

As Introduced

**135th General Assembly
Regular Session
2023-2024**

H. B. No. 386

Representatives Mathews, Lampton

A BILL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The supplier sells tangible personal property directly 135

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

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

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

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

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

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

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

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

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

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

this section if it determines all of the following:	195
(a) The taxpayer's project will increase payroll;	196
(b) The taxpayer's project is economically sound and will benefit the people of this state by increasing opportunities for employment and strengthening the economy of this state;	197 198 199
(c) Receiving the tax credit is a major factor in the taxpayer's decision to go forward with the project.	200 201
(2) (a) A taxpayer that chooses to begin the project prior to receiving the determination of the authority may, upon submitting the taxpayer's application to the authority, request that the chief investment officer of the nonprofit corporation formed under section 187.01 of the Revised Code and the director review the taxpayer's application and recommend to the authority that the taxpayer's application be considered. As soon as possible after receiving such a request, the chief investment officer and the director shall review the taxpayer's application and, if they determine that the application warrants consideration by the authority, make that recommendation to the authority not later than six months after the application is received by the authority.	202 203 204 205 206 207 208 209 210 211 212 213 214
(b) The authority shall consider any taxpayer's application for which it receives a recommendation under division (C) (2) (a) of this section. If the authority determines that the taxpayer does not meet all of the criteria set forth in division (C) (1) of this section, the authority and the department of development shall proceed in accordance with rules adopted by the director pursuant to division (I) of this section.	215 216 217 218 219 220 221 222
(D) An agreement under this section shall include all of	223

the following:	224
(1) A detailed description of the project that is the	225
subject of the agreement;	226
(2) (a) The term of the tax credit, which, except as	227
provided in division (D) (2) (b) or (C) of this section, shall not	228
exceed fifteen years, and the first taxable year, or first	229
calendar year that includes a tax period, for which the credit	230
may be claimed;	231
(b) If the tax credit is computed on the basis of home-	232
based employees, the term of the credit shall expire on or	233
before the last day of the taxable or calendar year ending	234
before the beginning of the seventh year after September 6,	235
2012, the effective date of H.B. 327 of the 129th general	236
assembly.	237
(c) If the taxpayer is a megaproject operator or a	238
megaproject supplier that meets the requirements described in	239
division (A) (13) (b) of this section, the term of the tax credit	240
shall not exceed thirty years.	241
(3) A requirement that the taxpayer shall maintain	242
operations at the project location for at least the greater of	243
seven years or the term of the credit plus three years;	244
(4) The percentage, as determined by the tax credit	245
authority, of excess payroll that will be allowed as the amount	246
of the credit for each taxable year or for each calendar year	247
that includes a tax period;	248
(5) The pay increase factor to be applied to the	249
taxpayer's baseline payroll;	250
(6) A requirement that the taxpayer annually shall report	251

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The taxpayer has achieved one hundred per cent of the new employment commitment identified in the agreement. 642
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(b) If applicable, the taxpayer has achieved one hundred per cent of the new payroll commitment identified in the agreement. 644
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(c) If applicable, the taxpayer has achieved one hundred per cent of the investment commitment identified in the agreement. 647
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(5) Failure by a taxpayer to have achieved any of the applicable commitments described in divisions (S) (4) (a) to (c) of this section in a reporting period does not disqualify the taxpayer for the adjustment under division (S) of this section for an ensuing reporting period. 650
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(T) For reporting periods ending in calendar year 2020 or thereafter, any taxpayer may include qualifying work-from-home employees in its report required under division (D) (6) of this section, and the compensation of such employees shall qualify as Ohio employee payroll under division (A) (3) (a) of this section, even if the taxpayer's application to the tax credit authority to enter into an agreement for a tax credit under this section was approved before September 29, 2017, the effective date of the amendment of this section by H.B. 49 of the 132nd general assembly. 655
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(U) The director of development shall notify the tax commissioner if the director determines that a megaproject operator or megaproject supplier is not in compliance with the agreement pursuant to a review conducted under division (D) (11) of this section. 665
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(V) Beginning in 2025 and in each fifth calendar year 670

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

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

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

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

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

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

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

The commissioner shall certify the amount of the 699

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(C) "Total income" means, for tax year 2029 and every 771
preceding tax year, modified adjusted gross income, as ~~that term~~ 772
~~is~~ defined in section 5747.01 of the Revised Code, or, for any 773
other tax year, adjusted gross income, as defined in 26 U.S.C. 774
62, of the owner and the owner's spouse for the year preceding 775
the year in which application for a reduction in taxes is made. 776

(D) "Permanently and totally disabled" means that a person 777
other than a disabled veteran has, on the first day of January 778
of the year of application for reduction in real estate taxes, 779
some impairment in body or mind that makes the person unable to 780
work at any substantially remunerative employment that the 781
person is reasonably able to perform and that will, with 782
reasonable probability, continue for an indefinite period of at 783
least twelve months without any present indication of recovery 784
therefrom or has been certified as permanently and totally 785
disabled by a state or federal agency having the function of so 786
classifying persons. 787

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

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

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

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

(1) Death in the line of duty;

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

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

(J) "Firefighter" means a firefighter, whether paid or

volunteer, of a lawfully constituted fire department. 817

(K) "First responder," "EMT-basic," "EMT-I," and 818
"paramedic" have the same meanings as in section 4765.01 of the 819
Revised Code. 820

(L) "Surviving spouse of a disabled veteran" means either 821
of the following: 822

(1) The spouse of a disabled veteran who occupied the 823
homestead when the disabled veteran died and who acquires 824
ownership of the homestead or, in the case of a homestead that 825
is a unit in a housing cooperative, continues to occupy the 826
homestead; 827

(2) The surviving spouse of an individual to which all of 828
the following apply, provided the surviving spouse occupies the 829
homestead when that individual dies and who, following that 830
individual's death, acquires ownership of the homestead or, in 831
the case of a homestead that is a unit in a housing cooperative, 832
continues to occupy the homestead: 833

(a) The individual dies before receiving a total 834
disability rating described in division (F) of this section. 835

(b) The individual otherwise qualifies as a disabled 836
veteran. 837

(c) The individual owns and occupies a homestead or, in 838
the case of a homestead that is a unit in a housing cooperative, 839
occupies the homestead. 840

Sec. 3317.021. (A) On or before the first day of June of 841
each year, the tax commissioner shall certify to the department 842
of education and workforce and the office of budget and 843
management the information described in divisions (A) (1) to (5) 844

of this section for each city, exempted village, and local school district, and the information required by divisions (A) (1) and (2) of this section for each joint vocational school district, and it shall be used, along with the information certified under division (B) of this section, in making the computations for the district under this chapter.

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

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

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

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

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

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

(b) The value of real and public utility real property in

the district exempted from taxation under Chapter 725. or 1728. 874
or section 3735.67, 5709.40, 5709.41, 5709.45, 5709.57, 5709.62, 875
5709.63, 5709.632, 5709.73, or 5709.78 of the Revised Code. 876

(5) The total and median federal adjusted gross income of 877
the residents of the school district, based on tax returns filed 878
by the residents of the district, for the most recent year for 879
which this information is available, ~~and the median Ohio~~ 880
~~adjusted gross income of the residents of the school district~~ 881
~~determined on the basis of tax returns filed for the second~~ 882
~~preceding tax year by the residents of the district.~~ 883

(6) For fiscal years 2024 and 2025, the number of state 884
tax returns filed by the residents of the district for the most 885
recent year for which this information is available. 886

(B) On or before the first day of May each year, the tax 887
commissioner shall certify to the department of education and 888
workforce and the office of budget and management the total 889
taxable real property value of railroads and, separately, the 890
total taxable tangible personal property value of all public 891
utilities for the preceding tax year, by school district and by 892
county of location. 893

(C) If on the basis of the information certified under 894
division (A) of this section, the department determines that any 895
district fails in any year to meet the qualification requirement 896
specified in division (A) of section 3317.01 of the Revised 897
Code, the department shall immediately request the tax 898
commissioner to determine the extent to which any school 899
district income tax levied by the district under Chapter 5748. 900
of the Revised Code shall be included in meeting that 901
requirement. Within five days of receiving such a request from 902
the department, the tax commissioner shall make the 903

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

The tax commissioner shall make the determination required 911
by this division as follows: 912

(1) Multiply one mill times the total taxable value of the 913
district as determined in divisions (A) (1) and (2) of this 914
section; 915

(2) Estimate the total amount of tax liability for the 916
current tax year under taxes levied by Chapter 5748. of the 917
Revised Code that are apportioned to current operating expenses 918
of the district, excluding any income tax receipts allocated for 919
the project cost, debt service, or maintenance set-aside 920
associated with a state-assisted classroom facilities project as 921
authorized by section 3318.052 of the Revised Code; 922

(3) Divide the amount estimated under division (C) (2) of 923
this section by the product obtained under division (C) (1) of 924
this section. 925

Sec. 3318.011. For purposes of providing assistance under 926
sections 3318.01 to 3318.20 of the Revised Code, the department 927
of education and workforce shall annually do all of the 928
following: 929

(A) Calculate the adjusted valuation per pupil of each 930
city, local, and exempted village school district according to 931
the following formula: 932

The district's valuation per pupil -	933
[\$30,000 X (1 - the district's income factor)].	934
For purposes of this calculation:	935
(1) Except for a district with an open enrollment net gain	936
that is ten per cent or more of its formula ADM, "valuation per	937
pupil" for a district means its average taxable value, divided	938
by its formula ADM for the previous fiscal year. "Valuation per	939
pupil," for a district with an open enrollment net gain that is	940
ten per cent or more of its formula ADM, means its average	941
taxable value, divided by the sum of its formula ADM for the	942
previous fiscal year plus its open enrollment net gain for the	943
previous fiscal year.	944
(2) "Average taxable value" means the average of the sum	945
of the amounts certified for a district under divisions (A) (1)	946
and (2) of section 3317.021 of the Revised Code in the second,	947
third, and fourth preceding fiscal years.	948
(3) "Entitled to attend school" means entitled to attend	949
school in a city, local, or exempted village school district	950
under section 3313.64 or 3313.65 of the Revised Code.	951
(4) "Formula ADM" has the same meaning as in section	952
3317.02 of the Revised Code.	953
(5) "Native student" has the same meaning as in section	954
3313.98 of the Revised Code.	955
(6) "Open enrollment net gain" for a district means (a)	956
the number of the students entitled to attend school in another	957
district but who are enrolled in the schools of the district	958
under its open enrollment policy minus (b) the number of the	959
district's native students who are enrolled in the schools of	960

another district under the other district's open enrollment policy, both numbers as certified to the department under section 3313.981 of the Revised Code. If the difference is a negative number, the district's "open enrollment net gain" is zero.

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

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

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

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

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

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

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

adjusted valuations per pupil;	990
(E) Determine the school districts that have three-year	991
average adjusted valuations per pupil that are greater than the	992
median three-year average adjusted valuation per pupil for all	993
school districts in the state;	994
(F) On or before the first day of September, certify the	995
information described in divisions (A) to (E) of this section to	996
the Ohio facilities construction commission.	997
Sec. 5747.02. (A) For the purpose of providing revenue for	998
the support of schools and local government functions, to	999
provide relief to property taxpayers, to provide revenue for the	1000
general revenue fund, and to meet the expenses of administering	1001
the tax levied by this chapter, there <u>an annual tax measured as</u>	1002
<u>prescribed in divisions (A)(1) to (4) of this section</u> is hereby	1003
levied <u>for taxable years beginning before January 1, 2030,</u> on	1004
every individual, trust, and estate residing in or earning or	1005
receiving income in this state, on every individual, trust, and	1006
estate earning or receiving lottery winnings, prizes, or awards	1007
pursuant to Chapter 3770. of the Revised Code, on every	1008
individual, trust, and estate earning or receiving winnings on	1009
casino or sports gaming, and on every individual, trust, and	1010
estate otherwise having nexus with or in this state under the	1011
Constitution of the United States, an annual tax measured as	1012
prescribed in divisions (A)(1) to (4) of this section. <u>For the</u>	1013
<u>same purposes, an annual tax measured as prescribed in division</u>	1014
<u>(A)(4) of this section is hereby levied for taxable years</u>	1015
<u>beginning on and after January 1, 2030, on every individual</u>	1016
<u>earning or receiving business income in this state.</u>	1017
(1) In the case of trusts, the tax imposed by this section	1018
shall be measured by modified Ohio taxable income under division	1019

~~(D)~~ (C) of this section and levied in the same amount as the tax 1020
is imposed on estates as prescribed in division (A) (2) of this 1021
section. 1022

(2) In the case of estates, the tax imposed by this 1023
section shall be measured by Ohio taxable income. ~~The~~ For the 1024
first twenty-six thousand fifty dollars of such income, the tax 1025
shall be levied at the rate of 1.38462% for ~~the first twenty-six~~ 1026
~~thousand fifty dollars of such income and, for taxable years~~ 1027
beginning in 2023 and 2024, 1.15163% for taxable years beginning 1028
in 2025, 0.92131% for taxable years beginning in 2026, 0.69098% 1029
for taxable years beginning in 2027, 0.46065% for taxable years 1030
beginning in 2028, and 0.23033% for taxable years beginning in 1031
2029. For income in excess of that amount, the tax shall be 1032
levied at the same rates prescribed in division (A) (3) of this 1033
section for individuals. 1034

(3) In the case of individuals, the tax imposed by this 1035
section on income other than taxable business income shall be 1036
measured by Ohio adjusted gross income, less taxable business 1037
income and less an exemption for the taxpayer, the taxpayer's 1038
spouse, and each dependent as provided in section 5747.025 of 1039
the Revised Code. If the balance thus obtained is equal to or 1040
less than twenty-six thousand fifty dollars, no tax shall be 1041
imposed on that balance. If the balance thus obtained is greater 1042
than twenty-six thousand fifty dollars, the tax is hereby levied 1043
as follows: 1044

(a) For taxable years beginning in 2023: 1045

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A	OHIO ADJUSTED GROSS INCOME LESS TAXABLE BUSINESS INCOME AND EXEMPTIONS (INDIVIDUALS) OR MODIFIED OHIO TAXABLE INCOME (TRUSTS) OR OHIO TAXABLE INCOME (ESTATES)	TAX
B	More than \$26,050 but not more than \$100,000	\$360.69 plus 2.75% of the amount in excess of \$26,050
C	More than \$100,000 but not more than \$115,300	\$2,394.32 plus 3.688% of the amount in excess of \$100,000
D	More than \$115,300	\$2,958.58 plus 3.75% of the amount in excess of \$115,300

(b) For taxable years beginning in 2024 ~~and thereafter~~: 1047

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A	OHIO ADJUSTED GROSS INCOME LESS TAXABLE BUSINESS INCOME AND EXEMPTIONS (INDIVIDUALS) OR MODIFIED OHIO TAXABLE INCOME (TRUSTS) OR OHIO TAXABLE INCOME (ESTATES)	TAX
B	More than \$26,050 but not more than \$100,000	\$360.69 plus 2.75% of the amount in excess of \$26,050
C	More than \$100,000	\$2,394.32 plus 3.5% of the amount in excess of

\$100,000

(c) For taxable years beginning in 2025: 1049

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

B More than \$26,050 but not more than \$300.00 plus 2.35% of the
\$100,000 amount in excess of
\$26,050

C More than \$100,000 \$2,037.83 plus 2.92% of
the amount in excess of
\$100,000

(d) For taxable years beginning in 2026: 1051

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

(ESTATES)

B More than \$26,050 but not more than \$240.00 plus 1.96% of the
\$100,000 amount in excess of
\$26,050

C More than \$100,000 \$1,689.42 plus 2.33% of
the amount in excess of
\$100,000

(e) For taxable years beginning in 2027: 1053

1054

1

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

B More than \$26,050 but not more than \$180.00 plus 1.56% of the
\$100,000 amount in excess of
\$26,050

C More than \$100,000 \$1,333.62 plus 1.75% of
the amount in excess of
\$100,000

(e) For taxable years beginning in 2028, \$120.00 plus 1055

1.17% of the amount in excess of \$26,050. 1056

(f) For taxable years beginning in 2029, \$60.00 plus 0.58% 1057

of the amount in excess of \$26,050. 1058

(4) (a) In the case of individuals, the tax imposed by this 1059
section on taxable business income shall equal three per cent of 1060
the result obtained by subtracting any amount allowed under 1061
division (A) (4) (b) of this section from the individual's taxable 1062
business income. 1063

(b) If the exemptions allowed to an individual under 1064
division (A) (3) of this section exceed the taxpayer's Ohio 1065
adjusted gross income less taxable business income, the excess 1066
shall be deducted from taxable business income before computing 1067
the tax under division (A) (4) (a) of this section. 1068

~~(5) Except as otherwise provided in this division, in 1069
August of each year, the tax commissioner shall make a new 1070
adjustment to the income amounts prescribed in divisions (A) (2) 1071
and (3) of this section by multiplying the percentage increase 1072
in the gross domestic product deflator computed that year under 1073
section 5747.025 of the Revised Code by each of the income 1074
amounts resulting from the adjustment under this division in the 1075
preceding year, adding the resulting product to the 1076
corresponding income amount resulting from the adjustment in the 1077
preceding year, and rounding the resulting sum to the nearest 1078
multiple of fifty dollars. The tax commissioner also shall 1079
recompute each of the tax dollar amounts to the extent necessary 1080
to reflect the new adjustment of the income amounts. To 1081
recompute the tax dollar amount corresponding to the lowest tax 1082
rate in division (A) (3) of this section, the commissioner shall 1083
multiply the tax rate prescribed in division (A) (2) of this 1084
section by the income amount specified in that division and as 1085
adjusted according to this paragraph. The rates of taxation 1086
shall not be adjusted.~~ 1087

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

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

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

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

other applicable credits. 1118

(3) Any credit authorized against the tax imposed by this 1119
section applies to a trust subject to division ~~(C)~~ (B) of this 1120
section only if the trust otherwise qualifies for the credit. To 1121
the extent that the trust distributes income for the taxable 1122
year for which a credit is available to the trust, the credit 1123
shall be shared by the trust and its beneficiaries. The tax 1124
commissioner and the trust shall be guided by applicable 1125
regulations of the United States treasury regarding the sharing 1126
of credits. 1127

~~(D)~~ (C) For the purposes of this section, "trust" means 1128
any trust described in Subchapter J of Chapter 1 of the Internal 1129
Revenue Code, excluding trusts that are not irrevocable as 1130
defined in division (I) (3) (b) of section 5747.01 of the Revised 1131
Code and that have no modified Ohio taxable income for the 1132
taxable year, charitable remainder trusts, qualified funeral 1133
trusts and preneed funeral contract trusts established pursuant 1134
to sections 4717.31 to 4717.38 of the Revised Code that are not 1135
qualified funeral trusts, endowment and perpetual care trusts, 1136
qualified settlement trusts and funds, designated settlement 1137
trusts and funds, and trusts exempted from taxation under 1138
section 501(a) of the Internal Revenue Code. 1139

~~(E)~~ (D) Nothing in division (A) (3) of this section shall 1140
prohibit an individual with ~~an Ohio no~~ adjusted gross income, ~~—~~ 1141
~~less taxable business income and exemptions, of twenty six~~ 1142
~~thousand fifty dollars or less~~ subject to tax under this section 1143
from filing a return under this chapter to receive a refund of 1144
taxes withheld or to claim any refundable credit allowed under 1145
this chapter. 1146

Sec. 5747.10. (A) As used in this section: 1147

(1) "Audited partnership" means a partnership subject to 1148
an examination by the internal revenue service pursuant to 1149
subchapter C, chapter 63, subtitle F of the Internal Revenue 1150
Code resulting in a federal adjustment. 1151

(2) (a) "Direct investor" means a partner or other investor 1152
that holds a direct interest in a pass-through entity. 1153

(b) "Indirect investor" means a partner or other investor 1154
that holds an interest in a pass-through entity that itself 1155
holds an interest, directly or through another indirect partner 1156
or other investor, in a pass-through entity. 1157

(3) "Exempt partner" means a partner that is neither a 1158
pass-through entity nor a person subject to the tax imposed by 1159
section 5747.02 of the Revised Code. 1160

(4) "Federal adjustment" means a change to an item or 1161
amount required to be determined under the Internal Revenue Code 1162
that directly or indirectly affects a taxpayer's aggregate tax 1163
liability under section 5747.02 or Chapter 5748. of the Revised 1164
Code and that results from an action or examination by the 1165
internal revenue service, or from the filing of an amended 1166
federal tax return, a claim for a federal tax refund, or an 1167
administrative adjustment request filed by a partnership under 1168
section 6227 of the Internal Revenue Code. 1169

(5) "Federal adjustments return" means the form or other 1170
document prescribed by the tax commissioner for use by a 1171
taxpayer in reporting final federal adjustments. 1172

(6) "State partnership representative" means either of the 1173
following: 1174

(a) The person who served as the partnership's 1175
representative for federal income tax purposes, pursuant to 1176

section 6223(a) of the Internal Revenue Code, during the 1177
corresponding federal partnership audit; 1178

(b) The person designated, on a form prescribed by the tax 1179
commissioner, to serve as the partnership's representative 1180
during the state partnership audit. The commissioner may 1181
establish reasonable qualifications and procedures for a person 1182
to be designated as a state partnership representative under 1183
this division. 1184

(7) A federal adjustment is "final" or "agreed to or 1185
finally determined for federal income tax purposes" on any of 1186
the following: 1187

(a) The day after which the period for appeal of a federal 1188
assessment has expired; 1189

(b) The date on a refund check issued by the internal 1190
revenue service; or 1191

(c) For agreements required to be signed by the internal 1192
revenue service and the taxpayer or audited partnership, the 1193
date on which the last party signed the agreement. 1194

(B) (1) If any of the facts, figures, computations, or 1195
attachments required in a taxpayer's annual return to determine 1196
the tax charged by this chapter or Chapter 5748. of the Revised 1197
Code must be altered as the result of a final federal 1198
adjustment, and the federal adjustment is not required to be 1199
reported under division (C) of this section, the taxpayer shall 1200
file an amended return with the tax commissioner in such form as 1201
the commissioner requires. The amended return shall be filed not 1202
later than ninety days after the federal adjustment has been 1203
agreed to or finally determined for federal income tax purposes. 1204

(2) "One hundred eighty" shall be substituted for "ninety" 1205

in divisions (B) (1) and (E) (1) of this section if, for any 1206
taxable year, the final federal adjustment results from taxes 1207
paid by the taxpayer on an amount described in division (A) (32) 1208
of section 5747.01 of the Revised Code. 1209

(C) Except for adjustments required to be reported for 1210
federal purposes pursuant to section 6225(a) (2) of the Internal 1211
Revenue Code and adjustments that are taken into account on a 1212
federal amended return or similar report filed pursuant to 1213
section 6225(c) (2) of the Internal Revenue Code, partnerships 1214
and partners shall report final federal adjustments and make 1215
payments as required under division (C) of this section. 1216

(1) With respect to an action required or permitted to be 1217
taken by a partnership under this section, and any petition for 1218
reassessment or appeal to the board of tax appeals or any court 1219
with respect to such an action, the state partnership 1220
representative shall have the sole authority to act on behalf of 1221
the audited partnership, and the partnership's direct and 1222
indirect investors shall be bound by those actions. 1223

(2) Unless an audited partnership makes the election under 1224
division (C) (3) of this section: 1225

(a) The audited partnership, through its state partnership 1226
representative, shall do all of the following within ninety days 1227
after the federal adjustment is final: 1228

(i) File a federal adjustments return with the tax 1229
commissioner, including a copy of the notifications provided 1230
under division (C) (2) (a) (ii) of this section; 1231

(ii) Notify each of its direct investors, on a form 1232
prescribed by the commissioner, of the investor's distributive 1233
share of the final federal adjustments; 1234

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

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

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

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

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

(a) File a federal adjustments return with the tax commissioner indicating the partnership has made the election under division (C) (3) of this section;	1265 1266 1267
(b) Pay the amount of combined additional tax due under division (D) (2) of this section, calculated by multiplying the highest rate of tax set forth in section 5747.02 of the Revised Code by the sum of the following:	1268 1269 1270 1271
(i) The distributive shares of the final federal adjustments that are allocable or apportionable to this state of each investor who is a nonresident taxpayer or pass-through entity;	1272 1273 1274 1275
(ii) The distributive share of the final federal adjustments for each investor who is a resident taxpayer.	1276 1277
(c) Notify each of its direct investors, on a form prescribed by the commissioner, of the investor's distributive share of the final federal adjustments and the amount paid on their behalf pursuant to division (C) (3) (b) of this section.	1278 1279 1280 1281
(4) (a) A direct investor of an audited partnership is not required to file an amended return or pay tax otherwise due under section 5747.02 of the Revised Code if the audited partnership properly reports and pays the tax under division (C) (3) of this section.	1282 1283 1284 1285 1286
(b) (i) Nothing in division (C) of this section precludes a direct or indirect investor in the audited partnership from filing a return to report the investor's share of the final federal adjustments. Such an investor who files a return and reports the income related to the final federal adjustments is entitled to a refundable credit for taxes paid by the audited partnership under division (C) (3) (b) of this section. The credit	1287 1288 1289 1290 1291 1292 1293

shall be computed and claimed in the same manner as the credit 1294
allowed under division (I) of section 5747.08 of the Revised 1295
Code. 1296

(ii) Notwithstanding division (C) (4) (b) (i) of this 1297
section, an exempt partner, whether a direct or indirect 1298
investor, may file an application for refund of its 1299
proportionate share of the amounts erroneously paid by the 1300
audited partnership pursuant to division (C) (3) (b) of this 1301
section on the exempt partner's behalf. 1302

(5) Upon request by an audited partnership, the tax 1303
commissioner may agree, in writing, to allow an alternative 1304
method of reporting and payment than required by division (C) (2) 1305
or (3) of this section. The request must be submitted to the 1306
commissioner in writing before the applicable deadline for 1307
filing a return under division (C) (2) (a) or (3) of this section. 1308
The commissioner's decision on whether to enter into an 1309
agreement under this division is not subject to further 1310
administrative review or appeal. 1311

(6) Nothing in division (C) of this section precludes 1312
either of the following: 1313

(a) A resident taxpayer from filing a return to claim the 1314
credit under division (B) of section 5747.05 or division ~~(D) (2)~~ 1315
(B) (2) of section 5747.02 of the Revised Code based upon any 1316
amounts paid by the audited partnership on such investor's 1317
behalf to another state. 1318

(b) The tax commissioner from issuing an assessment under 1319
this chapter against any direct or indirect investor for taxes 1320
due from the investor if an audited partnership, or direct and 1321
indirect investor of an audited partnership that is a pass- 1322

through entity, fails to timely file any return or remit any 1323
payment required by this section or underreports income or 1324
underpays tax on behalf of an indirect investor who is a 1325
resident taxpayer. 1326

(D) In the case of an underpayment, and unless otherwise 1327
agreed to in writing by the tax commissioner: 1328

(1) The taxpayer's amended return shall be accompanied by 1329
payment of any combined additional tax due together with 1330
interest thereon. An amended return required by this section is 1331
a return subject to assessment under section 5747.13 of the 1332
Revised Code for the purpose of assessing any additional tax due 1333
under this section, together with any applicable penalty and 1334
interest. It shall not reopen those facts, figures, 1335
computations, or attachments from a previously filed return no 1336
longer subject to assessment that are not affected, either 1337
directly or indirectly, by the final federal adjustment to the 1338
taxpayer's federal income tax return. 1339

(2) The audited partnership's federal adjustments return 1340
shall be accompanied by payment of any combined additional tax 1341
due together with interest thereon. The federal adjustments 1342
return required by this section is a return subject to 1343
assessment under section 5747.13 of the Revised Code for the 1344
purpose of assessing any additional tax due under this section, 1345
together with any applicable penalty and interest. It shall not 1346
reopen those facts, figures, computations, or attachments from a 1347
previously filed return no longer subject to assessment that are 1348
not affected, either directly or indirectly, by the final 1349
federal adjustment. 1350

(3) The tax commissioner may accept estimated payments of 1351
the tax arising from pending federal adjustments before the date 1352

for filing a federal adjustments return. The commissioner may 1353
adopt rules for the payment of such estimated taxes. 1354

(E) In the case of an overpayment, and unless otherwise 1355
agreed to in writing by the tax commissioner: 1356

(1) A taxpayer may file an application for refund under 1357
this division within the ninety-day period prescribed for filing 1358
the amended return even if it is filed beyond the period 1359
prescribed in section 5747.11 of the Revised Code if it 1360
otherwise conforms to the requirements of such section. An 1361
application filed under this division shall claim refund of 1362
overpayments resulting from alterations to only those facts, 1363
figures, computations, or attachments required in the taxpayer's 1364
annual return that are affected, either directly or indirectly, 1365
by the final federal adjustment to the taxpayer's federal income 1366
tax return unless it is also filed within the time prescribed in 1367
section 5747.11 of the Revised Code. It shall not reopen those 1368
facts, figures, computations, or attachments that are not 1369
affected, either directly or indirectly, by the adjustment to 1370
the taxpayer's federal income tax return. 1371

(2) (a) Except as otherwise provided in division (E) (2) (b) 1372
of this section, an audited partnership may file an application 1373
for a refund under this division within the ninety-day period 1374
prescribed for filing the federal adjustments return, even if it 1375
is filed beyond the period prescribed by section 5747.11 of the 1376
Revised Code, if it otherwise conforms to the requirements of 1377
that section. An application filed under this division may claim 1378
a refund of overpayments resulting only from final federal 1379
adjustments unless it is also filed within the time prescribed 1380
by section 5747.11 of the Revised Code. It shall not reopen 1381
those facts, figures, computations, or attachments that are not 1382

affected, either directly or indirectly, by the federal 1383
adjustment. 1384

(b) An audited partnership may not file an application for 1385
refund under division (E) of this section based on final federal 1386
adjustments described in section 6225(a)(2) of the Internal 1387
Revenue Code. 1388

(3) Any refund granted to a pass-through entity filing an 1389
application for refund under division (E) of this section shall 1390
be reduced by amounts previously claimed as a credit under 1391
section 5747.059 or division (I) of section 5747.08 of the 1392
Revised Code by the pass-through entity's direct or indirect 1393
investors. 1394

(F) Excluding the deadline in division (C)(2)(c)(ii) of 1395
this section, an audited partnership, or a direct or indirect 1396
investor of an audited partnership that is a pass-through 1397
entity, may automatically extend the deadline for reporting, 1398
payments, and refunds under this section by sixty days if the 1399
entity has ten thousand or more direct investors and notifies 1400
the commissioner of such extension, in writing, before the 1401
unextended deadline. 1402

Sec. 5748.01. As used in this chapter: 1403

(A) "School district income tax" means an income tax 1404
adopted under one of the following: 1405

(1) Former section 5748.03 of the Revised Code as it 1406
existed prior to its repeal by Amended Substitute House Bill No. 1407
291 of the 115th general assembly; 1408

(2) Section 5748.03 of the Revised Code as enacted in 1409
Substitute Senate Bill No. 28 of the 118th general assembly; 1410

(3) Section 5748.08 of the Revised Code as enacted in	1411
Amended Substitute Senate Bill No. 17 of the 122nd general	1412
assembly;	1413
(4) Section 5748.021 of the Revised Code;	1414
(5) Section 5748.081 of the Revised Code;	1415
(6) Section 5748.09 of the Revised Code.	1416
(B) "Individual" means an individual subject to the tax	1417
levied by <u>has the same meaning as in section 5747.02-5747.01 of</u>	1418
the Revised Code.	1419
(C) "Estate" means an estate subject to the tax levied by	1420
section 5747.02 of the Revised Code <u>"Taxpayer" means an</u>	1421
<u>individual or estate having school district income upon which a</u>	1422
<u>school district income tax is imposed.</u>	1423
(D) "Taxable year" means a taxable year as defined in	1424
division (M) of section 5747.01 of the Revised Code.	1425
(E) "Taxable income" means:	1426
(1) In the case of an individual, one of the following, as	1427
specified in the resolution imposing the tax:	1428
(a) Modified adjusted gross income for the taxable year,	1429
as defined in section 5747.01 of the Revised Code, less the	1430
exemptions provided by section 5747.02-5747.025 of the Revised	1431
Code;	1432
(b) Wages, salaries, tips, and other employee compensation	1433
to the extent included in modified adjusted gross income as	1434
defined in section 5747.01 of the Revised Code, and net earnings	1435
from self-employment, as defined in section 1402(a) of the	1436
Internal Revenue Code, to the extent included in modified	1437

adjusted gross income.	1438
(2) In the case of an estate, taxable income for the taxable year as defined in division (S) of section 5747.01 of the Revised Code.	1439 1440 1441
(F) "Resident" of the school district means:	1442
(1) An individual who is a resident of this state as defined in division (I) of section 5747.01 of the Revised Code during all or a portion of the taxable year and who, during all or a portion of such period of state residency, is domiciled in the school district or lives in and maintains a permanent place of abode in the school district;	1443 1444 1445 1446 1447 1448
(2) An estate of a decedent who, at the time of death, was domiciled in the school district.	1449 1450
(G) "School district income" means:	1451
(1) With respect to an individual, the portion of the taxable income of an individual that is received by the individual during the portion of the taxable year that the individual is a resident of the school district and the school district income tax is in effect in that school district. An individual may have school district income with respect to more than one school district.	1452 1453 1454 1455 1456 1457 1458
(2) With respect to an estate, the taxable income of the estate for the portion of the taxable year that the school district income tax is in effect in that school district.	1459 1460 1461
(H) "Taxpayer" means an individual or estate having school district income upon which a school district income tax is imposed.	1462 1463 1464
(I) "School district purposes" means any of the purposes	1465

for which a tax may be levied pursuant to division (A) of 1466
section 5705.21 of the Revised Code, including the combined 1467
purposes authorized by section 5705.217 of the Revised Code. 1468

~~(J)~~ (I) "The county auditor's appraised value" and 1469
"estimated effective rate" have the same meanings as in section 1470
5705.01 of the Revised Code. 1471

Sec. 5751.02. (A) For the purpose of funding the needs of 1472
this state and its local governments, ~~there is hereby levied a~~ 1473
commercial activity tax is hereby levied for tax periods ending 1474
before January 1, 2030, on each person with taxable gross 1475
receipts for the privilege of doing business in this state. For 1476
the purposes of this chapter, "doing business" means engaging in 1477
any activity, whether legal or illegal, that is conducted for, 1478
or results in, gain, profit, or income, at any time during a 1479
calendar year. Persons on which the commercial activity tax is 1480
levied include, but are not limited to, persons with substantial 1481
nexus with this state. The tax imposed under this section is not 1482
a transactional tax and is not subject to Public Law No. 86-272, 1483
73 Stat. 555. The tax imposed under this section is in addition 1484
to any other taxes or fees imposed under the Revised Code. The 1485
tax levied under this section is imposed on the person receiving 1486
the gross receipts and is not a tax imposed directly on a 1487
purchaser. The tax imposed by this section is an annual 1488
privilege tax for the calendar year that contains all tax 1489
periods in the calendar year. A taxpayer is subject to the 1490
annual privilege tax for doing business during any portion of 1491
such calendar year. 1492

(B) The tax imposed by this section is a tax on the 1493
taxpayer and shall not be billed or invoiced to another person. 1494
Even if the tax or any portion thereof is billed or invoiced and 1495

separately stated, such amounts remain part of the price for 1496
purposes of the sales and use taxes levied under Chapters 5739. 1497
and 5741. of the Revised Code. Nothing in division (B) of this 1498
section prohibits: 1499

(1) A person from including in the price charged for a 1500
good or service an amount sufficient to recover the tax imposed 1501
by this section; or 1502

(2) A lessor from including an amount sufficient to 1503
recover the tax imposed by this section in a lease payment 1504
charged, or from including such an amount on a billing or 1505
invoice pursuant to the terms of a written lease agreement 1506
providing for the recovery of the lessor's tax costs. The 1507
recovery of such costs shall be based on an estimate of the 1508
total tax cost of the lessor during the tax period, as the tax 1509
liability of the lessor cannot be calculated until the end of 1510
that period. 1511

(C) (1) The commercial activities tax receipts fund is 1512
hereby created in the state treasury and shall consist of money 1513
arising from the tax imposed under this chapter. Sixty-five one- 1514
hundredths of one per cent of the money credited to that fund 1515
shall be credited to the revenue enhancement fund and shall be 1516
used to defray the costs incurred by the department of taxation 1517
in administering the tax imposed by this chapter and in 1518
implementing tax reform measures. The remainder of the money in 1519
the commercial activities tax receipts fund shall first be 1520
credited to the funds described in division (C) (2) of this 1521
section, as provided in that division, and the remainder shall 1522
be credited to the general revenue fund. 1523

(2) Not later than the twentieth day of February, May, 1524
August, and November of each year, the commissioner shall 1525

provide for payment of the following amounts from the commercial 1526
activities tax receipts fund: 1527

(a) To the commercial activity tax motor fuel receipts 1528
fund, an amount that bears the same ratio to the balance in the 1529
commercial activities tax receipts fund that (a) the taxable 1530
gross receipts attributed to motor fuel used for propelling 1531
vehicles on public highways as indicated by returns filed by the 1532
tenth day of that month for a liability that is due and payable 1533
on or after July 1, 2013, for a tax period ending before July 1, 1534
2014, bears to (b) all taxable gross receipts as indicated by 1535
those returns for such liabilities; 1536

(b) To the school district tangible property tax 1537
replacement fund, which is hereby created in the state treasury 1538
for the purpose of making the payments described in section 1539
5709.92 of the Revised Code, an amount necessary to make those 1540
payments; 1541

(c) To the local government tangible property tax 1542
replacement fund, which is hereby created in the state treasury 1543
for the purpose of making the payments described in section 1544
5709.93 of the Revised Code, an amount necessary to make those 1545
payments. 1546

(D) (1) On or after the first day of June of each year, the 1547
director of budget and management may transfer any balance in 1548
the school district tangible property tax replacement fund to 1549
the general revenue fund. 1550

(2) On or after the first day of June of each year, the 1551
director of budget and management may transfer any balance in 1552
the local government tangible property tax replacement fund to 1553
the general revenue fund. 1554

(E) (1) There is hereby created in the state treasury the 1555
commercial activity tax motor fuel receipts fund. 1556

(2) On or before the fifteenth day of June of each fiscal 1557
year beginning with fiscal year 2015, the director of the Ohio 1558
public works commission shall certify to the director of budget 1559
and management the amount of debt service paid from the general 1560
revenue fund in the current fiscal year on bonds issued to 1561
finance or assist in the financing of the cost of local 1562
subdivision public infrastructure capital improvement projects, 1563
as provided for in Sections 2k, 2m, 2p, and 2s of Article VIII, 1564
Ohio Constitution, that are attributable to costs for 1565
construction, reconstruction, maintenance, or repair of public 1566
highways and bridges and other statutory highway purposes. That 1567
certification shall allocate the total amount of debt service 1568
paid from the general revenue fund and attributable to those 1569
costs in the current fiscal year according to the applicable 1570
section of the Ohio Constitution under which the bonds were 1571
originally issued. 1572

(3) On or before the thirtieth day of June of each fiscal 1573
year beginning with fiscal year 2015, the director of budget and 1574
management shall determine an amount up to but not exceeding the 1575
amount certified under division (E) (2) of this section and shall 1576
reserve that amount from the cash balance in the petroleum 1577
activity tax public highways fund or the commercial activity tax 1578
motor fuel receipts fund for transfer to the general revenue 1579
fund at times and in amounts to be determined by the director. 1580
The director shall transfer the cash balance in the petroleum 1581
activity tax public highways fund or the commercial activity tax 1582
motor fuel receipts fund in excess of the amount so reserved to 1583
the highway operating fund on or before the thirtieth day of 1584
June of the current fiscal year. 1585

Section 2. That existing sections 122.17, 122.66, 323.151, 1586
3317.021, 3318.011, 5747.02, 5747.10, 5748.01, and 5751.02 of 1587
the Revised Code are hereby repealed. 1588