

As Introduced

**131st General Assembly
Regular Session
2015-2016**

H. B. No. 625

Representative Schaffer

A BILL

To amend sections 5747.08 and 5747.98 and to enact
section 5747.64 of the Revised Code to allow an
income tax credit for law enforcement officials
who purchase safety or protective items used in
the course of official law enforcement
activities. 1 2 3 4 5 6

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

Section 1. That sections 5747.08 and 5747.98 be amended
and section 5747.64 of the Revised Code be enacted to read as
follows: 7 8 9

Sec. 5747.08. An annual return with respect to the tax
imposed by section 5747.02 of the Revised Code and each tax
imposed under Chapter 5748. of the Revised Code shall be made by
every taxpayer for any taxable year for which the taxpayer is
liable for the tax imposed by that section or under that
chapter, unless the total credits allowed under division (E) of
section 5747.05 and divisions (F) and (G) of section 5747.055 of
the Revised Code for the year are equal to or exceed the tax
imposed by section 5747.02 of the Revised Code, in which case no
return shall be required unless the taxpayer is liable for a tax 10 11 12 13 14 15 16 17 18 19

imposed pursuant to Chapter 5748. of the Revised Code. 20

(A) If an individual is deceased, any return or notice 21
required of that individual under this chapter shall be made and 22
filed by that decedent's executor, administrator, or other 23
person charged with the property of that decedent. 24

(B) If an individual is unable to make a return or notice 25
required by this chapter, the return or notice required of that 26
individual shall be made and filed by the individual's duly 27
authorized agent, guardian, conservator, fiduciary, or other 28
person charged with the care of the person or property of that 29
individual. 30

(C) Returns or notices required of an estate or a trust 31
shall be made and filed by the fiduciary of the estate or trust. 32

(D) (1) (a) Except as otherwise provided in division (D) (1) 33
(b) of this section, any pass-through entity may file a single 34
return on behalf of one or more of the entity's investors other 35
than an investor that is a person subject to the tax imposed 36
under section 5733.06 of the Revised Code. The single return 37
shall set forth the name, address, and social security number or 38
other identifying number of each of those pass-through entity 39
investors and shall indicate the distributive share of each of 40
those pass-through entity investor's income taxable in this 41
state in accordance with sections 5747.20 to 5747.231 of the 42
Revised Code. Such pass-through entity investors for whom the 43
pass-through entity elects to file a single return are not 44
entitled to the exemption or credit provided for by sections 45
5747.02 and 5747.022 of the Revised Code; shall calculate the 46
tax before business credits at the highest rate of tax set forth 47
in section 5747.02 of the Revised Code for the taxable year for 48
which the return is filed; and are entitled to only their 49

distributive share of the business credits as defined in 50
division (D) (2) of this section. A single check drawn by the 51
pass-through entity shall accompany the return in full payment 52
of the tax due, as shown on the single return, for such 53
investors, other than investors who are persons subject to the 54
tax imposed under section 5733.06 of the Revised Code. 55

(b) (i) A pass-through entity shall not include in such a 56
single return any investor that is a trust to the extent that 57
any direct or indirect current, future, or contingent 58
beneficiary of the trust is a person subject to the tax imposed 59
under section 5733.06 of the Revised Code. 60

(ii) A pass-through entity shall not include in such a 61
single return any investor that is itself a pass-through entity 62
to the extent that any direct or indirect investor in the second 63
pass-through entity is a person subject to the tax imposed under 64
section 5733.06 of the Revised Code. 65

(c) Nothing in division (D) of this section precludes the 66
tax commissioner from requiring such investors to file the 67
return and make the payment of taxes and related interest, 68
penalty, and interest penalty required by this section or 69
section 5747.02, 5747.09, or 5747.15 of the Revised Code. 70
Nothing in division (D) of this section precludes such an 71
investor from filing the annual return under this section, 72
utilizing the refundable credit equal to the investor's 73
proportionate share of the tax paid by the pass-through entity 74
on behalf of the investor under division (I) of this section, 75
and making the payment of taxes imposed under section 5747.02 of 76
the Revised Code. Nothing in division (D) of this section shall 77
be construed to provide to such an investor or pass-through 78
entity any additional deduction or credit, other than the credit 79

provided by division (I) of this section, solely on account of 80
the entity's filing a return in accordance with this section. 81
Such a pass-through entity also shall make the filing and 82
payment of estimated taxes on behalf of the pass-through entity 83
investors other than an investor that is a person subject to the 84
tax imposed under section 5733.06 of the Revised Code. 85

(2) For the purposes of this section, "business credits" 86
means the credits listed in section 5747.98 of the Revised Code 87
excluding the following credits: 88

(a) The retirement income credit under division (B) of 89
section 5747.055 of the Revised Code; 90

(b) The senior citizen credit under division (F) of 91
section 5747.055 of the Revised Code; 92

(c) The lump sum distribution credit under division (G) of 93
section 5747.055 of the Revised Code; 94

(d) The dependent care credit under section 5747.054 of 95
the Revised Code; 96

(e) The lump sum retirement income credit under division 97
(C) of section 5747.055 of the Revised Code; 98

(f) The lump sum retirement income credit under division 99
(D) of section 5747.055 of the Revised Code; 100

(g) The lump sum retirement income credit under division 101
(E) of section 5747.055 of the Revised Code; 102

(h) The credit for displaced workers who pay for job 103
training under section 5747.27 of the Revised Code; 104

(i) The twenty-dollar personal exemption credit under 105
section 5747.022 of the Revised Code; 106

(j) The joint filing credit under division (E) of section 5747.05 of the Revised Code;	107 108
(k) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	109 110
(l) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	111 112
(m) The low-income credit under section 5747.056 of the Revised Code;	113 114
(n) The earned income tax credit under section 5747.71 of the Revised Code;	115 116
<u>(o) The credit for law enforcement officer purchases under section 5747.64 of the Revised Code.</u>	117 118
(3) The election provided for under division (D) of this section applies only to the taxable year for which the election is made by the pass-through entity. Unless the tax commissioner provides otherwise, this election, once made, is binding and irrevocable for the taxable year for which the election is made. Nothing in this division shall be construed to provide for any deduction or credit that would not be allowable if a nonresident pass-through entity investor were to file an annual return.	119 120 121 122 123 124 125 126
(4) If a pass-through entity makes the election provided for under division (D) of this section, the pass-through entity shall be liable for any additional taxes, interest, interest penalty, or penalties imposed by this chapter if the tax commissioner finds that the single return does not reflect the correct tax due by the pass-through entity investors covered by that return. Nothing in this division shall be construed to limit or alter the liability, if any, imposed on pass-through entity investors for unpaid or underpaid taxes, interest,	127 128 129 130 131 132 133 134 135

interest penalty, or penalties as a result of the pass-through 136
entity's making the election provided for under division (D) of 137
this section. For the purposes of division (D) of this section, 138
"correct tax due" means the tax that would have been paid by the 139
pass-through entity had the single return been filed in a manner 140
reflecting the commissioner's findings. Nothing in division (D) 141
of this section shall be construed to make or hold a pass- 142
through entity liable for tax attributable to a pass-through 143
entity investor's income from a source other than the pass- 144
through entity electing to file the single return. 145

(E) If a husband and wife file a joint federal income tax 146
return for a taxable year, they shall file a joint return under 147
this section for that taxable year, and their liabilities are 148
joint and several, but, if the federal income tax liability of 149
either spouse is determined on a separate federal income tax 150
return, they shall file separate returns under this section. 151

If either spouse is not required to file a federal income 152
tax return and either or both are required to file a return 153
pursuant to this chapter, they may elect to file separate or 154
joint returns, and, pursuant to that election, their liabilities 155
are separate or joint and several. If a husband and wife file 156
separate returns pursuant to this chapter, each must claim the 157
taxpayer's own exemption, but not both, as authorized under 158
section 5747.02 of the Revised Code on the taxpayer's own 159
return. 160

(F) Each return or notice required to be filed under this 161
section shall contain the signature of the taxpayer or the 162
taxpayer's duly authorized agent and of the person who prepared 163
the return for the taxpayer, and shall include the taxpayer's 164
social security number. Each return shall be verified by a 165

declaration under the penalties of perjury. The tax commissioner 166
shall prescribe the form that the signature and declaration 167
shall take. 168

(G) Each return or notice required to be filed under this 169
section shall be made and filed as required by section 5747.04 170
of the Revised Code, on or before the fifteenth day of April of 171
each year, on forms that the tax commissioner shall prescribe, 172
together with remittance made payable to the treasurer of state 173
in the combined amount of the state and all school district 174
income taxes shown to be due on the form. 175

Upon good cause shown, the commissioner may extend the 176
period for filing any notice or return required to be filed 177
under this section and may adopt rules relating to extensions. 178
If the extension results in an extension of time for the payment 179
of any state or school district income tax liability with 180
respect to which the return is filed, the taxpayer shall pay at 181
the time the tax liability is paid an amount of interest 182
computed at the rate per annum prescribed by section 5703.47 of 183
the Revised Code on that liability from the time that payment is 184
due without extension to the time of actual payment. Except as 185
provided in section 5747.132 of the Revised Code, in addition to 186
all other interest charges and penalties, all taxes imposed 187
under this chapter or Chapter 5748. of the Revised Code and 188
remaining unpaid after they become due, except combined amounts 189
due of one dollar or less, bear interest at the rate per annum 190
prescribed by section 5703.47 of the Revised Code until paid or 191
until the day an assessment is issued under section 5747.13 of 192
the Revised Code, whichever occurs first. 193

If the commissioner considers it necessary in order to 194
ensure the payment of the tax imposed by section 5747.02 of the 195

Revised Code or any tax imposed under Chapter 5748. of the 196
Revised Code, the commissioner may require returns and payments 197
to be made otherwise than as provided in this section. 198

To the extent that any provision in this division 199
conflicts with any provision in section 5747.026 of the Revised 200
Code, the provision in that section prevails. 201

(H) The amounts withheld by an employer pursuant to 202
section 5747.06 of the Revised Code, a casino operator pursuant 203
to section 5747.063 of the Revised Code, or a lottery sales 204
agent pursuant to section 5747.064 of the Revised Code shall be 205
allowed to the recipient of the compensation casino winnings, or 206
lottery prize award as credits against payment of the 207
appropriate taxes imposed on the recipient by section 5747.02 208
and under Chapter 5748. of the Revised Code. 209

(I) If a pass-through entity elects to file a single 210
return under division (D) of this section and if any investor is 211
required to file the annual return and make the payment of taxes 212
required by this chapter on account of the investor's other 213
income that is not included in a single return filed by a pass- 214
through entity or any other investor elects to file the annual 215
return, the investor is entitled to a refundable credit equal to 216
the investor's proportionate share of the tax paid by the pass- 217
through entity on behalf of the investor. The investor shall 218
claim the credit for the investor's taxable year in which or 219
with which ends the taxable year of the pass-through entity. 220
Nothing in this chapter shall be construed to allow any credit 221
provided in this chapter to be claimed more than once. For the 222
purpose of computing any interest, penalty, or interest penalty, 223
the investor shall be deemed to have paid the refundable credit 224
provided by this division on the day that the pass-through 225

entity paid the estimated tax or the tax giving rise to the 226
credit. 227

(J) The tax commissioner shall ensure that each return 228
required to be filed under this section includes a box that the 229
taxpayer may check to authorize a paid tax preparer who prepared 230
the return to communicate with the department of taxation about 231
matters pertaining to the return. The return or instructions 232
accompanying the return shall indicate that by checking the box 233
the taxpayer authorizes the department of taxation to contact 234
the preparer concerning questions that arise during the 235
processing of the return and authorizes the preparer only to 236
provide the department with information that is missing from the 237
return, to contact the department for information about the 238
processing of the return or the status of the taxpayer's refund 239
or payments, and to respond to notices about mathematical 240
errors, offsets, or return preparation that the taxpayer has 241
received from the department and has shown to the preparer. 242

(K) The tax commissioner shall permit individual taxpayers 243
to instruct the department of taxation to cause any refund of 244
overpaid taxes to be deposited directly into a checking account, 245
savings account, or an individual retirement account or 246
individual retirement annuity, or preexisting college savings 247
plan or program account offered by the Ohio tuition trust 248
authority under Chapter 3334. of the Revised Code, as designated 249
by the taxpayer, when the taxpayer files the annual return 250
required by this section electronically. 251

(L) The tax commissioner may adopt rules to administer 252
this section. 253

Sec. 5747.64. (A) As used in this section, "law 254
enforcement officer" means a sheriff, deputy sheriff, constable, 255

municipal police officer, police officer of a township or joint 256
township police district, marshal, deputy marshal, or state 257
highway patrolman, and also means any officer, agent, or 258
employee of the state or any of its agencies, instrumentalities, 259
or political subdivisions, upon whom, by statute, the authority 260
to arrest violators is conferred, when the officer, agent, or 261
employee is acting within the limits of statutory authority. 262

(B) There is hereby allowed a nonrefundable credit against 263
the tax imposed by section 5747.02 of the Revised Code for 264
amounts spent by a law enforcement officer during the taxable 265
year on items used by that officer to ensure the officer's 266
safety or protection while performing official law enforcement 267
activities. The amount of the credit shall not exceed five 268
hundred dollars. The credit shall be claimed in the order 269
required under section 5747.98 of the Revised Code. 270

The tax commissioner may request that a law enforcement 271
officer or retired law enforcement officer claiming a credit 272
under this section furnish information as is necessary to 273
support the claim for the credit under this section, and no 274
credit shall be allowed unless the requested information is 275
provided. 276

Sec. 5747.98. (A) To provide a uniform procedure for 277
calculating a taxpayer's aggregate tax liability under section 278
5747.02 of the Revised Code, a taxpayer shall claim any credits 279
to which the taxpayer is entitled in the following order: 280

(1) Either the retirement income credit under division (B) 281
of section 5747.055 of the Revised Code or the lump sum 282
retirement income credits under divisions (C), (D), and (E) of 283
that section; 284

(2) Either the senior citizen credit under division (F) of section 5747.055 of the Revised Code or the lump sum distribution credit under division (G) of that section;	285 286 287
(3) The dependent care credit under section 5747.054 of the Revised Code;	288 289
(4) The low-income credit under section 5747.056 of the Revised Code;	290 291
(5) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	292 293
(6) The campaign contribution credit under section 5747.29 of the Revised Code;	294 295
(7) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	296 297
(8) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	298 299
(9) The earned income credit under section 5747.71 of the Revised Code;	300 301
(10) <u>The credit for law enforcement officer purchases under section 5747.64 of the Revised Code;</u>	302 303
<u>(11)</u> The credit for adoption of a minor child under section 5747.37 of the Revised Code;	304 305
(11) <u>(12)</u> The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	306 307
(12) <u>(13)</u> The enterprise zone credit under section 5709.66 of the Revised Code;	308 309
(13) <u>(14)</u> The ethanol plant investment credit under section 5747.75 of the Revised Code;	310 311

(14) <u>(15)</u> The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	312 313
(15) <u>(16)</u> The small business investment credit under section 5747.81 of the Revised Code;	314 315
(16) <u>(17)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	316 317
(17) <u>(18)</u> The research and development credit under section 5747.331 of the Revised Code;	318 319
(18) <u>(19)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	320 321
(19) <u>(20)</u> The nonresident credit under division (A) of section 5747.05 of the Revised Code;	322 323
(20) <u>(21)</u> The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	324 325
(21) <u>(22)</u> The refundable motion picture production credit under section 5747.66 of the Revised Code;	326 327
(22) <u>(23)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	328 329 330
(23) <u>(24)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	331 332 333
(24) <u>(25)</u> The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;	334 335 336
(25) <u>(26)</u> The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture	337 338

capital program under sections 150.01 to 150.10 of the Revised Code;	339 340
(26) <u>(27)</u> The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	341 342
(27) <u>(28)</u> The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code.	343 344 345
(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the taxpayer's aggregate amount of tax due under section 5747.02 of the Revised Code, after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.	346 347 348 349 350 351 352 353 354 355 356
Section 2. That existing sections 5747.08 and 5747.98 of the Revised Code are hereby repealed.	357 358
Section 3. The amendment or enactment by this act of sections 5747.08, 5747.64, and 5747.98 of the Revised Code applies to taxable years beginning on or after January 1, 2016.	359 360 361