or 70
division (C) of section 126.35 of the Revised Code. 71

(C) (1) Interest shall be allowed and paid at the rate per 72
annum prescribed by section 5703.47 of the Revised Code on 73
amounts refunded with respect to the tax imposed under section 74
5747.02 or Chapter 5748. of the Revised Code from the date of 75
the overpayment until the date of the refund of the overpayment, 76
except that if any overpayment is refunded within ninety days 77
after the final filing date of the annual return or ninety days 78
after the return is filed, whichever is later, no interest shall 79
be allowed on such overpayment. If the overpayment results from 80

the carryback of a net operating loss or net capital loss to a 81
previous taxable year, the overpayment is deemed not to have 82
been made prior to the filing date, including any extension 83
thereof, for the taxable year in which the net operating loss or 84
net capital loss arises. For purposes of the payment of interest 85
on overpayments, no amount of tax, for any taxable year, shall 86
be treated as having been paid before the date on which the tax 87
return for that year was due without regard to any extension of 88
time for filing such return. 89

(2) Interest shall be allowed at the rate per annum 90
prescribed by section 5703.47 of the Revised Code on amounts 91
refunded with respect to the taxes imposed under sections 92
5733.41 and 5747.41 of the Revised Code. The interest shall run 93
from whichever of the following days is the latest until the day 94
the refund is paid: the day the illegal, erroneous, or excessive 95
payment was made; the ninetieth day after the final day the 96
annual report was required to be filed under section 5747.42 of 97
the Revised Code; or the ninetieth day after the day that report 98
was filed. 99

(D) "Ninety days" shall be substituted for "four years" in 100
division (B) of this section if the taxpayer satisfies both of 101
the following conditions: 102

(1) The taxpayer has applied for a refund based in whole 103
or in part upon section 5747.059 of the Revised Code; 104

(2) The taxpayer asserts that either the imposition or 105
collection of the tax imposed or charged by this chapter or any 106
portion of such tax violates the Constitution of the United 107
States or the Constitution of Ohio. 108

(E) (1) Division (E) (2) of this section applies only if all 109

of the following conditions are satisfied: 110

(a) A qualifying entity pays an amount of the tax imposed 111
by section 5733.41 or 5747.41 of the Revised Code; 112

(b) The taxpayer is a qualifying investor as to that 113
qualifying entity; 114

(c) The taxpayer did not claim the credit provided for in 115
section 5747.059 of the Revised Code as to the tax described in 116
division (E) (1) (a) of this section; 117

(d) The four-year period described in division (B) of this 118
section has ended as to the taxable year for which the taxpayer 119
otherwise would have claimed that credit. 120

(2) A taxpayer shall file an application for refund 121
pursuant to division (E) of this section within one year after 122
the date the payment described in division (E) (1) (a) of this 123
section is made. An application filed under division (E) (2) of 124
this section shall claim refund only of overpayments resulting 125
from the taxpayer's failure to claim the credit described in 126
division (E) (1) (c) of this section. Nothing in division (E) of 127
this section shall be construed to relieve a taxpayer from 128
complying with division (A) (16) of section 5747.01 of the 129
Revised Code. 130

Sec. 5747.114. The tax commissioner may establish a 131
program under which taxpayers that file income tax returns 132
electronically may elect to receive a tax refund in the form of 133
a prepaid card. Under the program, the commissioner shall 134
provide taxpayers with information on the features of the 135
prepaid card program, including any fee or fees which may be 136
charged to the taxpayer in accessing the taxpayer's refund, and 137
on the other refund options available to taxpayers. 138

The commissioner may enter into agreements with one or 139
more issuers of prepaid cards whereby the issuer agrees to 140
supply prepaid cards to taxpayers and to credit prepaid cards 141
with the refund amounts specified by the commissioner. Each such 142
agreement may specify that any fees associated with the use of a 143
prepaid card shall be incurred by the taxpayer. 144

As used in this section, "prepaid card" means a card, 145
code, or other device that is issued to a person in a specified 146
amount, whether or not that amount may be increased or reloaded 147
by the cardholder, in exchange for payment and that is usable at 148
automated teller machines or redeemable upon presentation at 149
multiple, unaffiliated merchants for goods or services. 150

Section 2. That existing sections 126.35 and 5747.11 of 151
the Revised Code are hereby repealed. 152