

**As Introduced**

**132nd General Assembly  
Regular Session  
2017-2018**

**H. B. No. 317**

**Representative Young**

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**A BILL**

To amend section 5747.01 and to enact section 1  
5747.014 of the Revised Code to authorize, for 2  
six years, a personal income tax deduction for a 3  
physician based on the number of hours the 4  
physician provides uncompensated medical 5  
services through a hospital, free clinic, or 6  
nongovernmental medical organization. 7

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

**Section 1.** That section 5747.01 be amended and section 8  
5747.014 of the Revised Code be enacted to read as follows: 9

**Sec. 5747.01.** Except as otherwise expressly provided or 10  
clearly appearing from the context, any term used in this 11  
chapter that is not otherwise defined in this section has the 12  
same meaning as when used in a comparable context in the laws of 13  
the United States relating to federal income taxes or if not 14  
used in a comparable context in those laws, has the same meaning 15  
as in section 5733.40 of the Revised Code. Any reference in this 16  
chapter to the Internal Revenue Code includes other laws of the 17  
United States relating to federal income taxes. 18

As used in this chapter: 19

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

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

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

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

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

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

(6) In the case of a taxpayer who is a beneficiary of a trust that makes an accumulation distribution as defined in section 665 of the Internal Revenue Code, add, for the beneficiary's taxable years beginning before 2002, the portion,

if any, of such distribution that does not exceed the 49  
undistributed net income of the trust for the three taxable 50  
years preceding the taxable year in which the distribution is 51  
made to the extent that the portion was not included in the 52  
trust's taxable income for any of the trust's taxable years 53  
beginning in 2002 or thereafter. "Undistributed net income of a 54  
trust" means the taxable income of the trust increased by (a) (i) 55  
the additions to adjusted gross income required under division 56  
(A) of this section and (ii) the personal exemptions allowed to 57  
the trust pursuant to section 642(b) of the Internal Revenue 58  
Code, and decreased by (b) (i) the deductions to adjusted gross 59  
income required under division (A) of this section, (ii) the 60  
amount of federal income taxes attributable to such income, and 61  
(iii) the amount of taxable income that has been included in the 62  
adjusted gross income of a beneficiary by reason of a prior 63  
accumulation distribution. Any undistributed net income included 64  
in the adjusted gross income of a beneficiary shall reduce the 65  
undistributed net income of the trust commencing with the 66  
earliest years of the accumulation period. 67

(7) Deduct the amount of wages and salaries, if any, not 68  
otherwise allowable as a deduction but that would have been 69  
allowable as a deduction in computing federal adjusted gross 70  
income for the taxable year, had the targeted jobs credit 71  
allowed and determined under sections 38, 51, and 52 of the 72  
Internal Revenue Code not been in effect. 73

(8) Deduct any interest or interest equivalent on public 74  
obligations and purchase obligations to the extent that the 75  
interest or interest equivalent is included in federal adjusted 76  
gross income. 77

(9) Add any loss or deduct any gain resulting from the 78

sale, exchange, or other disposition of public obligations to 79  
the extent that the loss has been deducted or the gain has been 80  
included in computing federal adjusted gross income. 81

(10) Deduct or add amounts, as provided under section 82  
5747.70 of the Revised Code, related to contributions to 83  
variable college savings program accounts made or tuition units 84  
purchased pursuant to Chapter 3334. of the Revised Code. 85

(11) (a) Deduct, to the extent not otherwise allowable as a 86  
deduction or exclusion in computing federal or Ohio adjusted 87  
gross income for the taxable year, the amount the taxpayer paid 88  
during the taxable year for medical care insurance and qualified 89  
long-term care insurance for the taxpayer, the taxpayer's 90  
spouse, and dependents. No deduction for medical care insurance 91  
under division (A) (11) of this section shall be allowed either 92  
to any taxpayer who is eligible to participate in any subsidized 93  
health plan maintained by any employer of the taxpayer or of the 94  
taxpayer's spouse, or to any taxpayer who is entitled to, or on 95  
application would be entitled to, benefits under part A of Title 96  
XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 97  
U.S.C. 301, as amended. For the purposes of division (A) (11) (a) 98  
of this section, "subsidized health plan" means a health plan 99  
for which the employer pays any portion of the plan's cost. The 100  
deduction allowed under division (A) (11) (a) of this section 101  
shall be the net of any related premium refunds, related premium 102  
reimbursements, or related insurance premium dividends received 103  
during the taxable year. 104

(b) Deduct, to the extent not otherwise deducted or 105  
excluded in computing federal or Ohio adjusted gross income 106  
during the taxable year, the amount the taxpayer paid during the 107  
taxable year, not compensated for by any insurance or otherwise, 108

for medical care of the taxpayer, the taxpayer's spouse, and dependents, to the extent the expenses exceed seven and one-half per cent of the taxpayer's federal adjusted gross income.

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

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

(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 139  
otherwise allowed under division (A) (12) (a) of this section 140  
shall be reduced to the extent the reimbursement is attributable 141  
to an amount the taxpayer deducted under this section in any 142  
taxable year. 143

(b) Add any amount not otherwise included in Ohio adjusted 144  
gross income for any taxable year to the extent that the amount 145  
is attributable to the recovery during the taxable year of any 146  
amount deducted or excluded in computing federal or Ohio 147  
adjusted gross income in any taxable year. 148

(13) Deduct any portion of the deduction described in 149  
section 1341(a) (2) of the Internal Revenue Code, for repaying 150  
previously reported income received under a claim of right, that 151  
meets both of the following requirements: 152

(a) It is allowable for repayment of an item that was 153  
included in the taxpayer's adjusted gross income for a prior 154  
taxable year and did not qualify for a credit under division (A) 155  
or (B) of section 5747.05 of the Revised Code for that year; 156

(b) It does not otherwise reduce the taxpayer's adjusted 157  
gross income for the current or any other taxable year. 158

(14) Deduct an amount equal to the deposits made to, and 159  
net investment earnings of, a medical savings account during the 160  
taxable year, in accordance with section 3924.66 of the Revised 161  
Code. The deduction allowed by division (A) (14) of this section 162  
does not apply to medical savings account deposits and earnings 163  
otherwise deducted or excluded for the current or any other 164  
taxable year from the taxpayer's federal adjusted gross income. 165

(15) (a) Add an amount equal to the funds withdrawn from a 166  
medical savings account during the taxable year, and the net 167

investment earnings on those funds, when the funds withdrawn 168  
were used for any purpose other than to reimburse an account 169  
holder for, or to pay, eligible medical expenses, in accordance 170  
with section 3924.66 of the Revised Code; 171

(b) Add the amounts distributed from a medical savings 172  
account under division (A) (2) of section 3924.68 of the Revised 173  
Code during the taxable year. 174

(16) Add any amount claimed as a credit under section 175  
5747.059 or 5747.65 of the Revised Code to the extent that such 176  
amount satisfies either of the following: 177

(a) The amount was deducted or excluded from the 178  
computation of the taxpayer's federal adjusted gross income as 179  
required to be reported for the taxpayer's taxable year under 180  
the Internal Revenue Code; 181

(b) The amount resulted in a reduction of the taxpayer's 182  
federal adjusted gross income as required to be reported for any 183  
of the taxpayer's taxable years under the Internal Revenue Code. 184

(17) Deduct the amount contributed by the taxpayer to an 185  
individual development account program established by a county 186  
department of job and family services pursuant to sections 187  
329.11 to 329.14 of the Revised Code for the purpose of matching 188  
funds deposited by program participants. On request of the tax 189  
commissioner, the taxpayer shall provide any information that, 190  
in the tax commissioner's opinion, is necessary to establish the 191  
amount deducted under division (A) (17) of this section. 192

(18) Beginning in taxable year 2001 but not for any 193  
taxable year beginning after December 31, 2005, if the taxpayer 194  
is married and files a joint return and the combined federal 195  
adjusted gross income of the taxpayer and the taxpayer's spouse 196

for the taxable year does not exceed one hundred thousand 197  
dollars, or if the taxpayer is single and has a federal adjusted 198  
gross income for the taxable year not exceeding fifty thousand 199  
dollars, deduct amounts paid during the taxable year for 200  
qualified tuition and fees paid to an eligible institution for 201  
the taxpayer, the taxpayer's spouse, or any dependent of the 202  
taxpayer, who is a resident of this state and is enrolled in or 203  
attending a program that culminates in a degree or diploma at an 204  
eligible institution. The deduction may be claimed only to the 205  
extent that qualified tuition and fees are not otherwise 206  
deducted or excluded for any taxable year from federal or Ohio 207  
adjusted gross income. The deduction may not be claimed for 208  
educational expenses for which the taxpayer claims a credit 209  
under section 5747.27 of the Revised Code. 210

(19) Add any reimbursement received during the taxable 211  
year of any amount the taxpayer deducted under division (A) (18) 212  
of this section in any previous taxable year to the extent the 213  
amount is not otherwise included in Ohio adjusted gross income. 214

(20) (a) (i) Subject to divisions (A) (20) (a) (iii), (iv), and 215  
(v) of this section, add five-sixths of the amount of 216  
depreciation expense allowed by subsection (k) of section 168 of 217  
the Internal Revenue Code, including the taxpayer's 218  
proportionate or distributive share of the amount of 219  
depreciation expense allowed by that subsection to a pass- 220  
through entity in which the taxpayer has a direct or indirect 221  
ownership interest. 222

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) 223  
of this section, add five-sixths of the amount of qualifying 224  
section 179 depreciation expense, including the taxpayer's 225  
proportionate or distributive share of the amount of qualifying 226

section 179 depreciation expense allowed to any pass-through 227  
entity in which the taxpayer has a direct or indirect ownership 228  
interest. 229

(iii) Subject to division (A) (20) (a) (v) of this section, 230  
for taxable years beginning in 2012 or thereafter, if the 231  
increase in income taxes withheld by the taxpayer is equal to or 232  
greater than ten per cent of income taxes withheld by the 233  
taxpayer during the taxpayer's immediately preceding taxable 234  
year, "two-thirds" shall be substituted for "five-sixths" for 235  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 236

(iv) Subject to division (A) (20) (a) (v) of this section, 237  
for taxable years beginning in 2012 or thereafter, a taxpayer is 238  
not required to add an amount under division (A) (20) of this 239  
section if the increase in income taxes withheld by the taxpayer 240  
and by any pass-through entity in which the taxpayer has a 241  
direct or indirect ownership interest is equal to or greater 242  
than the sum of (I) the amount of qualifying section 179 243  
depreciation expense and (II) the amount of depreciation expense 244  
allowed to the taxpayer by subsection (k) of section 168 of the 245  
Internal Revenue Code, and including the taxpayer's 246  
proportionate or distributive shares of such amounts allowed to 247  
any such pass-through entities. 248

(v) If a taxpayer directly or indirectly incurs a net 249  
operating loss for the taxable year for federal income tax 250  
purposes, to the extent such loss resulted from depreciation 251  
expense allowed by subsection (k) of section 168 of the Internal 252  
Revenue Code and by qualifying section 179 depreciation expense, 253  
"the entire" shall be substituted for "five-sixths of the" for 254  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 255

The tax commissioner, under procedures established by the 256

commissioner, may waive the add-backs related to a pass-through 257  
entity if the taxpayer owns, directly or indirectly, less than 258  
five per cent of the pass-through entity. 259

(b) Nothing in division (A) (20) of this section shall be 260  
construed to adjust or modify the adjusted basis of any asset. 261

(c) To the extent the add-back required under division (A) 262  
(20) (a) of this section is attributable to property generating 263  
nonbusiness income or loss allocated under section 5747.20 of 264  
the Revised Code, the add-back shall be situated to the same 265  
location as the nonbusiness income or loss generated by the 266  
property for the purpose of determining the credit under 267  
division (A) of section 5747.05 of the Revised Code. Otherwise, 268  
the add-back shall be apportioned, subject to one or more of the 269  
four alternative methods of apportionment enumerated in section 270  
5747.21 of the Revised Code. 271

(d) For the purposes of division (A) (20) (a) (v) of this 272  
section, net operating loss carryback and carryforward shall not 273  
include the allowance of any net operating loss deduction 274  
carryback or carryforward to the taxable year to the extent such 275  
loss resulted from depreciation allowed by section 168(k) of the 276  
Internal Revenue Code and by the qualifying section 179 277  
depreciation expense amount. 278

(e) For the purposes of divisions (A) (20) and (21) of this 279  
section: 280

(i) "Income taxes withheld" means the total amount 281  
withheld and remitted under sections 5747.06 and 5747.07 of the 282  
Revised Code by an employer during the employer's taxable year. 283

(ii) "Increase in income taxes withheld" means the amount 284  
by which the amount of income taxes withheld by an employer 285

during the employer's current taxable year exceeds the amount of 286  
income taxes withheld by that employer during the employer's 287  
immediately preceding taxable year. 288

(iii) "Qualifying section 179 depreciation expense" means 289  
the difference between (I) the amount of depreciation expense 290  
directly or indirectly allowed to a taxpayer under section 179 291  
of the Internal Revised Code, and (II) the amount of 292  
depreciation expense directly or indirectly allowed to the 293  
taxpayer under section 179 of the Internal Revenue Code as that 294  
section existed on December 31, 2002. 295

(21) (a) If the taxpayer was required to add an amount 296  
under division (A) (20) (a) of this section for a taxable year, 297  
deduct one of the following: 298

(i) One-fifth of the amount so added for each of the five 299  
succeeding taxable years if the amount so added was five-sixths 300  
of qualifying section 179 depreciation expense or depreciation 301  
expense allowed by subsection (k) of section 168 of the Internal 302  
Revenue Code; 303

(ii) One-half of the amount so added for each of the two 304  
succeeding taxable years if the amount so added was two-thirds 305  
of such depreciation expense; 306

(iii) One-sixth of the amount so added for each of the six 307  
succeeding taxable years if the entire amount of such 308  
depreciation expense was so added. 309

(b) If the amount deducted under division (A) (21) (a) of 310  
this section is attributable to an add-back allocated under 311  
division (A) (20) (c) of this section, the amount deducted shall 312  
be situated to the same location. Otherwise, the add-back shall 313  
be apportioned using the apportionment factors for the taxable 314

year in which the deduction is taken, subject to one or more of 315  
the four alternative methods of apportionment enumerated in 316  
section 5747.21 of the Revised Code. 317

(c) No deduction is available under division (A) (21) (a) of 318  
this section with regard to any depreciation allowed by section 319  
168(k) of the Internal Revenue Code and by the qualifying 320  
section 179 depreciation expense amount to the extent that such 321  
depreciation results in or increases a federal net operating 322  
loss carryback or carryforward. If no such deduction is 323  
available for a taxable year, the taxpayer may carry forward the 324  
amount not deducted in such taxable year to the next taxable 325  
year and add that amount to any deduction otherwise available 326  
under division (A) (21) (a) of this section for that next taxable 327  
year. The carryforward of amounts not so deducted shall continue 328  
until the entire addition required by division (A) (20) (a) of 329  
this section has been deducted. 330

(d) No refund shall be allowed as a result of adjustments 331  
made by division (A) (21) of this section. 332

(22) Deduct, to the extent not otherwise deducted or 333  
excluded in computing federal or Ohio adjusted gross income for 334  
the taxable year, the amount the taxpayer received during the 335  
taxable year as reimbursement for life insurance premiums under 336  
section 5919.31 of the Revised Code. 337

(23) Deduct, to the extent not otherwise deducted or 338  
excluded in computing federal or Ohio adjusted gross income for 339  
the taxable year, the amount the taxpayer received during the 340  
taxable year as a death benefit paid by the adjutant general 341  
under section 5919.33 of the Revised Code. 342

(24) Deduct, to the extent included in federal adjusted 343

gross income and not otherwise allowable as a deduction or 344  
exclusion in computing federal or Ohio adjusted gross income for 345  
the taxable year, military pay and allowances received by the 346  
taxpayer during the taxable year for active duty service in the 347  
United States army, air force, navy, marine corps, or coast 348  
guard or reserve components thereof or the national guard. The 349  
deduction may not be claimed for military pay and allowances 350  
received by the taxpayer while the taxpayer is stationed in this 351  
state. 352

(25) Deduct, to the extent not otherwise allowable as a 353  
deduction or exclusion in computing federal or Ohio adjusted 354  
gross income for the taxable year and not otherwise compensated 355  
for by any other source, the amount of qualified organ donation 356  
expenses incurred by the taxpayer during the taxable year, not 357  
to exceed ten thousand dollars. A taxpayer may deduct qualified 358  
organ donation expenses only once for all taxable years 359  
beginning with taxable years beginning in 2007. 360

For the purposes of division (A) (25) of this section: 361

(a) "Human organ" means all or any portion of a human 362  
liver, pancreas, kidney, intestine, or lung, and any portion of 363  
human bone marrow. 364

(b) "Qualified organ donation expenses" means travel 365  
expenses, lodging expenses, and wages and salary forgone by a 366  
taxpayer in connection with the taxpayer's donation, while 367  
living, of one or more of the taxpayer's human organs to another 368  
human being. 369

(26) Deduct, to the extent not otherwise deducted or 370  
excluded in computing federal or Ohio adjusted gross income for 371  
the taxable year, amounts received by the taxpayer as retired 372

personnel pay for service in the uniformed services or reserve 373  
components thereof, or the national guard, or received by the 374  
surviving spouse or former spouse of such a taxpayer under the 375  
survivor benefit plan on account of such a taxpayer's death. If 376  
the taxpayer receives income on account of retirement paid under 377  
the federal civil service retirement system or federal employees 378  
retirement system, or under any successor retirement program 379  
enacted by the congress of the United States that is established 380  
and maintained for retired employees of the United States 381  
government, and such retirement income is based, in whole or in 382  
part, on credit for the taxpayer's uniformed service, the 383  
deduction allowed under this division shall include only that 384  
portion of such retirement income that is attributable to the 385  
taxpayer's uniformed service, to the extent that portion of such 386  
retirement income is otherwise included in federal adjusted 387  
gross income and is not otherwise deducted under this section. 388  
Any amount deducted under division (A) (26) of this section is 389  
not included in a taxpayer's adjusted gross income for the 390  
purposes of section 5747.055 of the Revised Code. No amount may 391  
be deducted under division (A) (26) of this section on the basis 392  
of which a credit was claimed under section 5747.055 of the 393  
Revised Code. 394

(27) Deduct, to the extent not otherwise deducted or 395  
excluded in computing federal or Ohio adjusted gross income for 396  
the taxable year, the amount the taxpayer received during the 397  
taxable year from the military injury relief fund created in 398  
section 5902.05 of the Revised Code. 399

(28) Deduct, to the extent not otherwise deducted or 400  
excluded in computing federal or Ohio adjusted gross income for 401  
the taxable year, the amount the taxpayer received as a veterans 402  
bonus during the taxable year from the Ohio department of 403

veterans services as authorized by Section 2r of Article VIII, 404  
Ohio Constitution. 405

(29) Deduct, to the extent not otherwise deducted or 406  
excluded in computing federal or Ohio adjusted gross income for 407  
the taxable year, any income derived from a transfer agreement 408  
or from the enterprise transferred under that agreement under 409  
section 4313.02 of the Revised Code. 410

(30) Deduct, to the extent not otherwise deducted or 411  
excluded in computing federal or Ohio adjusted gross income for 412  
the taxable year, Ohio college opportunity or federal Pell grant 413  
amounts received by the taxpayer or the taxpayer's spouse or 414  
dependent pursuant to section 3333.122 of the Revised Code or 20 415  
U.S.C. 1070a, et seq., and used to pay room or board furnished 416  
by the educational institution for which the grant was awarded 417  
at the institution's facilities, including meal plans 418  
administered by the institution. For the purposes of this 419  
division, receipt of a grant includes the distribution of a 420  
grant directly to an educational institution and the crediting 421  
of the grant to the enrollee's account with the institution. 422

(31) (a) For taxable years beginning in 2015, deduct from 423  
the portion of an individual's adjusted gross income that is 424  
business income, to the extent not otherwise deducted or 425  
excluded in computing federal or Ohio adjusted gross income for 426  
the taxable year, the lesser of the following amounts: 427

(i) Seventy-five per cent of the individual's business 428  
income; 429

(ii) Ninety-three thousand seven hundred fifty dollars for 430  
each spouse if spouses file separate returns under section 431  
5747.08 of the Revised Code or one hundred eighty-seven thousand 432

five hundred dollars for all other individuals. 433

(b) For taxable years beginning in 2016 or thereafter, 434  
deduct from the portion of an individual's adjusted gross income 435  
that is business income, to the extent not otherwise deducted or 436  
excluded in computing federal adjusted gross income for the 437  
taxable year, one hundred twenty-five thousand dollars for each 438  
spouse if spouses file separate returns under section 5747.08 of 439  
the Revised Code or two hundred fifty thousand dollars for all 440  
other individuals. 441

(32) Deduct, as provided under section 5747.78 of the 442  
Revised Code, contributions to ABLE savings accounts made in 443  
accordance with sections 113.50 to 113.56 of the Revised Code. 444

(33) For taxable years beginning after December 31, 2017, 445  
and before January 1, 2024, deduct, to the extent not otherwise 446  
deducted or excluded in computing federal or Ohio adjusted gross 447  
income for the taxable year, amounts computed under section 448  
5747.014 of the Revised Code relating to providing uncompensated 449  
and unreimbursed medical care. 450

(B) "Business income" means income, including gain or 451  
loss, arising from transactions, activities, and sources in the 452  
regular course of a trade or business and includes income, gain, 453  
or loss from real property, tangible property, and intangible 454  
property if the acquisition, rental, management, and disposition 455  
of the property constitute integral parts of the regular course 456  
of a trade or business operation. "Business income" includes 457  
income, including gain or loss, from a partial or complete 458  
liquidation of a business, including, but not limited to, gain 459  
or loss from the sale or other disposition of goodwill. 460

(C) "Nonbusiness income" means all income other than 461

business income and may include, but is not limited to, 462  
compensation, rents and royalties from real or tangible personal 463  
property, capital gains, interest, dividends and distributions, 464  
patent or copyright royalties, or lottery winnings, prizes, and 465  
awards. 466

(D) "Compensation" means any form of remuneration paid to 467  
an employee for personal services. 468

(E) "Fiduciary" means a guardian, trustee, executor, 469  
administrator, receiver, conservator, or any other person acting 470  
in any fiduciary capacity for any individual, trust, or estate. 471

(F) "Fiscal year" means an accounting period of twelve 472  
months ending on the last day of any month other than December. 473

(G) "Individual" means any natural person. 474

(H) "Internal Revenue Code" means the "Internal Revenue 475  
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 476

(I) "Resident" means any of the following, provided that 477  
division (I)(3) of this section applies only to taxable years of 478  
a trust beginning in 2002 or thereafter: 479

(1) An individual who is domiciled in this state, subject 480  
to section 5747.24 of the Revised Code; 481

(2) The estate of a decedent who at the time of death was 482  
domiciled in this state. The domicile tests of section 5747.24 483  
of the Revised Code are not controlling for purposes of division 484  
(I)(2) of this section. 485

(3) A trust that, in whole or part, resides in this state. 486  
If only part of a trust resides in this state, the trust is a 487  
resident only with respect to that part. 488

For the purposes of division (I) (3) of this section:	489
(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, that were transferred, or caused to be transferred, directly or indirectly, to the trust by any of the following:	490 491 492 493 494 495
(i) A person, a court, or a governmental entity or instrumentality on account of the death of a decedent, but only if the trust is described in division (I) (3) (e) (i) or (ii) of this section;	496 497 498 499
(ii) A person who was domiciled in this state for the purposes of this chapter when the person directly or indirectly transferred assets to an irrevocable trust, but only if at least one of the trust's qualifying beneficiaries is domiciled in this state for the purposes of this chapter during all or some portion of the trust's current taxable year;	500 501 502 503 504 505
(iii) A person who was domiciled in this state for the purposes of this chapter when the trust document or instrument or part of the trust document or instrument became irrevocable, but only if at least one of the trust's qualifying beneficiaries is a resident domiciled in this state for the purposes of this chapter during all or some portion of the trust's current taxable year. If a trust document or instrument became irrevocable upon the death of a person who at the time of death was domiciled in this state for purposes of this chapter, that person is a person described in division (I) (3) (a) (iii) of this section.	506 507 508 509 510 511 512 513 514 515 516
(b) A trust is irrevocable to the extent that the	517

transferor is not considered to be the owner of the net assets 518  
of the trust under sections 671 to 678 of the Internal Revenue 519  
Code. 520

(c) With respect to a trust other than a charitable lead 521  
trust, "qualifying beneficiary" has the same meaning as 522  
"potential current beneficiary" as defined in section 1361(e)(2) 523  
of the Internal Revenue Code, and with respect to a charitable 524  
lead trust "qualifying beneficiary" is any current, future, or 525  
contingent beneficiary, but with respect to any trust 526  
"qualifying beneficiary" excludes a person or a governmental 527  
entity or instrumentality to any of which a contribution would 528  
qualify for the charitable deduction under section 170 of the 529  
Internal Revenue Code. 530

(d) For the purposes of division (I)(3)(a) of this 531  
section, the extent to which a trust consists directly or 532  
indirectly, in whole or in part, of assets, net of any related 533  
liabilities, that were transferred directly or indirectly, in 534  
whole or part, to the trust by any of the sources enumerated in 535  
that division shall be ascertained by multiplying the fair 536  
market value of the trust's assets, net of related liabilities, 537  
by the qualifying ratio, which shall be computed as follows: 538

(i) The first time the trust receives assets, the 539  
numerator of the qualifying ratio is the fair market value of 540  
those assets at that time, net of any related liabilities, from 541  
sources enumerated in division (I)(3)(a) of this section. The 542  
denominator of the qualifying ratio is the fair market value of 543  
all the trust's assets at that time, net of any related 544  
liabilities. 545

(ii) Each subsequent time the trust receives assets, a 546  
revised qualifying ratio shall be computed. The numerator of the 547

revised qualifying ratio is the sum of (1) the fair market value 548  
of the trust's assets immediately prior to the subsequent 549  
transfer, net of any related liabilities, multiplied by the 550  
qualifying ratio last computed without regard to the subsequent 551  
transfer, and (2) the fair market value of the subsequently 552  
transferred assets at the time transferred, net of any related 553  
liabilities, from sources enumerated in division (I) (3) (a) of 554  
this section. The denominator of the revised qualifying ratio is 555  
the fair market value of all the trust's assets immediately 556  
after the subsequent transfer, net of any related liabilities. 557

(iii) Whether a transfer to the trust is by or from any of 558  
the sources enumerated in division (I) (3) (a) of this section 559  
shall be ascertained without regard to the domicile of the 560  
trust's beneficiaries. 561

(e) For the purposes of division (I) (3) (a) (i) of this 562  
section: 563

(i) A trust is described in division (I) (3) (e) (i) of this 564  
section if the trust is a testamentary trust and the testator of 565  
that testamentary trust was domiciled in this state at the time 566  
of the testator's death for purposes of the taxes levied under 567  
Chapter 5731. of the Revised Code. 568

(ii) A trust is described in division (I) (3) (e) (ii) of 569  
this section if the transfer is a qualifying transfer described 570  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 571  
trust is an irrevocable inter vivos trust, and at least one of 572  
the trust's qualifying beneficiaries is domiciled in this state 573  
for purposes of this chapter during all or some portion of the 574  
trust's current taxable year. 575

(f) For the purposes of division (I) (3) (e) (ii) of this 576

section, a "qualifying transfer" is a transfer of assets, net of 577  
any related liabilities, directly or indirectly to a trust, if 578  
the transfer is described in any of the following: 579

(i) The transfer is made to a trust, created by the 580  
decedent before the decedent's death and while the decedent was 581  
domiciled in this state for the purposes of this chapter, and, 582  
prior to the death of the decedent, the trust became irrevocable 583  
while the decedent was domiciled in this state for the purposes 584  
of this chapter. 585

(ii) The transfer is made to a trust to which the 586  
decedent, prior to the decedent's death, had directly or 587  
indirectly transferred assets, net of any related liabilities, 588  
while the decedent was domiciled in this state for the purposes 589  
of this chapter, and prior to the death of the decedent the 590  
trust became irrevocable while the decedent was domiciled in 591  
this state for the purposes of this chapter. 592

(iii) The transfer is made on account of a contractual 593  
relationship existing directly or indirectly between the 594  
transferor and either the decedent or the estate of the decedent 595  
at any time prior to the date of the decedent's death, and the 596  
decedent was domiciled in this state at the time of death for 597  
purposes of the taxes levied under Chapter 5731. of the Revised 598  
Code. 599

(iv) The transfer is made to a trust on account of a 600  
contractual relationship existing directly or indirectly between 601  
the transferor and another person who at the time of the 602  
decedent's death was domiciled in this state for purposes of 603  
this chapter. 604

(v) The transfer is made to a trust on account of the will 605

of a testator who was domiciled in this state at the time of the 606  
testator's death for purposes of the taxes levied under Chapter 607  
5731. of the Revised Code. 608

(vi) The transfer is made to a trust created by or caused 609  
to be created by a court, and the trust was directly or 610  
indirectly created in connection with or as a result of the 611  
death of an individual who, for purposes of the taxes levied 612  
under Chapter 5731. of the Revised Code, was domiciled in this 613  
state at the time of the individual's death. 614

(g) The tax commissioner may adopt rules to ascertain the 615  
part of a trust residing in this state. 616

(J) "Nonresident" means an individual or estate that is 617  
not a resident. An individual who is a resident for only part of 618  
a taxable year is a nonresident for the remainder of that 619  
taxable year. 620

(K) "Pass-through entity" has the same meaning as in 621  
section 5733.04 of the Revised Code. 622

(L) "Return" means the notifications and reports required 623  
to be filed pursuant to this chapter for the purpose of 624  
reporting the tax due and includes declarations of estimated tax 625  
when so required. 626

(M) "Taxable year" means the calendar year or the 627  
taxpayer's fiscal year ending during the calendar year, or 628  
fractional part thereof, upon which the adjusted gross income is 629  
calculated pursuant to this chapter. 630

(N) "Taxpayer" means any person subject to the tax imposed 631  
by section 5747.02 of the Revised Code or any pass-through 632  
entity that makes the election under division (D) of section 633  
5747.08 of the Revised Code. 634

(O) "Dependents" means dependents as defined in the 635  
Internal Revenue Code and as claimed in the taxpayer's federal 636  
income tax return for the taxable year or which the taxpayer 637  
would have been permitted to claim had the taxpayer filed a 638  
federal income tax return. 639

(P) "Principal county of employment" means, in the case of 640  
a nonresident, the county within the state in which a taxpayer 641  
performs services for an employer or, if those services are 642  
performed in more than one county, the county in which the major 643  
portion of the services are performed. 644

(Q) As used in sections 5747.50 to 5747.55 of the Revised 645  
Code: 646

(1) "Subdivision" means any county, municipal corporation, 647  
park district, or township. 648

(2) "Essential local government purposes" includes all 649  
functions that any subdivision is required by general law to 650  
exercise, including like functions that are exercised under a 651  
charter adopted pursuant to the Ohio Constitution. 652

(R) "Overpayment" means any amount already paid that 653  
exceeds the figure determined to be the correct amount of the 654  
tax. 655

(S) "Taxable income" or "Ohio taxable income" applies only 656  
to estates and trusts, and means federal taxable income, as 657  
defined and used in the Internal Revenue Code, adjusted as 658  
follows: 659

(1) Add interest or dividends, net of ordinary, necessary, 660  
and reasonable expenses not deducted in computing federal 661  
taxable income, on obligations or securities of any state or of 662  
any political subdivision or authority of any state, other than 663

this state and its subdivisions and authorities, but only to the extent that such net amount is not otherwise includible in Ohio taxable income and is described in either division (S) (1) (a) or (b) of this section:

(a) The net amount is not attributable to the S portion of an electing small business trust and has not been distributed to beneficiaries for the taxable year;

(b) The net amount is attributable to the S portion of an electing small business trust for the taxable year.

(2) Add interest or dividends, net of ordinary, necessary, and reasonable expenses not deducted in computing federal taxable income, on obligations of any authority, commission, instrumentality, territory, or possession of the United States to the extent that the interest or dividends are exempt from federal income taxes but not from state income taxes, but only to the extent that such net amount is not otherwise includible in Ohio taxable income and is described in either division (S) (1) (a) or (b) of this section;

(3) Add the amount of personal exemption allowed to the estate pursuant to section 642(b) of the Internal Revenue Code;

(4) Deduct interest or dividends, net of related expenses deducted in computing federal taxable income, on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent that the interest or dividends are exempt from state taxes under the laws of the United States, but only to the extent that such amount is included in federal taxable income and is described in either division (S) (1) (a) or (b) of this section;

(5) Deduct the amount of wages and salaries, if any, not 693  
otherwise allowable as a deduction but that would have been 694  
allowable as a deduction in computing federal taxable income for 695  
the taxable year, had the targeted jobs credit allowed under 696  
sections 38, 51, and 52 of the Internal Revenue Code not been in 697  
effect, but only to the extent such amount relates either to 698  
income included in federal taxable income for the taxable year 699  
or to income of the S portion of an electing small business 700  
trust for the taxable year; 701

(6) Deduct any interest or interest equivalent, net of 702  
related expenses deducted in computing federal taxable income, 703  
on public obligations and purchase obligations, but only to the 704  
extent that such net amount relates either to income included in 705  
federal taxable income for the taxable year or to income of the 706  
S portion of an electing small business trust for the taxable 707  
year; 708

(7) Add any loss or deduct any gain resulting from sale, 709  
exchange, or other disposition of public obligations to the 710  
extent that such loss has been deducted or such gain has been 711  
included in computing either federal taxable income or income of 712  
the S portion of an electing small business trust for the 713  
taxable year; 714

(8) Except in the case of the final return of an estate, 715  
add any amount deducted by the taxpayer on both its Ohio estate 716  
tax return pursuant to section 5731.14 of the Revised Code, and 717  
on its federal income tax return in determining federal taxable 718  
income; 719

(9) (a) Deduct any amount included in federal taxable 720  
income solely because the amount represents a reimbursement or 721  
refund of expenses that in a previous year the decedent had 722

deducted as an itemized deduction pursuant to section 63 of the Internal Revenue Code and applicable treasury regulations. The deduction otherwise allowed under division (S)(9)(a) of this section shall be reduced to the extent the reimbursement is attributable to an amount the taxpayer or decedent deducted under this section in any taxable year.

(b) Add any amount not otherwise included in Ohio taxable 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 taxable income in any taxable year, but only to the extent such amount has not been distributed to beneficiaries for the taxable year.

(10) 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 taxable income or the decedent'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 taxable income or the decedent's adjusted gross income for the current or any other taxable year.

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

(a) The amount was deducted or excluded from the computation of the taxpayer's federal taxable income as required

to be reported for the taxpayer's taxable year under the 752  
Internal Revenue Code; 753

(b) The amount resulted in a reduction in the taxpayer's 754  
federal taxable income as required to be reported for any of the 755  
taxpayer's taxable years under the Internal Revenue Code. 756

(12) Deduct any amount, net of related expenses deducted 757  
in computing federal taxable income, that a trust is required to 758  
report as farm income on its federal income tax return, but only 759  
if the assets of the trust include at least ten acres of land 760  
satisfying the definition of "land devoted exclusively to 761  
agricultural use" under section 5713.30 of the Revised Code, 762  
regardless of whether the land is valued for tax purposes as 763  
such land under sections 5713.30 to 5713.38 of the Revised Code. 764  
If the trust is a pass-through entity investor, section 5747.231 765  
of the Revised Code applies in ascertaining if the trust is 766  
eligible to claim the deduction provided by division (S)(12) of 767  
this section in connection with the pass-through entity's farm 768  
income. 769

Except for farm income attributable to the S portion of an 770  
electing small business trust, the deduction provided by 771  
division (S)(12) of this section is allowed only to the extent 772  
that the trust has not distributed such farm income. Division 773  
(S)(12) of this section applies only to taxable years of a trust 774  
beginning in 2002 or thereafter. 775

(13) Add the net amount of income described in section 776  
641(c) of the Internal Revenue Code to the extent that amount is 777  
not included in federal taxable income. 778

(14) Add or deduct the amount the taxpayer would be 779  
required to add or deduct under division (A)(20) or (21) of this 780

section if the taxpayer's Ohio taxable income were computed in 781  
the same manner as an individual's Ohio adjusted gross income is 782  
computed under this section. In the case of a trust, division 783  
(S) (14) of this section applies only to any of the trust's 784  
taxable years beginning in 2002 or thereafter. 785

(T) "School district income" and "school district income 786  
tax" have the same meanings as in section 5748.01 of the Revised 787  
Code. 788

(U) As used in divisions (A) (8), (A) (9), (S) (6), and (S) 789  
(7) of this section, "public obligations," "purchase 790  
obligations," and "interest or interest equivalent" have the 791  
same meanings as in section 5709.76 of the Revised Code. 792

(V) "Limited liability company" means any limited 793  
liability company formed under Chapter 1705. of the Revised Code 794  
or under the laws of any other state. 795

(W) "Pass-through entity investor" means any person who, 796  
during any portion of a taxable year of a pass-through entity, 797  
is a partner, member, shareholder, or equity investor in that 798  
pass-through entity. 799

(X) "Banking day" has the same meaning as in section 800  
1304.01 of the Revised Code. 801

(Y) "Month" means a calendar month. 802

(Z) "Quarter" means the first three months, the second 803  
three months, the third three months, or the last three months 804  
of the taxpayer's taxable year. 805

(AA) (1) "Eligible institution" means a state university or 806  
state institution of higher education as defined in section 807  
3345.011 of the Revised Code, or a private, nonprofit college, 808

university, or other post-secondary institution located in this 809  
state that possesses a certificate of authorization issued by 810  
the chancellor of higher education pursuant to Chapter 1713. of 811  
the Revised Code or a certificate of registration issued by the 812  
state board of career colleges and schools under Chapter 3332. 813  
of the Revised Code. 814

(2) "Qualified tuition and fees" means tuition and fees 815  
imposed by an eligible institution as a condition of enrollment 816  
or attendance, not exceeding two thousand five hundred dollars 817  
in each of the individual's first two years of post-secondary 818  
education. If the individual is a part-time student, "qualified 819  
tuition and fees" includes tuition and fees paid for the 820  
academic equivalent of the first two years of post-secondary 821  
education during a maximum of five taxable years, not exceeding 822  
a total of five thousand dollars. "Qualified tuition and fees" 823  
does not include: 824

(a) Expenses for any course or activity involving sports, 825  
games, or hobbies unless the course or activity is part of the 826  
individual's degree or diploma program; 827

(b) The cost of books, room and board, student activity 828  
fees, athletic fees, insurance expenses, or other expenses 829  
unrelated to the individual's academic course of instruction; 830

(c) Tuition, fees, or other expenses paid or reimbursed 831  
through an employer, scholarship, grant in aid, or other 832  
educational benefit program. 833

(BB) (1) "Modified business income" means the business 834  
income included in a trust's Ohio taxable income after such 835  
taxable income is first reduced by the qualifying trust amount, 836  
if any. 837

(2) "Qualifying trust amount" of a trust means capital 838  
gains and losses from the sale, exchange, or other disposition 839  
of equity or ownership interests in, or debt obligations of, a 840  
qualifying investee to the extent included in the trust's Ohio 841  
taxable income, but only if the following requirements are 842  
satisfied: 843

(a) The book value of the qualifying investee's physical 844  
assets in this state and everywhere, as of the last day of the 845  
qualifying investee's fiscal or calendar year ending immediately 846  
prior to the date on which the trust recognizes the gain or 847  
loss, is available to the trust. 848

(b) The requirements of section 5747.011 of the Revised 849  
Code are satisfied for the trust's taxable year in which the 850  
trust recognizes the gain or loss. 851

Any gain or loss that is not a qualifying trust amount is 852  
modified business income, qualifying investment income, or 853  
modified nonbusiness income, as the case may be. 854

(3) "Modified nonbusiness income" means a trust's Ohio 855  
taxable income other than modified business income, other than 856  
the qualifying trust amount, and other than qualifying 857  
investment income, as defined in section 5747.012 of the Revised 858  
Code, to the extent such qualifying investment income is not 859  
otherwise part of modified business income. 860

(4) "Modified Ohio taxable income" applies only to trusts, 861  
and means the sum of the amounts described in divisions (BB) (4) 862  
(a) to (c) of this section: 863

(a) The fraction, calculated under section 5747.013, and 864  
applying section 5747.231 of the Revised Code, multiplied by the 865  
sum of the following amounts: 866

(i) The trust's modified business income; 867

(ii) The trust's qualifying investment income, as defined 868  
in section 5747.012 of the Revised Code, but only to the extent 869  
the qualifying investment income does not otherwise constitute 870  
modified business income and does not otherwise constitute a 871  
qualifying trust amount. 872

(b) The qualifying trust amount multiplied by a fraction, 873  
the numerator of which is the sum of the book value of the 874  
qualifying investee's physical assets in this state on the last 875  
day of the qualifying investee's fiscal or calendar year ending 876  
immediately prior to the day on which the trust recognizes the 877  
qualifying trust amount, and the denominator of which is the sum 878  
of the book value of the qualifying investee's total physical 879  
assets everywhere on the last day of the qualifying investee's 880  
fiscal or calendar year ending immediately prior to the day on 881  
which the trust recognizes the qualifying trust amount. If, for 882  
a taxable year, the trust recognizes a qualifying trust amount 883  
with respect to more than one qualifying investee, the amount 884  
described in division (BB) (4) (b) of this section shall equal the 885  
sum of the products so computed for each such qualifying 886  
investee. 887

(c) (i) With respect to a trust or portion of a trust that 888  
is a resident as ascertained in accordance with division (I) (3) 889  
(d) of this section, its modified nonbusiness income. 890

(ii) With respect to a trust or portion of a trust that is 891  
not a resident as ascertained in accordance with division (I) (3) 892  
(d) of this section, the amount of its modified nonbusiness 893  
income satisfying the descriptions in divisions (B) (2) to (5) of 894  
section 5747.20 of the Revised Code, except as otherwise 895  
provided in division (BB) (4) (c) (ii) of this section. With 896

respect to a trust or portion of a trust that is not a resident 897  
as ascertained in accordance with division (I) (3) (d) of this 898  
section, the trust's portion of modified nonbusiness income 899  
recognized from the sale, exchange, or other disposition of a 900  
debt interest in or equity interest in a section 5747.212 901  
entity, as defined in section 5747.212 of the Revised Code, 902  
without regard to division (A) of that section, shall not be 903  
allocated to this state in accordance with section 5747.20 of 904  
the Revised Code but shall be apportioned to this state in 905  
accordance with division (B) of section 5747.212 of the Revised 906  
Code without regard to division (A) of that section. 907

If the allocation and apportionment of a trust's income 908  
under divisions (BB) (4) (a) and (c) of this section do not fairly 909  
represent the modified Ohio taxable income of the trust in this 910  
state, the alternative methods described in division (C) of 911  
section 5747.21 of the Revised Code may be applied in the manner 912  
and to the same extent provided in that section. 913

(5) (a) Except as set forth in division (BB) (5) (b) of this 914  
section, "qualifying investee" means a person in which a trust 915  
has an equity or ownership interest, or a person or unit of 916  
government the debt obligations of either of which are owned by 917  
a trust. For the purposes of division (BB) (2) (a) of this section 918  
and for the purpose of computing the fraction described in 919  
division (BB) (4) (b) of this section, all of the following apply: 920

(i) If the qualifying investee is a member of a qualifying 921  
controlled group on the last day of the qualifying investee's 922  
fiscal or calendar year ending immediately prior to the date on 923  
which the trust recognizes the gain or loss, then "qualifying 924  
investee" includes all persons in the qualifying controlled 925  
group on such last day. 926

(ii) If the qualifying investee, or if the qualifying investee and any members of the qualifying controlled group of which the qualifying investee is a member on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the gain or loss, separately or cumulatively own, directly or indirectly, on the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the qualifying trust amount, more than fifty per cent of the equity of a pass-through entity, then the qualifying investee and the other members are deemed to own the proportionate share of the pass-through entity's physical assets which the pass-through entity directly or indirectly owns on the last day of the pass-through entity's calendar or fiscal year ending within or with the last day of the qualifying investee's fiscal or calendar year ending immediately prior to the date on which the trust recognizes the qualifying trust amount.

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

An upper level pass-through entity, whether or not it is also a qualifying investee, is deemed to own, on the last day of the upper level pass-through entity's calendar or fiscal year, the proportionate share of the lower level pass-through entity's physical assets that the lower level pass-through entity directly or indirectly owns on the last day of the lower level pass-through entity's calendar or fiscal year ending within or with the last day of the upper level pass-through entity's fiscal or calendar year. If the upper level pass-through entity

directly and indirectly owns less than fifty per cent of the equity of the lower level pass-through entity on each day of the upper level pass-through entity's calendar or fiscal year in which or with which ends the calendar or fiscal year of the lower level pass-through entity and if, based upon clear and convincing evidence, complete information about the location and cost of the physical assets of the lower pass-through entity is not available to the upper level pass-through entity, then solely for purposes of ascertaining if a gain or loss constitutes a qualifying trust amount, the upper level pass-through entity shall be deemed as owning no equity of the lower level pass-through entity for each day during the upper level pass-through entity's calendar or fiscal year in which or with which ends the lower level pass-through entity's calendar or fiscal year. Nothing in division (BB) (5) (a) (iii) of this section shall be construed to provide for any deduction or exclusion in computing any trust's Ohio taxable income.

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

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

(ii) Such gain or loss constitutes nonbusiness income.

(6) "Available" means information is such that a person is able to learn of the information by the due date plus extensions, if any, for filing the return for the taxable year

in which the trust recognizes the gain or loss.	988
(CC) "Qualifying controlled group" has the same meaning as in section 5733.04 of the Revised Code.	989 990
(DD) "Related member" has the same meaning as in section 5733.042 of the Revised Code.	991 992
(EE) (1) For the purposes of division (EE) of this section:	993
(a) "Qualifying person" means any person other than a qualifying corporation.	994 995
(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:	996 997 998
(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;	999 1000 1001 1002
(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.	1003 1004 1005 1006 1007
(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.	1008 1009 1010
(FF) For purposes of this chapter and Chapter 5751. of the Revised Code:	1011 1012
(1) "Trust" does not include a qualified pre-income tax trust.	1013 1014

(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. 1015  
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(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 controls, directly, indirectly, or constructively through related interests, five per cent or more of the ownership or equity interests. The trustee shall notify the tax commissioner in writing of the election on or before April 15, 2006. The election, if timely made, shall be effective on and after January 1, 2006, and shall apply for all tax periods and tax years until revoked by the trustee of the trust. 1018  
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(4) A "pre-income tax trust" is a trust that satisfies all of the following requirements: 1029  
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(a) The document or instrument creating the trust was executed by the grantor before January 1, 1972; 1031  
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(b) The trust became irrevocable upon the creation of the trust; and 1033  
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(c) The grantor was domiciled in this state at the time the trust was created. 1035  
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(GG) "Uniformed services" has the same meaning as in 10 U.S.C. 101. 1037  
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(HH) "Taxable business income" means the amount by which an individual's business income that is included in federal adjusted gross income exceeds the amount of business income the individual is authorized to deduct under division (A)(31) of this section for the taxable year. 1039  
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<u>Sec. 5747.014. (A) As used in this section and division</u>	1044
<u>(A) (33) of section 5747.01 of the Revised Code:</u>	1045
<u>(1) "Physician" means an individual who holds a valid</u>	1046
<u>certificate to practice medicine and surgery or osteopathic</u>	1047
<u>medicine and surgery issued under Chapter 4731. of the Revised</u>	1048
<u>Code.</u>	1049
<u>(2) "Hospital" has the same meaning as in section 3727.01</u>	1050
<u>of the Revised Code.</u>	1051
<u>(3) "Free clinic" has the same meaning as in section</u>	1052
<u>3701.071 of the Revised Code.</u>	1053
<u>(4) "Medical mission organization" means a nonprofit</u>	1054
<u>nongovernmental organization whose activities consist of</u>	1055
<u>organizing and supporting medical professionals in providing</u>	1056
<u>medical care to persons in distress, to victims of natural or</u>	1057
<u>man-made disasters, or to victims of armed conflict,</u>	1058
<u>irrespective of those persons' or victims' race, religion,</u>	1059
<u>creed, or political views.</u>	1060
<u>(B) A physician may deduct, in computing Ohio adjusted</u>	1061
<u>gross income for a taxable year beginning on or after December</u>	1062
<u>31, 2017, and before January 1, 2024, an amount equal to the</u>	1063
<u>product obtained by multiplying one hundred twenty-five dollars</u>	1064
<u>by the number of hours the physician provides medical care</u>	1065
<u>during the taxable year to patients through or on behalf of a</u>	1066
<u>hospital, free clinic, or medical mission organization,</u>	1067
<u>excluding any such hour for which the physician is compensated</u>	1068
<u>or reimbursed. The amount deducted for a taxable year may not</u>	1069
<u>exceed ten thousand dollars.</u>	1070
<u>(C) A physician who claims a deduction under this section</u>	1071
<u>and division (A) (33) of section 5747.01 of the Revised Code</u>	1072

shall submit, along with the return required under section 1073  
5747.08 of the Revised Code, a written statement from the 1074  
hospital, free clinic, or medical mission organization 1075  
confirming the number of hours the physician provided 1076  
uncompensated and unreimbursed medical care to patients during 1077  
the taxable year through or on behalf of the hospital, clinic, 1078  
or organization. A physician may not claim the deduction without 1079  
first obtaining such a statement. 1080

(D) The tax commissioner may adopt rules for the 1081  
administration of this section including rules governing 1082  
documents, records, or other information physicians claiming the 1083  
deduction shall provide to the commissioner. 1084

**Section 2.** That existing section 5747.01 of the Revised 1085  
Code is hereby repealed. 1086