

**As Reported by the House Higher Education and Career Readiness
Committee**

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Am. H. B. No. 514

Representatives Cross, Denson

**Cosponsors: Representatives Click, Hall, Riedel, White, Creech, Johnson,
John, Gross, Lanese, Jones, Plummer, Swearingen, Abrams, Carfagna,
Baldridge, Miller, K., Lampton, West, Miller, J., Upchurch, Russo, Leland,
Jarrells**

A BILL

To amend sections 5703.21, 5747.01, 5747.98, 1
5751.98, and 6301.04 and to enact sections 2
3333.126, 3333.611, 3333.612, 5747.82, 5747.83, 3
and 5751.55 of the Revised Code to authorize tax 4
incentives for higher education intern and 5
graduate wages, to make other changes regarding 6
higher education student financial aid, and to 7
make an appropriation. 8

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

Section 1. That sections 5703.21, 5747.01, 5747.98, 9
5751.98, and 6301.04 be amended and sections 3333.126, 3333.611, 10
3333.612, 5747.82, 5747.83, and 5751.55 of the Revised Code be 11
enacted to read as follows: 12

Sec. 3333.126. (A) As used in this section, "eligible 13
student" means a student to whom all of the following apply: 14

(1) The student is eligible for an Ohio college 15
opportunity grant under section 3333.122 of the Revised Code. 16

<u>(2) The student is making progress toward completing the</u>	17
<u>student's bachelor's degree program.</u>	18
<u>(3) The student previously completed an associate's degree</u>	19
<u>program at any of the following:</u>	20
<u>(a) A community college established under Chapter 3345. of</u>	21
<u>the Revised Code;</u>	22
<u>(b) A state community college established under Chapter</u>	23
<u>3358. of the Revised Code;</u>	24
<u>(c) A technical college established under Chapter 3357. of</u>	25
<u>the Revised Code;</u>	26
<u>(d) A university branch campus;</u>	27
<u>(e) Central state university;</u>	28
<u>(f) Shawnee state university;</u>	29
<u>(g) A private, nonprofit institution of higher education</u>	30
<u>that holds a certificate of authorization pursuant to Chapter</u>	31
<u>1713. of the Revised Code that is not the institution at which</u>	32
<u>the student is enrolled in a bachelor's degree program.</u>	33
<u>(B) In addition to the Ohio college opportunity grant a</u>	34
<u>student is awarded under section 3333.122 of the Revised Code,</u>	35
<u>the chancellor of higher education shall award an eligible</u>	36
<u>student with a supplemental grant equal to one-half of the</u>	37
<u>amount the student is awarded under that section.</u>	38
<u>(C) The supplemental grants shall be subject to the same</u>	39
<u>requirements as a grant awarded under section 3333.122 of the</u>	40
<u>Revised Code, including divisions (D)(1) and (E) of that</u>	41
<u>section.</u>	42
<u>(D) The chancellor shall adopt rules to implement this</u>	43

section. 44

Sec. 3333.611. (A) As used in this section: 45

(1) An "eligible applicant" is an individual who satisfies 46
all of the following conditions: 47

(a) The individual is a resident of this state or another 48
state. 49

(b) The individual is enrolled in a state university or 50
college or a nonpublic four-year Ohio institution of higher 51
education. 52

(c) The individual is enrolled as an undergraduate or 53
graduate student in the field of science, technology, 54
engineering, or mathematics, or in science, technology, 55
engineering, or mathematics education. 56

(d) The individual was ranked in the top five per cent of 57
the individual's high school graduation cohort according to 58
grade point average. 59

(2) "Eligible graduate" means an individual who satisfies 60
all of the following conditions: 61

(a) The individual graduated from the state university or 62
college or nonpublic four-year Ohio institution of higher 63
education in which the individual was enrolled while the 64
individual was participating in the subprogram. 65

(b) The individual has outstanding loans that the 66
individual received under the subprogram. 67

(c) The individual is making timely payments on those 68
loans in accordance with the terms of the individual's repayment 69
schedule. 70

(B) The chancellor of higher education shall establish and 71
administer, as part of the choose Ohio first scholarship 72
program, a subprogram to make loans of ten thousand dollars to 73
eligible applicants. Eligible applicants shall apply for loans 74
in a form and manner prescribed by the chancellor. The 75
chancellor shall make first-time loans to eligible applicants 76
whom the chancellor approves to participate in the subprogram. 77
The chancellor shall not approve more than one hundred completed 78
applications for first-time loans in an academic year and shall 79
determine a method to select which applications to approve if 80
more than one hundred are submitted. 81

(C) An eligible applicant who receives a first-time loan 82
may apply to the chancellor to receive an additional loan of 83
five thousand dollars for each of the three subsequent academic 84
years. The chancellor shall not make loans to an eligible 85
applicant for more than four academic years. 86

(D) Each eligible applicant who receives a loan under the 87
subprogram shall sign a promissory note payable to the state. 88
The chancellor shall determine the interest rate and period of 89
repayment under the note. 90

(E) The chancellor shall forgive an eligible graduate's 91
obligation to repay the principal and interest on loans received 92
under the subprogram, as follows: 93

(1) If the graduate is an Ohio resident on the date that 94
is one calendar year after the graduate's graduation date, the 95
chancellor shall forgive an amount equal to thirty-three per 96
cent of the graduate's outstanding principal and interest. 97

(2) If the graduate is an Ohio resident on the date that 98
is two calendar years after the graduate's graduation date, the 99

chancellor shall forgive an amount equal to fifty per cent of 100
the graduate's outstanding principal and interest. 101

(3) If the graduate is an Ohio resident on the date that 102
is three calendar years after the graduate's graduation date, 103
the chancellor shall forgive any remaining outstanding principal 104
and interest. 105

(F) It is the intent of the general assembly that the 106
general revenue fund appropriations used to award choose Ohio 107
first scholarships also shall be used to award loans under the 108
subprogram. 109

(G) The chancellor shall adopt rules in accordance with 110
Chapter 119. of the Revised Code to administer the subprogram. 111

Sec. 3333.612. (A) As used in this section: 112

(1) "Intern" means a student who participates in an 113
internship program or a cooperative education program. 114

(2) "Internship program" and "cooperative education 115
program" have the same meanings as in section 3333.71 of the 116
Revised Code. 117

(B) A taxpayer that employs one or more interns may apply 118
to the chancellor of higher education for a tax credit under 119
section 5747.83 or 5751.55 of the Revised Code. The credit shall 120
equal thirty per cent of the wages or salaries paid to each 121
intern during the calendar year. To qualify for the credit, a 122
taxpayer's application must be received by the chancellor after 123
the first day and before the twenty-first day of January of the 124
year following the calendar year in which the wages or salaries 125
are paid. The application shall be made on a form and in the 126
manner prescribed by the chancellor and shall include any 127
information and documentation sufficient to establish that the 128

applicant meets the eligibility criteria prescribed under 129
section 5747.83 or 5751.55 of the Revised Code. 130

(C) If the chancellor determines that the applicant 131
qualifies for a credit under section 5747.83 or 5751.55 of the 132
Revised Code, the chancellor shall issue, within fifteen days 133
after the receipt of a complete application under division (B) 134
of this section, a tax credit certificate to the applicant. The 135
certificate shall be identified with a unique number and shall 136
include the applicant's name, address, federal employer 137
identification number, and the amount of credit the chancellor 138
determines the applicant is eligible to claim under section 139
5747.83 or 5751.55 of the Revised Code. The director shall send 140
a copy of each certificate to the tax commissioner. 141

Sec. 5703.21. (A) Except as provided in divisions (B) and 142
(C) of this section, no agent of the department of taxation, 143
except in the agent's report to the department or when called on 144
to testify in any court or proceeding, shall divulge any 145
information acquired by the agent as to the transactions, 146
property, or business of any person while acting or claiming to 147
act under orders of the department. Whoever violates this 148
provision shall thereafter be disqualified from acting as an 149
officer or employee or in any other capacity under appointment 150
or employment of the department. 151

(B) (1) For purposes of an audit pursuant to section 117.15 152
of the Revised Code, or an audit of the department pursuant to 153
Chapter 117. of the Revised Code, or an audit, pursuant to that 154
chapter, the objective of which is to express an opinion on a 155
financial report or statement prepared or issued pursuant to 156
division (A) (7) or (9) of section 126.21 of the Revised Code, 157
the officers and employees of the auditor of state charged with 158

conducting the audit shall have access to and the right to 159
examine any state tax returns and state tax return information 160
in the possession of the department to the extent that the 161
access and examination are necessary for purposes of the audit. 162
Any information acquired as the result of that access and 163
examination shall not be divulged for any purpose other than as 164
required for the audit or unless the officers and employees are 165
required to testify in a court or proceeding under compulsion of 166
legal process. Whoever violates this provision shall thereafter 167
be disqualified from acting as an officer or employee or in any 168
other capacity under appointment or employment of the auditor of 169
state. 170

(2) For purposes of an internal audit pursuant to section 171
126.45 of the Revised Code, the officers and employees of the 172
office of internal audit in the office of budget and management 173
charged with directing the internal audit shall have access to 174
and the right to examine any state tax returns and state tax 175
return information in the possession of the department to the 176
extent that the access and examination are necessary for 177
purposes of the internal audit. Any information acquired as the 178
result of that access and examination shall not be divulged for 179
any purpose other than as required for the internal audit or 180
unless the officers and employees are required to testify in a 181
court or proceeding under compulsion of legal process. Whoever 182
violates this provision shall thereafter be disqualified from 183
acting as an officer or employee or in any other capacity under 184
appointment or employment of the office of internal audit. 185

(3) As provided by section 6103(d)(2) of the Internal 186
Revenue Code, any federal tax returns or federal tax information 187
that the department has acquired from the internal revenue 188
service, through federal and state statutory authority, may be 189

disclosed to the auditor of state or the office of internal 190
audit solely for purposes of an audit of the department. 191

(4) For purposes of Chapter 3739. of the Revised Code, an 192
agent of the department of taxation may share information with 193
the division of state fire marshal that the agent finds during 194
the course of an investigation. 195

(C) Division (A) of this section does not prohibit any of 196
the following: 197

(1) Divulging information contained in applications, 198
complaints, and related documents filed with the department 199
under section 5715.27 of the Revised Code or in applications 200
filed with the department under section 5715.39 of the Revised 201
Code; 202

(2) Providing information to the office of child support 203
within the department of job and family services pursuant to 204
section 3125.43 of the Revised Code; 205

(3) Disclosing to the motor vehicle repair board any 206
information in the possession of the department that is 207
necessary for the board to verify the existence of an 208
applicant's valid vendor's license and current state tax 209
identification number under section 4775.07 of the Revised Code; 210

(4) Providing information to the administrator of workers' 211
compensation pursuant to sections 4123.271 and 4123.591 of the 212
Revised Code; 213

(5) Providing to the attorney general information the 214
department obtains under division (J) of section 1346.01 of the 215
Revised Code; 216

(6) Permitting properly authorized officers, employees, or 217

agents of a municipal corporation from inspecting reports or 218
information pursuant to section 718.84 of the Revised Code or 219
rules adopted under section 5745.16 of the Revised Code; 220

(7) Providing information regarding the name, account 221
number, or business address of a holder of a vendor's license 222
issued pursuant to section 5739.17 of the Revised Code, a holder 223
of a direct payment permit issued pursuant to section 5739.031 224
of the Revised Code, or a seller having a use tax account 225
maintained pursuant to section 5741.17 of the Revised Code, or 226
information regarding the active or inactive status of a 227
vendor's license, direct payment permit, or seller's use tax 228
account; 229

(8) Releasing invoices or invoice information furnished 230
under section 4301.433 of the Revised Code pursuant to that 231
section; 232

(9) Providing to a county auditor notices or documents 233
concerning or affecting the taxable value of property in the 234
county auditor's county. Unless authorized by law to disclose 235
documents so provided, the county auditor shall not disclose 236
such documents; 237

(10) Providing to a county auditor sales or use tax return 238
or audit information under section 333.06 of the Revised Code; 239

(11) Subject to section 4301.441 of the Revised Code, 240
disclosing to the appropriate state agency information in the 241
possession of the department of taxation that is necessary to 242
verify a permit holder's gallonage or noncompliance with taxes 243
levied under Chapter 4301. or 4305. of the Revised Code; 244

(12) Disclosing to the department of natural resources 245
information in the possession of the department of taxation that 246

is necessary for the department of taxation to verify the 247
taxpayer's compliance with section 5749.02 of the Revised Code 248
or to allow the department of natural resources to enforce 249
Chapter 1509. of the Revised Code; 250

(13) Disclosing to the department of job and family 251
services, industrial commission, and bureau of workers' 252
compensation information in the possession of the department of 253
taxation solely for the purpose of identifying employers that 254
misclassify employees as independent contractors or that fail to 255
properly report and pay employer tax liabilities. The department 256
of taxation shall disclose only such information that is 257
necessary to verify employer compliance with law administered by 258
those agencies. 259

(14) Disclosing to the Ohio casino control commission 260
information in the possession of the department of taxation that 261
is necessary to verify a casino operator's compliance with 262
section 5747.063 or 5753.02 of the Revised Code and sections 263
related thereto; 264

(15) Disclosing to the state lottery commission 265
information in the possession of the department of taxation that 266
is necessary to verify a lottery sales agent's compliance with 267
section 5747.064 of the Revised Code. 268

(16) Disclosing to the department of development 269
information in the possession of the department of taxation that 270
is necessary to ensure compliance with the laws of this state 271
governing taxation and to verify information reported to the 272
department of development for the purpose of evaluating 273
potential tax credits, tax deductions, grants, or loans. Such 274
information shall not include information received from the 275
internal revenue service the disclosure of which is prohibited 276

by section 6103 of the Internal Revenue Code. No officer, 277
employee, or agent of the department of development shall 278
disclose any information provided to the department of 279
development by the department of taxation under division (C) (16) 280
of this section except when disclosure of the information is 281
necessary for, and made solely for the purpose of facilitating, 282
the evaluation of potential tax credits, tax deductions, grants, 283
or loans. 284

(17) Disclosing to the department of insurance information 285
in the possession of the department of taxation that is 286
necessary to ensure a taxpayer's compliance with the 287
requirements with any tax credit administered by the department 288
of development and claimed by the taxpayer against any tax 289
administered by the superintendent of insurance. No officer, 290
employee, or agent of the department of insurance shall disclose 291
any information provided to the department of insurance by the 292
department of taxation under division (C) (17) of this section. 293

(18) Disclosing to the division of liquor control 294
information in the possession of the department of taxation that 295
is necessary for the division and department to comply with the 296
requirements of sections 4303.26 and 4303.271 of the Revised 297
Code. 298

(19) Disclosing to the department of education, upon that 299
department's request, information in the possession of the 300
department of taxation that is necessary only to verify whether 301
the family income of a student applying for or receiving a 302
scholarship under the educational choice scholarship pilot 303
program is equal to, less than, or greater than the income 304
thresholds prescribed by section 3310.032 of the Revised Code. 305
The department of education shall provide sufficient information 306

about the student and the student's family to enable the 307
department of taxation to make the verification. 308

(20) Disclosing to the Ohio rail development commission 309
information in the possession of the department of taxation that 310
is necessary to ensure compliance with the laws of this state 311
governing taxation and to verify information reported to the 312
commission for the purpose of evaluating potential grants or 313
loans. Such information shall not include information received 314
from the internal revenue service the disclosure of which is 315
prohibited by section 6103 of the Internal Revenue Code. No 316
member, officer, employee, or agent of the Ohio rail development 317
commission shall disclose any information provided to the 318
commission by the department of taxation under division (C) (20) 319
of this section except when disclosure of the information is 320
necessary for, and made solely for the purpose of facilitating, 321
the evaluation of potential grants or loans. 322

(21) Disclosing to the state racing commission information 323
in the possession of the department of taxation that is 324
necessary for verification of compliance with and for 325
enforcement and administration of the taxes levied by Chapter 326
3769. of the Revised Code. Such information shall include 327
information that is necessary for the state racing commission to 328
verify compliance with Chapter 3769. of the Revised Code for the 329
purposes of issuance, denial, suspension, or revocation of a 330
permit pursuant to section 3769.03 or 3769.06 of the Revised 331
Code and related sections. Unless disclosure is otherwise 332
authorized by law, information provided to the state racing 333
commission under this section remains confidential and is not 334
subject to public disclosure pursuant to section 3769.041 of the 335
Revised Code. 336

(22) Disclosing to the state fire marshal information in 337
the possession of the department of taxation that is necessary 338
for the state fire marshal to verify the compliance of a 339
licensed manufacturer of fireworks or a licensed wholesaler of 340
fireworks with section 3743.22 of the Revised Code. No officer, 341
employee, or agent of the state fire marshal shall disclose any 342
information provided to the state fire marshal by the department 343
of taxation under division (C) (22) of this section. 344

(23) Disclosing to the department of higher education 345
information in the possession of the department of taxation that 346
is necessary to verify information reported to the department of 347
higher education for the purpose of evaluating potential tax 348
credits. Such information shall not include information received 349
from the internal revenue service the disclosure of which is 350
prohibited by section 6103 of the Internal Revenue Code. No 351
officer, employee, or agent of the department of higher 352
education shall disclose any information provided to the 353
department of higher education by the department of taxation 354
under division (C) (23) of this section. 355

Sec. 5747.01. Except as otherwise expressly provided or 356
clearly appearing from the context, any term used in this 357
chapter that is not otherwise defined in this section has the 358
same meaning as when used in a comparable context in the laws of 359
the United States relating to federal income taxes or if not 360
used in a comparable context in those laws, has the same meaning 361
as in section 5733.40 of the Revised Code. Any reference in this 362
chapter to the Internal Revenue Code includes other laws of the 363
United States relating to federal income taxes. 364

As used in this chapter: 365

(A) "Adjusted gross income" or "Ohio adjusted gross 366

income" means federal adjusted gross income, as defined and used 367
in the Internal Revenue Code, adjusted as provided in this 368
section: 369

(1) Add interest or dividends on obligations or securities 370
of any state or of any political subdivision or authority of any 371
state, other than this state and its subdivisions and 372
authorities. 373

(2) Add interest or dividends on obligations of any 374
authority, commission, instrumentality, territory, or possession 375
of the United States to the extent that the interest or 376
dividends are exempt from federal income taxes but not from 377
state income taxes. 378

(3) Deduct interest or dividends on obligations of the 379
United States and its territories and possessions or of any 380
authority, commission, or instrumentality of the United States 381
to the extent that the interest or dividends are included in 382
federal adjusted gross income but exempt from state income taxes 383
under the laws of the United States. 384

(4) Deduct disability and survivor's benefits to the 385
extent included in federal adjusted gross income. 386

(5) Deduct the following, to the extent not otherwise 387
deducted or excluded in computing federal or Ohio adjusted gross 388
income: 389

(a) Benefits under Title II of the Social Security Act and 390
tier 1 railroad retirement; 391

(b) Railroad retirement benefits, other than tier 1 392
railroad retirement benefits, to the extent such amounts are 393
exempt from state taxation under federal law. 394

(6) Deduct the amount of wages and salaries, if any, not 395
otherwise allowable as a deduction but that would have been 396
allowable as a deduction in computing federal adjusted gross 397
income for the taxable year, had the work opportunity tax credit 398
allowed and determined under sections 38, 51, and 52 of the 399
Internal Revenue Code not been in effect. 400

(7) Deduct any interest or interest equivalent on public 401
obligations and purchase obligations to the extent that the 402
interest or interest equivalent is included in federal adjusted 403
gross income. 404

(8) Add any loss or deduct any gain resulting from the 405
sale, exchange, or other disposition of public obligations to 406
the extent that the loss has been deducted or the gain has been 407
included in computing federal adjusted gross income. 408

(9) Deduct or add amounts, as provided under section 409
5747.70 of the Revised Code, related to contributions to 410
variable college savings program accounts made or tuition units 411
purchased pursuant to Chapter 3334. of the Revised Code. 412

(10)(a) Deduct, to the extent not otherwise allowable as a 413
deduction or exclusion in computing federal or Ohio adjusted 414
gross income for the taxable year, the amount the taxpayer paid 415
during the taxable year for medical care insurance and qualified 416
long-term care insurance for the taxpayer, the taxpayer's 417
spouse, and dependents. No deduction for medical care insurance 418
under division (A)(10)(a) of this section shall be allowed 419
either to any taxpayer who is eligible to participate in any 420
subsidized health plan maintained by any employer of the 421
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 422
entitled to, or on application would be entitled to, benefits 423
under part A of Title XVIII of the "Social Security Act," 49 424

Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 425
division (A)(10)(a) of this section, "subsidized health plan" 426
means a health plan for which the employer pays any portion of 427
the plan's cost. The deduction allowed under division (A)(10)(a) 428
of this section shall be the net of any related premium refunds, 429
related premium reimbursements, or related insurance premium 430
dividends received during the taxable year. 431

(b) Deduct, to the extent not otherwise deducted or 432
excluded in computing federal or Ohio adjusted gross income 433
during the taxable year, the amount the taxpayer paid during the 434
taxable year, not compensated for by any insurance or otherwise, 435
for medical care of the taxpayer, the taxpayer's spouse, and 436
dependents, to the extent the expenses exceed seven and one-half 437
per cent of the taxpayer's federal adjusted gross income. 438

(c) For purposes of division (A)(10) of this section, 439
"medical care" has the meaning given in section 213 of the 440
Internal Revenue Code, subject to the special rules, 441
limitations, and exclusions set forth therein, and "qualified 442
long-term care" has the same meaning given in section 7702B(c) 443
of the Internal Revenue Code. Solely for purposes of division 444
(A)(10)(a) of this section, "dependent" includes a person who 445
otherwise would be a "qualifying relative" and thus a 446
"dependent" under section 152 of the Internal Revenue Code but 447
for the fact that the person fails to meet the income and 448
support limitations under section 152(d)(1)(B) and (C) of the 449
Internal Revenue Code. 450

(11)(a) Deduct any amount included in federal adjusted 451
gross income solely because the amount represents a 452
reimbursement or refund of expenses that in any year the 453
taxpayer had deducted as an itemized deduction pursuant to 454

section 63 of the Internal Revenue Code and applicable United 455
States department of the treasury regulations. The deduction 456
otherwise allowed under division (A)(11)(a) of this section 457
shall be reduced to the extent the reimbursement is attributable 458
to an amount the taxpayer deducted under this section in any 459
taxable year. 460

(b) Add any amount not otherwise included in Ohio adjusted 461
gross income for any taxable year to the extent that the amount 462
is attributable to the recovery during the taxable year of any 463
amount deducted or excluded in computing federal or Ohio 464
adjusted gross income in any taxable year. 465

(12) Deduct any portion of the deduction described in 466
section 1341(a)(2) of the Internal Revenue Code, for repaying 467
previously reported income received under a claim of right, that 468
meets both of the following requirements: 469

(a) It is allowable for repayment of an item that was 470
included in the taxpayer's adjusted gross income for a prior 471
taxable year and did not qualify for a credit under division (A) 472
or (B) of section 5747.05 of the Revised Code for that year; 473

(b) It does not otherwise reduce the taxpayer's adjusted 474
gross income for the current or any other taxable year. 475

(13) Deduct an amount equal to the deposits made to, and 476
net investment earnings of, a medical savings account during the 477
taxable year, in accordance with section 3924.66 of the Revised 478
Code. The deduction allowed by division (A)(13) of this section 479
does not apply to medical savings account deposits and earnings 480
otherwise deducted or excluded for the current or any other 481
taxable year from the taxpayer's federal adjusted gross income. 482

(14)(a) Add an amount equal to the funds withdrawn from a 483

medical savings account during the taxable year, and the net 484
investment earnings on those funds, when the funds withdrawn 485
were used for any purpose other than to reimburse an account 486
holder for, or to pay, eligible medical expenses, in accordance 487
with section 3924.66 of the Revised Code; 488

(b) Add the amounts distributed from a medical savings 489
account under division (A) (2) of section 3924.68 of the Revised 490
Code during the taxable year. 491

(15) Add any amount claimed as a credit under section 492
5747.059 of the Revised Code to the extent that such amount 493
satisfies either of the following: 494

(a) The amount was deducted or excluded from the 495
computation of the taxpayer's federal adjusted gross income as 496
required to be reported for the taxpayer's taxable year under 497
the Internal Revenue Code; 498

(b) The amount resulted in a reduction of the taxpayer's 499
federal adjusted gross income as required to be reported for any 500
of the taxpayer's taxable years under the Internal Revenue Code. 501

(16) Deduct the amount contributed by the taxpayer to an 502
individual development account program established by a county 503
department of job and family services pursuant to sections 504
329.11 to 329.14 of the Revised Code for the purpose of matching 505
funds deposited by program participants. On request of the tax 506
commissioner, the taxpayer shall provide any information that, 507
in the tax commissioner's opinion, is necessary to establish the 508
amount deducted under division (A) (16) of this section. 509

(17) (a) (i) Subject to divisions (A) (17) (a) (iii), (iv), and 510
(v) of this section, add five-sixths of the amount of 511
depreciation expense allowed by subsection (k) of section 168 of 512

the Internal Revenue Code, including the taxpayer's 513
proportionate or distributive share of the amount of 514
depreciation expense allowed by that subsection to a pass- 515
through entity in which the taxpayer has a direct or indirect 516
ownership interest. 517

(ii) Subject to divisions (A) (17) (a) (iii), (iv), and (v) 518
of this section, add five-sixths of the amount of qualifying 519
section 179 depreciation expense, including the taxpayer's 520
proportionate or distributive share of the amount of qualifying 521
section 179 depreciation expense allowed to any pass-through 522
entity in which the taxpayer has a direct or indirect ownership 523
interest. 524

(iii) Subject to division (A) (17) (a) (v) of this section, 525
for taxable years beginning in 2012 or thereafter, if the 526
increase in income taxes withheld by the taxpayer is equal to or 527
greater than ten per cent of income taxes withheld by the 528
taxpayer during the taxpayer's immediately preceding taxable 529
year, "two-thirds" shall be substituted for "five-sixths" for 530
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 531

(iv) Subject to division (A) (17) (a) (v) of this section, 532
for taxable years beginning in 2012 or thereafter, a taxpayer is 533
not required to add an amount under division (A) (17) of this 534
section if the increase in income taxes withheld by the taxpayer 535
and by any pass-through entity in which the taxpayer has a 536
direct or indirect ownership interest is equal to or greater 537
than the sum of (I) the amount of qualifying section 179 538
depreciation expense and (II) the amount of depreciation expense 539
allowed to the taxpayer by subsection (k) of section 168 of the 540
Internal Revenue Code, and including the taxpayer's 541
proportionate or distributive shares of such amounts allowed to 542

any such pass-through entities. 543

(v) If a taxpayer directly or indirectly incurs a net 544
operating loss for the taxable year for federal income tax 545
purposes, to the extent such loss resulted from depreciation 546
expense allowed by subsection (k) of section 168 of the Internal 547
Revenue Code and by qualifying section 179 depreciation expense, 548
"the entire" shall be substituted for "five-sixths of the" for 549
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 550

The tax commissioner, under procedures established by the 551
commissioner, may waive the add-backs related to a pass-through 552
entity if the taxpayer owns, directly or indirectly, less than 553
five per cent of the pass-through entity. 554

(b) Nothing in division (A) (17) of this section shall be 555
construed to adjust or modify the adjusted basis of any asset. 556

(c) To the extent the add-back required under division (A) 557
(17) (a) of this section is attributable to property generating 558
nonbusiness income or loss allocated under section 5747.20 of 559
the Revised Code, the add-back shall be situated to the same 560
location as the nonbusiness income or loss generated by the 561
property for the purpose of determining the credit under 562
division (A) of section 5747.05 of the Revised Code. Otherwise, 563
the add-back shall be apportioned, subject to one or more of the 564
four alternative methods of apportionment enumerated in section 565
5747.21 of the Revised Code. 566

(d) For the purposes of division (A) (17) (a) (v) of this 567
section, net operating loss carryback and carryforward shall not 568
include the allowance of any net operating loss deduction 569
carryback or carryforward to the taxable year to the extent such 570
loss resulted from depreciation allowed by section 168(k) of the 571

Internal Revenue Code and by the qualifying section 179 572
depreciation expense amount. 573

(e) For the purposes of divisions (A)(17) and (18) of this 574
section: 575

(i) "Income taxes withheld" means the total amount 576
withheld and remitted under sections 5747.06 and 5747.07 of the 577
Revised Code by an employer during the employer's taxable year. 578

(ii) "Increase in income taxes withheld" means the amount 579
by which the amount of income taxes withheld by an employer 580
during the employer's current taxable year exceeds the amount of 581
income taxes withheld by that employer during the employer's 582
immediately preceding taxable year. 583

(iii) "Qualifying section 179 depreciation expense" means 584
the difference between (I) the amount of depreciation expense 585
directly or indirectly allowed to a taxpayer under section 179 586
of the Internal Revised Code, and (II) the amount of 587
depreciation expense directly or indirectly allowed to the 588
taxpayer under section 179 of the Internal Revenue Code as that 589
section existed on December 31, 2002. 590

(18)(a) If the taxpayer was required to add an amount 591
under division (A)(17)(a) of this section for a taxable year, 592
deduct one of the following: 593

(i) One-fifth of the amount so added for each of the five 594
succeeding taxable years if the amount so added was five-sixths 595
of qualifying section 179 depreciation expense or depreciation 596
expense allowed by subsection (k) of section 168 of the Internal 597
Revenue Code; 598

(ii) One-half of the amount so added for each of the two 599
succeeding taxable years if the amount so added was two-thirds 600

of such depreciation expense; 601

(iii) One-sixth of the amount so added for each of the six 602
succeeding taxable years if the entire amount of such 603
depreciation expense was so added. 604

(b) If the amount deducted under division (A) (18) (a) of 605
this section is attributable to an add-back allocated under 606
division (A) (17) (c) of this section, the amount deducted shall 607
be situated to the same location. Otherwise, the add-back shall 608
be apportioned using the apportionment factors for the taxable 609
year in which the deduction is taken, subject to one or more of 610
the four alternative methods of apportionment enumerated in 611
section 5747.21 of the Revised Code. 612

(c) No deduction is available under division (A) (18) (a) of 613
this section with regard to any depreciation allowed by section 614
168(k) of the Internal Revenue Code and by the qualifying 615
section 179 depreciation expense amount to the extent that such 616
depreciation results in or increases a federal net operating 617
loss carryback or carryforward. If no such deduction is 618
available for a taxable year, the taxpayer may carry forward the 619
amount not deducted in such taxable year to the next taxable 620
year and add that amount to any deduction otherwise available 621
under division (A) (18) (a) of this section for that next taxable 622
year. The carryforward of amounts not so deducted shall continue 623
until the entire addition required by division (A) (17) (a) of 624
this section has been deducted. 625

(19) Deduct, to the extent not otherwise deducted or 626
excluded in computing federal or Ohio adjusted gross income for 627
the taxable year, the amount the taxpayer received during the 628
taxable year as reimbursement for life insurance premiums under 629
section 5919.31 of the Revised Code. 630

(20) Deduct, to the extent not otherwise deducted or 631
excluded in computing federal or Ohio adjusted gross income for 632
the taxable year, the amount the taxpayer received during the 633
taxable year as a death benefit paid by the adjutant general 634
under section 5919.33 of the Revised Code. 635

(21) Deduct, to the extent included in federal adjusted 636
gross income and not otherwise allowable as a deduction or 637
exclusion in computing federal or Ohio adjusted gross income for 638
the taxable year, military pay and allowances received by the 639
taxpayer during the taxable year for active duty service in the 640
United States army, air force, navy, marine corps, or coast 641
guard or reserve components thereof or the national guard. The 642
deduction may not be claimed for military pay and allowances 643
received by the taxpayer while the taxpayer is stationed in this 644
state. 645

(22) Deduct, to the extent not otherwise allowable as a 646
deduction or exclusion in computing federal or Ohio adjusted 647
gross income for the taxable year and not otherwise compensated 648
for by any other source, the amount of qualified organ donation 649
expenses incurred by the taxpayer during the taxable year, not 650
to exceed ten thousand dollars. A taxpayer may deduct qualified 651
organ donation expenses only once for all taxable years 652
beginning with taxable years beginning in 2007. 653

For the purposes of division (A) (22) of this section: 654

(a) "Human organ" means all or any portion of a human 655
liver, pancreas, kidney, intestine, or lung, and any portion of 656
human bone marrow. 657

(b) "Qualified organ donation expenses" means travel 658
expenses, lodging expenses, and wages and salary forgone by a 659

taxpayer in connection with the taxpayer's donation, while 660
living, of one or more of the taxpayer's human organs to another 661
human being. 662

(23) Deduct, to the extent not otherwise deducted or 663
excluded in computing federal or Ohio adjusted gross income for 664
the taxable year, amounts received by the taxpayer as retired 665
personnel pay for service in the uniformed services or reserve 666
components thereof, or the national guard, or received by the 667
surviving spouse or former spouse of such a taxpayer under the 668
survivor benefit plan on account of such a taxpayer's death. If 669
the taxpayer receives income on account of retirement paid under 670
the federal civil service retirement system or federal employees 671
retirement system, or under any successor retirement program 672
enacted by the congress of the United States that is established 673
and maintained for retired employees of the United States 674
government, and such retirement income is based, in whole or in 675
part, on credit for the taxpayer's uniformed service, the 676
deduction allowed under this division shall include only that 677
portion of such retirement income that is attributable to the 678
taxpayer's uniformed service, to the extent that portion of such 679
retirement income is otherwise included in federal adjusted 680
gross income and is not otherwise deducted under this section. 681
Any amount deducted under division (A) (23) of this section is 682
not included in a taxpayer's adjusted gross income for the 683
purposes of section 5747.055 of the Revised Code. No amount may 684
be deducted under division (A) (23) of this section on the basis 685
of which a credit was claimed under section 5747.055 of the 686
Revised Code. 687

(24) Deduct, to the extent not otherwise deducted or 688
excluded in computing federal or Ohio adjusted gross income for 689
the taxable year, the amount the taxpayer received during the 690

taxable year from the military injury relief fund created in 691
section 5902.05 of the Revised Code. 692

(25) Deduct, to the extent not otherwise deducted or 693
excluded in computing federal or Ohio adjusted gross income for 694
the taxable year, the amount the taxpayer received as a veterans 695
bonus during the taxable year from the Ohio department of 696
veterans services as authorized by Section 2r of Article VIII, 697
Ohio Constitution. 698

(26) Deduct, to the extent not otherwise deducted or 699
excluded in computing federal or Ohio adjusted gross income for 700
the taxable year, any income derived from a transfer agreement 701
or from the enterprise transferred under that agreement under 702
section 4313.02 of the Revised Code. 703

(27) Deduct, to the extent not otherwise deducted or 704
excluded in computing federal or Ohio adjusted gross income for 705
the taxable year, Ohio college opportunity or federal Pell grant 706
amounts received by the taxpayer or the taxpayer's spouse or 707
dependent pursuant to section 3333.122 of the Revised Code or 20 708
U.S.C. 1070a, et seq., and used to pay room or board furnished 709
by the educational institution for which the grant was awarded 710
at the institution's facilities, including meal plans 711
administered by the institution. For the purposes of this 712
division, receipt of a grant includes the distribution of a 713
grant directly to an educational institution and the crediting 714
of the grant to the enrollee's account with the institution. 715

(28) Deduct from the portion of an individual's federal 716
adjusted gross income that is business income, to the extent not 717
otherwise deducted or excluded in computing federal adjusted 718
gross income for the taxable year, one hundred twenty-five 719
thousand dollars for each spouse if spouses file separate 720

returns under section 5747.08 of the Revised Code or two hundred 721
fifty thousand dollars for all other individuals. 722

(29) Deduct, as provided under section 5747.78 of the 723
Revised Code, contributions to ABLE savings accounts made in 724
accordance with sections 113.50 to 113.56 of the Revised Code. 725

(30) (a) Deduct, to the extent not otherwise deducted or 726
excluded in computing federal or Ohio adjusted gross income 727
during the taxable year, all of the following: 728

(i) Compensation paid to a qualifying employee described 729
in division (A) (14) (a) of section 5703.94 of the Revised Code to 730
the extent such compensation is for disaster work conducted in 731
this state during a disaster response period pursuant to a 732
qualifying solicitation received by the employee's employer; 733

(ii) Compensation paid to a qualifying employee described 734
in division (A) (14) (b) of section 5703.94 of the Revised Code to 735
the extent such compensation is for disaster work conducted in 736
this state by the employee during the disaster response period 737
on critical infrastructure owned or used by the employee's 738
employer; 739

(iii) Income received by an out-of-state disaster business 740
for disaster work conducted in this state during a disaster 741
response period, or, if the out-of-state disaster business is a 742
pass-through entity, a taxpayer's distributive share of the 743
pass-through entity's income from the business conducting 744
disaster work in this state during a disaster response period, 745
if, in either case, the disaster work is conducted pursuant to a 746
qualifying solicitation received by the business. 747

(b) All terms used in division (A) (30) of this section 748
have the same meanings as in section 5703.94 of the Revised 749

Code. 750

(31) For a taxpayer who is a qualifying Ohio educator, 751
deduct, to the extent not otherwise deducted or excluded in 752
computing federal or Ohio adjusted gross income for the taxable 753
year, the lesser of two hundred fifty dollars or the amount of 754
expenses described in subsections (a)(2)(D)(i) and (ii) of 755
section 62 of the Internal Revenue Code paid or incurred by the 756
taxpayer during the taxpayer's taxable year in excess of the 757
amount the taxpayer is authorized to deduct for that taxable 758
year under subsection (a)(2)(D) of that section. 759

(32) Deduct, to the extent not otherwise deducted or 760
excluded in computing federal or Ohio adjusted gross income for 761
the taxable year, amounts received by the taxpayer as a 762
disability severance payment, computed under 10 U.S.C. 1212, 763
following discharge or release under honorable conditions from 764
the armed forces, as defined by 10 U.S.C. 101. 765

(33) Deduct, to the extent not otherwise deducted or 766
excluded in computing federal adjusted gross income or Ohio 767
adjusted gross income, amounts not subject to tax due to an 768
agreement entered into under division (A)(2) of section 5747.05 769
of the Revised Code. 770

(34) Deduct amounts as provided under section 5747.79 of 771
the Revised Code related to the taxpayer's qualifying capital 772
gains and deductible payroll. 773

To the extent a qualifying capital gain described under 774
division (A)(34) of this section is business income, the 775
taxpayer shall deduct those gains under this division before 776
deducting any such gains under division (A)(28) of this section. 777

(35)(a) For taxable years beginning in or after 2026, 778

deduct, to the extent not otherwise deducted or excluded in 779
computing federal or Ohio adjusted gross income for the taxable 780
year: 781

(i) One hundred per cent of the capital gain received by 782
the taxpayer in the taxable year from a qualifying interest in 783
an Ohio venture capital operating company attributable to the 784
company's investments in Ohio businesses during the period for 785
which the company was an Ohio venture operating company; and 786

(ii) Fifty per cent of the capital gain received by the 787
taxpayer in the taxable year from a qualifying interest in an 788
Ohio venture capital operating company attributable to the 789
company's investments in all other businesses during the period 790
for which the company was an Ohio venture operating company. 791

(b) Add amounts previously deducted by the taxpayer under 792
division (A) (35) (a) of this section if the director of 793
development certifies to the tax commissioner that the 794
requirements for the deduction were not met. 795

(c) All terms used in division (A) (35) of this section 796
have the same meanings as in section 122.851 of the Revised 797
Code. 798

(d) To the extent a capital gain described in division (A) 799
(35) (a) of this section is business income, the taxpayer shall 800
apply that division before applying division (A) (28) of this 801
section. 802

(36) Deduct the amount allowed under section 5747.82 of 803
the Revised Code. To the extent that income qualifies for the 804
deduction under this division and the deduction described in 805
division (A) (28) of this section, the taxpayer shall deduct such 806
income under this division before deducting any such income 807

under division (A) (28) of this section. 808

(B) "Business income" means income, including gain or 809
loss, arising from transactions, activities, and sources in the 810
regular course of a trade or business and includes income, gain, 811
or loss from real property, tangible property, and intangible 812
property if the acquisition, rental, management, and disposition 813
of the property constitute integral parts of the regular course 814
of a trade or business operation. "Business income" includes 815
income, including gain or loss, from a partial or complete 816
liquidation of a business, including, but not limited to, gain 817
or loss from the sale or other disposition of goodwill. 818

(C) "Nonbusiness income" means all income other than 819
business income and may include, but is not limited to, 820
compensation, rents and royalties from real or tangible personal 821
property, capital gains, interest, dividends and distributions, 822
patent or copyright royalties, or lottery winnings, prizes, and 823
awards. 824

(D) "Compensation" means any form of remuneration paid to 825
an employee for personal services. 826

(E) "Fiduciary" means a guardian, trustee, executor, 827
administrator, receiver, conservator, or any other person acting 828
in any fiduciary capacity for any individual, trust, or estate. 829

(F) "Fiscal year" means an accounting period of twelve 830
months ending on the last day of any month other than December. 831

(G) "Individual" means any natural person. 832

(H) "Internal Revenue Code" means the "Internal Revenue 833
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 834

(I) "Resident" means any of the following: 835

(1) An individual who is domiciled in this state, subject 836
to section 5747.24 of the Revised Code; 837

(2) The estate of a decedent who at the time of death was 838
domiciled in this state. The domicile tests of section 5747.24 839
of the Revised Code are not controlling for purposes of division 840
(I) (2) of this section. 841

(3) A trust that, in whole or part, resides in this state. 842
If only part of a trust resides in this state, the trust is a 843
resident only with respect to that part. 844

For the purposes of division (I) (3) of this section: 845

(a) A trust resides in this state for the trust's current 846
taxable year to the extent, as described in division (I) (3) (d) 847
of this section, that the trust consists directly or indirectly, 848
in whole or in part, of assets, net of any related liabilities, 849
that were transferred, or caused to be transferred, directly or 850
indirectly, to the trust by any of the following: 851

(i) A person, a court, or a governmental entity or 852
instrumentality on account of the death of a decedent, but only 853
if the trust is described in division (I) (3) (e) (i) or (ii) of 854
this section; 855

(ii) A person who was domiciled in this state for the 856
purposes of this chapter when the person directly or indirectly 857
transferred assets to an irrevocable trust, but only if at least 858
one of the trust's qualifying beneficiaries is domiciled in this 859
state for the purposes of this chapter during all or some 860
portion of the trust's current taxable year; 861

(iii) A person who was domiciled in this state for the 862
purposes of this chapter when the trust document or instrument 863
or part of the trust document or instrument became irrevocable, 864

but only if at least one of the trust's qualifying beneficiaries 865
is a resident domiciled in this state for the purposes of this 866
chapter during all or some portion of the trust's current 867
taxable year. If a trust document or instrument became 868
irrevocable upon the death of a person who at the time of death 869
was domiciled in this state for purposes of this chapter, that 870
person is a person described in division (I)(3)(a)(iii) of this 871
section. 872

(b) A trust is irrevocable to the extent that the 873
transferor is not considered to be the owner of the net assets 874
of the trust under sections 671 to 678 of the Internal Revenue 875
Code. 876

(c) With respect to a trust other than a charitable lead 877
trust, "qualifying beneficiary" has the same meaning as 878
"potential current beneficiary" as defined in section 1361(e)(2) 879
of the Internal Revenue Code, and with respect to a charitable 880
lead trust "qualifying beneficiary" is any current, future, or 881
contingent beneficiary, but with respect to any trust 882
"qualifying beneficiary" excludes a person or a governmental 883
entity or instrumentality to any of which a contribution would 884
qualify for the charitable deduction under section 170 of the 885
Internal Revenue Code. 886

(d) For the purposes of division (I)(3)(a) of this 887
section, the extent to which a trust consists directly or 888
indirectly, in whole or in part, of assets, net of any related 889
liabilities, that were transferred directly or indirectly, in 890
whole or part, to the trust by any of the sources enumerated in 891
that division shall be ascertained by multiplying the fair 892
market value of the trust's assets, net of related liabilities, 893
by the qualifying ratio, which shall be computed as follows: 894

(i) The first time the trust receives assets, the 895
numerator of the qualifying ratio is the fair market value of 896
those assets at that time, net of any related liabilities, from 897
sources enumerated in division (I)(3)(a) of this section. The 898
denominator of the qualifying ratio is the fair market value of 899
all the trust's assets at that time, net of any related 900
liabilities. 901

(ii) Each subsequent time the trust receives assets, a 902
revised qualifying ratio shall be computed. The numerator of the 903
revised qualifying ratio is the sum of (1) the fair market value 904
of the trust's assets immediately prior to the subsequent 905
transfer, net of any related liabilities, multiplied by the 906
qualifying ratio last computed without regard to the subsequent 907
transfer, and (2) the fair market value of the subsequently 908
transferred assets at the time transferred, net of any related 909
liabilities, from sources enumerated in division (I)(3)(a) of 910
this section. The denominator of the revised qualifying ratio is 911
the fair market value of all the trust's assets immediately 912
after the subsequent transfer, net of any related liabilities. 913

(iii) Whether a transfer to the trust is by or from any of 914
the sources enumerated in division (I)(3)(a) of this section 915
shall be ascertained without regard to the domicile of the 916
trust's beneficiaries. 917

(e) For the purposes of division (I)(3)(a)(i) of this 918
section: 919

(i) A trust is described in division (I)(3)(e)(i) of this 920
section if the trust is a testamentary trust and the testator of 921
that testamentary trust was domiciled in this state at the time 922
of the testator's death for purposes of the taxes levied under 923
Chapter 5731. of the Revised Code. 924

(ii) A trust is described in division (I)(3)(e)(ii) of 925
this section if the transfer is a qualifying transfer described 926
in any of divisions (I)(3)(f)(i) to (vi) of this section, the 927
trust is an irrevocable inter vivos trust, and at least one of 928
the trust's qualifying beneficiaries is domiciled in this state 929
for purposes of this chapter during all or some portion of the 930
trust's current taxable year. 931

(f) For the purposes of division (I)(3)(e)(ii) of this 932
section, a "qualifying transfer" is a transfer of assets, net of 933
any related liabilities, directly or indirectly to a trust, if 934
the transfer is described in any of the following: 935

(i) The transfer is made to a trust, created by the 936
decedent before the decedent's death and while the decedent was 937
domiciled in this state for the purposes of this chapter, and, 938
prior to the death of the decedent, the trust became irrevocable 939
while the decedent was domiciled in this state for the purposes 940
of this chapter. 941

(ii) The transfer is made to a trust to which the 942
decedent, prior to the decedent's death, had directly or 943
indirectly transferred assets, net of any related liabilities, 944
while the decedent was domiciled in this state for the purposes 945
of this chapter, and prior to the death of the decedent the 946
trust became irrevocable while the decedent was domiciled in 947
this state for the purposes of this chapter. 948

(iii) The transfer is made on account of a contractual 949
relationship existing directly or indirectly between the 950
transferor and either the decedent or the estate of the decedent 951
at any time prior to the date of the decedent's death, and the 952
decedent was domiciled in this state at the time of death for 953
purposes of the taxes levied under Chapter 5731. of the Revised 954

Code. 955

(iv) The transfer is made to a trust on account of a 956
contractual relationship existing directly or indirectly between 957
the transferor and another person who at the time of the 958
decedent's death was domiciled in this state for purposes of 959
this chapter. 960

(v) The transfer is made to a trust on account of the will 961
of a testator who was domiciled in this state at the time of the 962
testator's death for purposes of the taxes levied under Chapter 963
5731. of the Revised Code. 964

(vi) The transfer is made to a trust created by or caused 965
to be created by a court, and the trust was directly or 966
indirectly created in connection with or as a result of the 967
death of an individual who, for purposes of the taxes levied 968
under Chapter 5731. of the Revised Code, was domiciled in this 969
state at the time of the individual's death. 970

(g) The tax commissioner may adopt rules to ascertain the 971
part of a trust residing in this state. 972

(J) "Nonresident" means an individual or estate that is 973
not a resident. An individual who is a resident for only part of 974
a taxable year is a nonresident for the remainder of that 975
taxable year. 976

(K) "Pass-through entity" has the same meaning as in 977
section 5733.04 of the Revised Code. 978

(L) "Return" means the notifications and reports required 979
to be filed pursuant to this chapter for the purpose of 980
reporting the tax due and includes declarations of estimated tax 981
when so required. 982

(M) "Taxable year" means the calendar year or the 983
taxpayer's fiscal year ending during the calendar year, or 984
fractional part thereof, upon which the adjusted gross income is 985
calculated pursuant to this chapter. 986

(N) "Taxpayer" means any person subject to the tax imposed 987
by section 5747.02 of the Revised Code or any pass-through 988
entity that makes the election under division (D) of section 989
5747.08 of the Revised Code. 990

(O) "Dependents" means one of the following: 991

(1) For taxable years beginning on or after January 1, 992
2018, and before January 1, 2026, dependents as defined in the 993
Internal Revenue Code; 994

(2) For all other taxable years, dependents as defined in 995
the Internal Revenue Code and as claimed in the taxpayer's 996
federal income tax return for the taxable year or which the 997
taxpayer would have been permitted to claim had the taxpayer 998
filed a federal income tax return. 999

(P) "Principal county of employment" means, in the case of 1000
a nonresident, the county within the state in which a taxpayer 1001
performs services for an employer or, if those services are 1002
performed in more than one county, the county in which the major 1003
portion of the services are performed. 1004

(Q) As used in sections 5747.50 to 5747.55 of the Revised 1005
Code: 1006

(1) "Subdivision" means any county, municipal corporation, 1007
park district, or township. 1008

(2) "Essential local government purposes" includes all 1009
functions that any subdivision is required by general law to 1010

exercise, including like functions that are exercised under a 1011
charter adopted pursuant to the Ohio Constitution. 1012

(R) "Overpayment" means any amount already paid that 1013
exceeds the figure determined to be the correct amount of the 1014
tax. 1015

(S) "Taxable income" or "Ohio taxable income" applies only 1016
to estates and trusts, and means federal taxable income, as 1017
defined and used in the Internal Revenue Code, adjusted as 1018
follows: 1019

(1) Add interest or dividends, net of ordinary, necessary, 1020
and reasonable expenses not deducted in computing federal 1021
taxable income, on obligations or securities of any state or of 1022
any political subdivision or authority of any state, other than 1023
this state and its subdivisions and authorities, but only to the 1024
extent that such net amount is not otherwise includible in Ohio 1025
taxable income and is described in either division (S)(1)(a) or 1026
(b) of this section: 1027

(a) The net amount is not attributable to the S portion of 1028
an electing small business trust and has not been distributed to 1029
beneficiaries for the taxable year; 1030

(b) The net amount is attributable to the S portion of an 1031
electing small business trust for the taxable year. 1032

(2) Add interest or dividends, net of ordinary, necessary, 1033
and reasonable expenses not deducted in computing federal 1034
taxable income, on obligations of any authority, commission, 1035
instrumentality, territory, or possession of the United States 1036
to the extent that the interest or dividends are exempt from 1037
federal income taxes but not from state income taxes, but only 1038
to the extent that such net amount is not otherwise includible 1039

in Ohio taxable income and is described in either division (S) 1040
(1) (a) or (b) of this section; 1041

(3) Add the amount of personal exemption allowed to the 1042
estate pursuant to section 642(b) of the Internal Revenue Code; 1043

(4) Deduct interest or dividends, net of related expenses 1044
deducted in computing federal taxable income, on obligations of 1045
the United States and its territories and possessions or of any 1046
authority, commission, or instrumentality of the United States 1047
to the extent that the interest or dividends are exempt from 1048
state taxes under the laws of the United States, but only to the 1049
extent that such amount is included in federal taxable income 1050
and is described in either division (S) (1) (a) or (b) of this 1051
section; 1052

(5) Deduct the amount of wages and salaries, if any, not 1053
otherwise allowable as a deduction but that would have been 1054
allowable as a deduction in computing federal taxable income for 1055
the taxable year, had the work opportunity tax credit allowed 1056
under sections 38, 51, and 52 of the Internal Revenue Code not 1057
been in effect, but only to the extent such amount relates 1058
either to income included in federal taxable income for the 1059
taxable year or to income of the S portion of an electing small 1060
business trust for the taxable year; 1061

(6) Deduct any interest or interest equivalent, net of 1062
related expenses deducted in computing federal taxable income, 1063
on public obligations and purchase obligations, but only to the 1064
extent that such net amount relates either to income included in 1065
federal taxable income for the taxable year or to income of the 1066
S portion of an electing small business trust for the taxable 1067
year; 1068

(7) Add any loss or deduct any gain resulting from sale, 1069
exchange, or other disposition of public obligations to the 1070
extent that such loss has been deducted or such gain has been 1071
included in computing either federal taxable income or income of 1072
the S portion of an electing small business trust for the 1073
taxable year; 1074

(8) Except in the case of the final return of an estate, 1075
add any amount deducted by the taxpayer on both its Ohio estate 1076
tax return pursuant to section 5731.14 of the Revised Code, and 1077
on its federal income tax return in determining federal taxable 1078
income; 1079

(9) (a) Deduct any amount included in federal taxable 1080
income solely because the amount represents a reimbursement or 1081
refund of expenses that in a previous year the decedent had 1082
deducted as an itemized deduction pursuant to section 63 of the 1083
Internal Revenue Code and applicable treasury regulations. The 1084
deduction otherwise allowed under division (S) (9) (a) of this 1085
section shall be reduced to the extent the reimbursement is 1086
attributable to an amount the taxpayer or decedent deducted 1087
under this section in any taxable year. 1088

(b) Add any amount not otherwise included in Ohio taxable 1089
income for any taxable year to the extent that the amount is 1090
attributable to the recovery during the taxable year of any 1091
amount deducted or excluded in computing federal or Ohio taxable 1092
income in any taxable year, but only to the extent such amount 1093
has not been distributed to beneficiaries for the taxable year. 1094

(10) Deduct any portion of the deduction described in 1095
section 1341(a) (2) of the Internal Revenue Code, for repaying 1096
previously reported income received under a claim of right, that 1097
meets both of the following requirements: 1098

(a) It is allowable for repayment of an item that was 1099
included in the taxpayer's taxable income or the decedent's 1100
adjusted gross income for a prior taxable year and did not 1101
qualify for a credit under division (A) or (B) of section 1102
5747.05 of the Revised Code for that year. 1103

(b) It does not otherwise reduce the taxpayer's taxable 1104
income or the decedent's adjusted gross income for the current 1105
or any other taxable year. 1106

(11) Add any amount claimed as a credit under section 1107
5747.059 of the Revised Code to the extent that the amount 1108
satisfies either of the following: 1109

(a) The amount was deducted or excluded from the 1110
computation of the taxpayer's federal taxable income as required 1111
to be reported for the taxpayer's taxable year under the 1112
Internal Revenue Code; 1113

(b) The amount resulted in a reduction in the taxpayer's 1114
federal taxable income as required to be reported for any of the 1115
taxpayer's taxable years under the Internal Revenue Code. 1116

(12) Deduct any amount, net of related expenses deducted 1117
in computing federal taxable income, that a trust is required to 1118
report as farm income on its federal income tax return, but only 1119
if the assets of the trust include at least ten acres of land 1120
satisfying the definition of "land devoted exclusively to 1121
agricultural use" under section 5713.30 of the Revised Code, 1122
regardless of whether the land is valued for tax purposes as 1123
such land under sections 5713.30 to 5713.38 of the Revised Code. 1124
If the trust is a pass-through entity investor, section 5747.231 1125
of the Revised Code applies in ascertaining if the trust is 1126
eligible to claim the deduction provided by division (S) (12) of 1127

this section in connection with the pass-through entity's farm 1128
income. 1129

Except for farm income attributable to the S portion of an 1130
electing small business trust, the deduction provided by 1131
division (S)(12) of this section is allowed only to the extent 1132
that the trust has not distributed such farm income. 1133

(13) Add the net amount of income described in section 1134
641(c) of the Internal Revenue Code to the extent that amount is 1135
not included in federal taxable income. 1136

(14) Add or deduct the amount the taxpayer would be 1137
required to add or deduct under division (A)(17) or (18) of this 1138
section if the taxpayer's Ohio taxable income were computed in 1139
the same manner as an individual's Ohio adjusted gross income is 1140
computed under this section. 1141

(T) "School district income" and "school district income 1142
tax" have the same meanings as in section 5748.01 of the Revised 1143
Code. 1144

(U) As used in divisions (A)(7), (A)(8), (S)(6), and (S) 1145
(7) of this section, "public obligations," "purchase 1146
obligations," and "interest or interest equivalent" have the 1147
same meanings as in section 5709.76 of the Revised Code. 1148

(V) "Limited liability company" means any limited 1149
liability company formed under Chapter 1705. or 1706. of the 1150
Revised Code or under the laws of any other state. 1151

(W) "Pass-through entity investor" means any person who, 1152
during any portion of a taxable year of a pass-through entity, 1153
is a partner, member, shareholder, or equity investor in that 1154
pass-through entity. 1155

(X) "Banking day" has the same meaning as in section 1156
1304.01 of the Revised Code. 1157

(Y) "Month" means a calendar month. 1158

(Z) "Quarter" means the first three months, the second 1159
three months, the third three months, or the last three months 1160
of the taxpayer's taxable year. 1161

(AA) (1) "Modified business income" means the business 1162
income included in a trust's Ohio taxable income after such 1163
taxable income is first reduced by the qualifying trust amount, 1164
if any. 1165

(2) "Qualifying trust amount" of a trust means capital 1166
gains and losses from the sale, exchange, or other disposition 1167
of equity or ownership interests in, or debt obligations of, a 1168
qualifying investee to the extent included in the trust's Ohio 1169
taxable income, but only if the following requirements are 1170
satisfied: 1171

(a) The book value of the qualifying investee's physical 1172
assets in this state and everywhere, as of the last day of the 1173
qualifying investee's fiscal or calendar year ending immediately 1174
prior to the date on which the trust recognizes the gain or 1175
loss, is available to the trust. 1176

(b) The requirements of section 5747.011 of the Revised 1177
Code are satisfied for the trust's taxable year in which the 1178
trust recognizes the gain or loss. 1179

Any gain or loss that is not a qualifying trust amount is 1180
modified business income, qualifying investment income, or 1181
modified nonbusiness income, as the case may be. 1182

(3) "Modified nonbusiness income" means a trust's Ohio 1183

taxable income other than modified business income, other than 1184
the qualifying trust amount, and other than qualifying 1185
investment income, as defined in section 5747.012 of the Revised 1186
Code, to the extent such qualifying investment income is not 1187
otherwise part of modified business income. 1188

(4) "Modified Ohio taxable income" applies only to trusts, 1189
and means the sum of the amounts described in divisions (AA) (4) 1190
(a) to (c) of this section: 1191

(a) The fraction, calculated under section 5747.013, and 1192
applying section 5747.231 of the Revised Code, multiplied by the 1193
sum of the following amounts: 1194

(i) The trust's modified business income; 1195

(ii) The trust's qualifying investment income, as defined 1196
in section 5747.012 of the Revised Code, but only to the extent 1197
the qualifying investment income does not otherwise constitute 1198
modified business income and does not otherwise constitute a 1199
qualifying trust amount. 1200

(b) The qualifying trust amount multiplied by a fraction, 1201
the numerator of which is the sum of the book value of the 1202
qualifying investee's physical assets in this state on the last 1203
day of the qualifying investee's fiscal or calendar year ending 1204
immediately prior to the day on which the trust recognizes the 1205
qualifying trust amount, and the denominator of which is the sum 1206
of the book value of the qualifying investee's total physical 1207
assets everywhere on the last day of the qualifying investee's 1208
fiscal or calendar year ending immediately prior to the day on 1209
which the trust recognizes the qualifying trust amount. If, for 1210
a taxable year, the trust recognizes a qualifying trust amount 1211
with respect to more than one qualifying investee, the amount 1212

described in division (AA) (4) (b) of this section shall equal the 1213
sum of the products so computed for each such qualifying 1214
investee. 1215

(c) (i) With respect to a trust or portion of a trust that 1216
is a resident as ascertained in accordance with division (I) (3) 1217
(d) of this section, its modified nonbusiness income. 1218

(ii) With respect to a trust or portion of a trust that is 1219
not a resident as ascertained in accordance with division (I) (3) 1220
(d) of this section, the amount of its modified nonbusiness 1221
income satisfying the descriptions in divisions (B) (2) to (5) of 1222
section 5747.20 of the Revised Code, except as otherwise 1223
provided in division (AA) (4) (c) (ii) of this section. With 1224
respect to a trust or portion of a trust that is not a resident 1225
as ascertained in accordance with division (I) (3) (d) of this 1226
section, the trust's portion of modified nonbusiness income 1227
recognized from the sale, exchange, or other disposition of a 1228
debt interest in or equity interest in a section 5747.212 1229
entity, as defined in section 5747.212 of the Revised Code, 1230
without regard to division (A) of that section, shall not be 1231
allocated to this state in accordance with section 5747.20 of 1232
the Revised Code but shall be apportioned to this state in 1233
accordance with division (B) of section 5747.212 of the Revised 1234
Code without regard to division (A) of that section. 1235

If the allocation and apportionment of a trust's income 1236
under divisions (AA) (4) (a) and (c) of this section do not fairly 1237
represent the modified Ohio taxable income of the trust in this 1238
state, the alternative methods described in division (C) of 1239
section 5747.21 of the Revised Code may be applied in the manner 1240
and to the same extent provided in that section. 1241

(5) (a) Except as set forth in division (AA) (5) (b) of this 1242

section, "qualifying investee" means a person in which a trust 1243
has an equity or ownership interest, or a person or unit of 1244
government the debt obligations of either of which are owned by 1245
a trust. For the purposes of division (AA) (2) (a) of this section 1246
and for the purpose of computing the fraction described in 1247
division (AA) (4) (b) of this section, all of the following apply: 1248

(i) If the qualifying investee is a member of a qualifying 1249
controlled group on the last day of the qualifying investee's 1250
fiscal or calendar year ending immediately prior to the date on 1251
which the trust recognizes the gain or loss, then "qualifying 1252
investee" includes all persons in the qualifying controlled 1253
group on such last day. 1254

(ii) If the qualifying investee, or if the qualifying 1255
investee and any members of the qualifying controlled group of 1256
which the qualifying investee is a member on the last day of the 1257
qualifying investee's fiscal or calendar year ending immediately 1258
prior to the date on which the trust recognizes the gain or 1259
loss, separately or cumulatively own, directly or indirectly, on 1260
the last day of the qualifying investee's fiscal or calendar 1261
year ending immediately prior to the date on which the trust 1262
recognizes the qualifying trust amount, more than fifty per cent 1263
of the equity of a pass-through entity, then the qualifying 1264
investee and the other members are deemed to own the 1265
proportionate share of the pass-through entity's physical assets 1266
which the pass-through entity directly or indirectly owns on the 1267
last day of the pass-through entity's calendar or fiscal year 1268
ending within or with the last day of the qualifying investee's 1269
fiscal or calendar year ending immediately prior to the date on 1270
which the trust recognizes the qualifying trust amount. 1271

(iii) For the purposes of division (AA) (5) (a) (iii) of this 1272

section, "upper level pass-through entity" means a pass-through 1273
entity directly or indirectly owning any equity of another pass- 1274
through entity, and "lower level pass-through entity" means that 1275
other pass-through entity. 1276

An upper level pass-through entity, whether or not it is 1277
also a qualifying investee, is deemed to own, on the last day of 1278
the upper level pass-through entity's calendar or fiscal year, 1279
the proportionate share of the lower level pass-through entity's 1280
physical assets that the lower level pass-through entity 1281
directly or indirectly owns on the last day of the lower level 1282
pass-through entity's calendar or fiscal year ending within or 1283
with the last day of the upper level pass-through entity's 1284
fiscal or calendar year. If the upper level pass-through entity 1285
directly and indirectly owns less than fifty per cent of the 1286
equity of the lower level pass-through entity on each day of the 1287
upper level pass-through entity's calendar or fiscal year in 1288
which or with which ends the calendar or fiscal year of the 1289
lower level pass-through entity and if, based upon clear and 1290
convincing evidence, complete information about the location and 1291
cost of the physical assets of the lower pass-through entity is 1292
not available to the upper level pass-through entity, then 1293
solely for purposes of ascertaining if a gain or loss 1294
constitutes a qualifying trust amount, the upper level pass- 1295
through entity shall be deemed as owning no equity of the lower 1296
level pass-through entity for each day during the upper level 1297
pass-through entity's calendar or fiscal year in which or with 1298
which ends the lower level pass-through entity's calendar or 1299
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 1300
shall be construed to provide for any deduction or exclusion in 1301
computing any trust's Ohio taxable income. 1302

(b) With respect to a trust that is not a resident for the 1303

taxable year and with respect to a part of a trust that is not a 1304
resident for the taxable year, "qualifying investee" for that 1305
taxable year does not include a C corporation if both of the 1306
following apply: 1307

(i) During the taxable year the trust or part of the trust 1308
recognizes a gain or loss from the sale, exchange, or other 1309
disposition of equity or ownership interests in, or debt 1310
obligations of, the C corporation. 1311

(ii) Such gain or loss constitutes nonbusiness income. 1312

(6) "Available" means information is such that a person is 1313
able to learn of the information by the due date plus 1314
extensions, if any, for filing the return for the taxable year 1315
in which the trust recognizes the gain or loss. 1316

(BB) "Qualifying controlled group" has the same meaning as 1317
in section 5733.04 of the Revised Code. 1318

(CC) "Related member" has the same meaning as in section 1319
5733.042 of the Revised Code. 1320

(DD) (1) For the purposes of division (DD) of this section: 1321

(a) "Qualifying person" means any person other than a 1322
qualifying corporation. 1323

(b) "Qualifying corporation" means any person classified 1324
for federal income tax purposes as an association taxable as a 1325
corporation, except either of the following: 1326

(i) A corporation that has made an election under 1327
subchapter S, chapter one, subtitle A, of the Internal Revenue 1328
Code for its taxable year ending within, or on the last day of, 1329
the investor's taxable year; 1330

(ii) A subsidiary that is wholly owned by any corporation 1331
that has made an election under subchapter S, chapter one, 1332
subtitle A of the Internal Revenue Code for its taxable year 1333
ending within, or on the last day of, the investor's taxable 1334
year. 1335

(2) For the purposes of this chapter, unless expressly 1336
stated otherwise, no qualifying person indirectly owns any asset 1337
directly or indirectly owned by any qualifying corporation. 1338

(EE) For purposes of this chapter and Chapter 5751. of the 1339
Revised Code: 1340

(1) "Trust" does not include a qualified pre-income tax 1341
trust. 1342

(2) A "qualified pre-income tax trust" is any pre-income 1343
tax trust that makes a qualifying pre-income tax trust election 1344
as described in division (EE) (3) of this section. 1345

(3) A "qualifying pre-income tax trust election" is an 1346
election by a pre-income tax trust to subject to the tax imposed 1347
by section 5751.02 of the Revised Code the pre-income tax trust 1348
and all pass-through entities of which the trust owns or 1349
controls, directly, indirectly, or constructively through 1350
related interests, five per cent or more of the ownership or 1351
equity interests. The trustee shall notify the tax commissioner 1352
in writing of the election on or before April 15, 2006. The 1353
election, if timely made, shall be effective on and after 1354
January 1, 2006, and shall apply for all tax periods and tax 1355
years until revoked by the trustee of the trust. 1356

(4) A "pre-income tax trust" is a trust that satisfies all 1357
of the following requirements: 1358

(a) The document or instrument creating the trust was 1359

executed by the grantor before January 1, 1972; 1360

(b) The trust became irrevocable upon the creation of the 1361
trust; and 1362

(c) The grantor was domiciled in this state at the time 1363
the trust was created. 1364

(FF) "Uniformed services" has the same meaning as in 10 1365
U.S.C. 101. 1366

(GG) "Taxable business income" means the amount by which 1367
an individual's business income that is included in federal 1368
adjusted gross income exceeds the amount of business income the 1369
individual is authorized to deduct under division (A) (28) of 1370
this section for the taxable year. 1371

(HH) "Employer" does not include a franchisor with respect 1372
to the franchisor's relationship with a franchisee or an 1373
employee of a franchisee, unless the franchisor agrees to assume 1374
that role in writing or a court of competent jurisdiction 1375
determines that the franchisor exercises a type or degree of 1376
control over the franchisee or the franchisee's employees that 1377
is not customarily exercised by a franchisor for the purpose of 1378
protecting the franchisor's trademark, brand, or both. For 1379
purposes of this division, "franchisor" and "franchisee" have 1380
the same meanings as in 16 C.F.R. 436.1. 1381

(II) "Modified adjusted gross income" means Ohio adjusted 1382
gross income plus any amount deducted under divisions (A) (28) 1383
and (34) of this section for the taxable year. 1384

(JJ) "Qualifying Ohio educator" means an individual who, 1385
for a taxable year, qualifies as an eligible educator, as that 1386
term is defined in section 62 of the Internal Revenue Code, and 1387
who holds a certificate, license, or permit described in Chapter 1388

3319. or section 3301.071 of the Revised Code. 1389

Sec. 5747.82. (A) As used in this section, "institution of 1390
higher education" means all of the following: 1391

(1) A state institution of higher education, as defined in 1392
section 3345.011 of the Revised Code; 1393

(2) An institution authorized by the department of higher 1394
education under Chapter 1713. of the Revised Code to grant 1395
degrees and that is accredited by the appropriate regional and 1396
professional accrediting associations within whose jurisdiction 1397
it falls; 1398

(3) A private career school holding program authorizations 1399
issued by the state board of career colleges and schools under 1400
division (C) of section 3332.05 of the Revised Code; 1401

(4) A private institution exempt from regulation under 1402
Chapter 3332. of the Revised Code as prescribed in section 1403
3333.046 of the Revised Code. 1404

(B) (1) An individual who graduates on or after January 1, 1405
2023, from an institution of higher education with a 1406
baccalaureate degree or a more advanced degree, as specified in 1407
rules adopted by the chancellor of higher education under 1408
division (D) of this section, may deduct the following from the 1409
individual's federal adjusted gross income to the extent such 1410
items are not otherwise deducted or excluded in computing 1411
federal or Ohio adjusted gross income for the taxable year: the 1412
individual's wages, salaries, tips, deferred compensation, and 1413
other employee compensation, and net earnings from self- 1414
employment as defined in section 1402(a) of the Internal Revenue 1415
Code. 1416

(2) Subject to division (C) of this section, the deduction 1417

may be made for the individual's taxable year that includes the 1418
date of graduation and the ensuing two taxable years or for the 1419
taxable year immediately following the taxable year that 1420
includes the date of graduation and the ensuing two taxable 1421
years. Except as provided in division (C) of this section, if a 1422
taxpayer does not claim the deduction for either the taxable 1423
year that includes the date of the individual's graduation or 1424
the immediately following taxable year, the taxpayer may not 1425
claim the deduction for any of the two taxable years thereafter. 1426
Evidence of graduation shall be retained for inspection by the 1427
tax commissioner until the expiration of four years after the 1428
end of the last taxable year the deduction is made. An 1429
individual may not claim a deduction under this section for more 1430
than a total of three taxable years, regardless of the number of 1431
qualifying degrees the individual obtains. 1432

(C) An individual who is allowed a deduction under 1433
division (A) (36) of section 5747.01 of the Revised Code may 1434
elect to defer the deduction for each taxable year that includes 1435
a date on which the individual is enrolled full time in an 1436
institution of higher education to pursue a more advanced 1437
degree, as specified in rules adopted by the chancellor of 1438
higher education under division (D) of this section. Evidence of 1439
such enrollment shall be retained for inspection by the tax 1440
commissioner until the expiration of four years after the end of 1441
the last taxable year the deduction is made. 1442

(D) The chancellor of higher education shall identify 1443
institutions of higher education for the purpose of this section 1444
and provide a list of such institutions to the tax commissioner. 1445
The chancellor shall adopt rules in accordance with Chapter 119. 1446
of the Revised Code specifying the advanced degrees that qualify 1447
for the purpose of calculating or deferring the deduction 1448

authorized under division (A) (36) of section 5747.01 of the 1449
Revised Code. 1450

Sec. 5747.83. Terms used in this section have the same 1451
meanings as in section 5751.55 of the Revised Code. 1452

There is hereby allowed a refundable credit against the 1453
tax imposed by section 5747.02 of the Revised Code for a 1454
taxpayer that employs one or more interns. The credit shall 1455
equal the dollar amount indicated on the certificate issued by 1456
the chancellor of higher education under section 3333.612 of the 1457
Revised Code. The credit shall be claimed for the taxpayer's 1458
taxable year that includes the last day of the calendar year 1459
preceding the year in which the certificate is issued. 1460

The taxpayer shall claim the credit in the order required 1461
by section 5747.98 of the Revised Code. Any credit amount in 1462
excess of the taxpayer's tax liability, after allowing for any 1463
other credits preceding the credit in that order, shall be 1464
refunded to the taxpayer. 1465

The tax commissioner may request that a taxpayer claiming 1466
a credit under this section furnish information as is necessary 1467
to support the claim for the credit under this section, and no 1468
credit shall be allowed unless the requested information is 1469
provided. 1470

No credit shall be allowed under this section for wages or 1471
salaries paid to one or more interns if those wages or salaries 1472
are the basis of credit claimed under section 5751.55 of the 1473
Revised Code. 1474

Sec. 5747.98. (A) To provide a uniform procedure for 1475
calculating a taxpayer's aggregate tax liability under section 1476
5747.02 of the Revised Code, a taxpayer shall claim any credits 1477

to which the taxpayer is entitled in the following order: 1478

Either the retirement income credit under division (B) of 1479
section 5747.055 of the Revised Code or the lump sum retirement 1480
income credits under divisions (C), (D), and (E) of that 1481
section; 1482

Either the senior citizen credit under division (F) of 1483
section 5747.055 of the Revised Code or the lump sum 1484
distribution credit under division (G) of that section; 1485

The dependent care credit under section 5747.054 of the 1486
Revised Code; 1487

The credit for displaced workers who pay for job training 1488
under section 5747.27 of the Revised Code; 1489

The campaign contribution credit under section 5747.29 of 1490
the Revised Code; 1491

The twenty-dollar personal exemption credit under section 1492
5747.022 of the Revised Code; 1493

The joint filing credit under division (G) of section 1494
5747.05 of the Revised Code; 1495

The earned income credit under section 5747.71 of the 1496
Revised Code; 1497

The nonrefundable credit for education expenses under 1498
section 5747.72 of the Revised Code; 1499

The nonrefundable credit for donations to scholarship 1500
granting organizations under section 5747.73 of the Revised 1501
Code; 1502

The nonrefundable credit for tuition paid to a 1503
nonchartered nonpublic school under section 5747.75 of the 1504

Revised Code;	1505
The credit for adoption of a minor child under section	1506
5747.37 of the Revised Code;	1507
The nonrefundable job retention credit under division (B)	1508
of section 5747.058 of the Revised Code;	1509
The enterprise zone credit under section 5709.66 of the	1510
Revised Code;	1511
The credit for purchases of qualifying grape production	1512
property under section 5747.28 of the Revised Code;	1513
The small business investment credit under section 5747.81	1514
of the Revised Code;	1515
The nonrefundable lead abatement credit under section	1516
5747.26 of the Revised Code;	1517
The opportunity zone investment credit under section	1518
122.84 of the Revised Code;	1519
The enterprise zone credits under section 5709.65 of the	1520
Revised Code;	1521
The research and development credit under section 5747.331	1522
of the Revised Code;	1523
The credit for rehabilitating a historic building under	1524
section 5747.76 of the Revised Code;	1525
The nonresident credit under division (A) of section	1526
5747.05 of the Revised Code;	1527
The credit for a resident's out-of-state income under	1528
division (B) of section 5747.05 of the Revised Code;	1529
The refundable motion picture and Broadway theatrical	1530

production credit under section 5747.66 of the Revised Code; 1531

The refundable jobs creation credit or job retention 1532
credit under division (A) of section 5747.058 of the Revised 1533
Code; 1534

The refundable credit for taxes paid by a qualifying 1535
entity granted under section 5747.059 of the Revised Code; 1536

The refundable credits for taxes paid by a qualifying 1537
pass-through entity granted under division (I) of section 1538
5747.08 of the Revised Code; 1539

The refundable credit under section 5747.80 of the Revised 1540
Code for losses on loans made to the Ohio venture capital 1541
program under sections 150.01 to 150.10 of the Revised Code; 1542

The refundable credit for rehabilitating a historic 1543
building under section 5747.76 of the Revised Code; 1544

The refundable credit for intern wages and salaries under 1545
section 5747.83 of the Revised Code. 1546

(B) For any credit, except the refundable credits 1547
enumerated in this section and the credit granted under division 1548
(H) of section 5747.08 of the Revised Code, the amount of the 1549
credit for a taxable year shall not exceed the taxpayer's 1550
aggregate amount of tax due under section 5747.02 of the Revised 1551
Code, after allowing for any other credit that precedes it in 1552
the order required under this section. Any excess amount of a 1553
particular credit may be carried forward if authorized under the 1554
section creating that credit. Nothing in this chapter shall be 1555
construed to allow a taxpayer to claim, directly or indirectly, 1556
a credit more than once for a taxable year. 1557

Sec. 5751.55. (A) As used in this section: 1558

(1) "Intern" means a student that participates in an 1559
internship program or a cooperative education program. 1560

(2) "Internship program" and "cooperative education 1561
program" have the same meanings as in section 3333.71 of the 1562
Revised Code. 1563

(B) There is hereby allowed a refundable credit against 1564
the tax imposed by section 5751.02 of the Revised Code for a 1565
taxpayer that employs one or more interns. The credit shall 1566
equal the dollar amount indicated on the certificate issued by 1567
the chancellor of higher education under section 3333.612 of the 1568
Revised Code. The credit shall be claimed for the tax period 1569
that includes the last day of the calendar year preceding the 1570
year in which the certificate is issued. 1571

The taxpayer shall claim the credit in the order required 1572
by section 5751.98 of the Revised Code. Any credit amount in 1573
excess of the taxpayer's tax liability, after allowing for any 1574
other credits preceding the credit in that order, shall be 1575
refunded to the taxpayer. 1576

The tax commissioner may request that a taxpayer claiming 1577
a credit under this section furnish information as is necessary 1578
to support the claim for the credit under this section, and no 1579
credit shall be allowed unless the requested information is 1580
provided. 1581

No credit shall be allowed under this section for wages or 1582
salaries paid to one or more interns if those wages or salaries 1583
are the basis of credit claimed under section 5747.83 of the 1584
Revised Code. 1585

Sec. 5751.98. (A) To provide a uniform procedure for 1586
calculating the amount of tax due under this chapter, a taxpayer 1587

shall claim any credits to which it is entitled in the following 1588
order: 1589

The nonrefundable jobs retention credit under division (B) 1590
of section 5751.50 of the Revised Code; 1591

The nonrefundable credit for qualified research expenses 1592
under division (B) of section 5751.51 of the Revised Code; 1593

The nonrefundable credit for a borrower's qualified 1594
research and development loan payments under division (B) of 1595
section 5751.52 of the Revised Code; 1596

The nonrefundable credit for calendar years 2010 to 2029 1597
for unused net operating losses under division (B) of section 1598
5751.53 of the Revised Code; 1599

The refundable motion picture and Broadway theatrical 1600
production credit under section 5751.54 of the Revised Code; 1601

The refundable jobs creation credit or job retention 1602
credit under division (A) of section 5751.50 of the Revised 1603
Code; 1604

The refundable credit for intern wages and salaries under 1605
section 5751.55 of the Revised Code; 1606

The refundable credit for calendar year 2030 for unused 1607
net operating losses under division (C) of section 5751.53 of 1608
the Revised Code. 1609

(B) For any credit except the refundable credits 1610
enumerated in this section, the amount of the credit for a tax 1611
period shall not exceed the tax due after allowing for any other 1612
credit that precedes it in the order required under this 1613
section. Any excess amount of a particular credit may be carried 1614
forward if authorized under the section creating the credit. 1615

Sec. 6301.04. (A) The governor shall establish a state board. The state board shall consist of the following members:

(1) The governor;

(2) Two members of the house of representatives, appointed by the speaker of the house of representatives;

(3) Two members of the senate, appointed by the president of the senate;

(4) Members required under section 101(b)(1)(C) of the Workforce Innovation and Opportunity Act, 29 U.S.C. 3111(b)(1)(C);

(5) An employee of the department of higher education, appointed by the governor;

(6) Any additional members appointed by the governor.

(B) The governor shall appoint members to the board, who serve at the governor's pleasure, to perform duties under the Workforce Innovation and Opportunity Act, as authorized by the governor.

(C) The board is not subject to sections 101.82 to 101.87 of the Revised Code.

(D) All state agencies engaged in workforce development activities shall assist the board in the performance of its duties.

(E) The board shall have the power and authority to do all of the following:

(1) Develop, implement, and modify the state workforce development plan;

(2) Review statewide workforce policies and programs and

recommendations on actions to be taken by the state to align 1643
workforce development programs to support a comprehensive and 1644
streamlined workforce development system; 1645

(3) Recommend measures for the development and continuous 1646
improvement of the workforce development system in the state, 1647
including updating comprehensive state performance 1648
accountability measures, also known as workforce success 1649
measures; 1650

(4) Continue to identify and disseminate information on 1651
promising practices in the area of workforce development; 1652

(5) Perform other related work that is required of the 1653
board by the Workforce Innovation and Opportunity Act or 1654
requested by the governor. 1655

Section 2. That existing sections 5703.21, 5747.01, 1656
5747.98, 5751.98, and 6301.04 of the Revised Code are hereby 1657
repealed. 1658

Section 3. The Chancellor of Higher Education shall review 1659
the rules regarding Ohio residency for state subsidy and tuition 1660
surcharge purposes adopted pursuant to section 3333.31 of the 1661
Revised Code. In conducting that review, the Chancellor shall 1662
determine how to streamline and improve those rules to make it 1663
easier for a student who is not a resident of Ohio to establish 1664
Ohio residency for state subsidy and tuition surcharge purposes. 1665
Based on that review, the Chancellor shall update the rules 1666
adopted under section 3333.31 of the Revised Code. 1667

Section 4. The enactment by this act of sections 5747.83 1668
and 5751.55 of the Revised Code applies to wages or salaries 1669
paid to interns on or after January 1, 2023. 1670

Section 5. All items in this act are hereby appropriated 1671

as designated out of any moneys in the state treasury to the 1672
credit of the designated fund. For all operating appropriations 1673
made in this act, those in the first column are for fiscal year 1674
2022 and those in the second column are for fiscal year 2023. 1675
The operating appropriations made in this act are in addition to 1676
any other operating appropriations made for the FY 2022-FY 2023 1677
biennium. 1678

Section 6. 1679

1680

0	1	2	3	4	5
A			BOR DEPARTMENT OF HIGHER EDUCATION		
B			General Revenue Fund		
C	GRF	235496	Ohio College Opportunity Grant Supplement	\$100,000	\$100,000
D			TOTAL GRF General Revenue Fund	\$100,000	\$100,000
E			TOTAL ALL BUDGET FUND GROUPS	\$100,000	\$100,000

OHIO COLLEGE OPPORTUNITY GRANT SUPPLEMENT 1681

The foregoing appropriation item 235496, Ohio College 1682
Opportunity Grant Supplement, shall be distributed by the 1683
Chancellor of Higher Education pursuant to section 3333.126 of 1684
the Revised Code. 1685

Section 7. Within the limits set forth in this act, the 1686
Director of Budget and Management shall establish accounts 1687
indicating the source and amount of funds for each appropriation 1688

made in this act, and shall determine the form and manner in 1689
which appropriation accounts shall be maintained. Expenditures 1690
from operating appropriations contained in this act shall be 1691
accounted for as though made in H.B. 110 of the 134th General 1692
Assembly. The operating appropriations made in this act are 1693
subject to all provisions of H.B. 110 of the 134th General 1694
Assembly that are generally applicable to such appropriations. 1695

Section 8. Section 5703.21 of the Revised Code is 1696
presented in this act as a composite of the section as amended 1697
by H.B. 74, H.B. 110, and H.B. 172 of the 134th General Assembly 1698
and H.B. 166 of the 133rd General Assembly. The General 1699
Assembly, applying the principle stated in division (B) of 1700
section 1.52 of the Revised Code that amendments are to be 1701
harmonized if reasonably capable of simultaneous operation, 1702
finds that the composite is the resulting version of the section 1703
in effect prior to the effective date of the section as 1704
presented in this act. 1705