

As Reported by the House State Government Committee

124th General Assembly

Regular Session

2001-2002

Sub. S. B. No. 226

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A B I L L

To amend sections 3770.07, 3770.072, 5733.051, 1
5733.98, 5747.062, 5747.20, and 5747.98 and to 2
enact sections 3770.10 to 3770.14 of the Revised 3
Code to permit the transfer of a lottery prize 4
award upon the prior approval of a court and to 5
establish procedures for application for such 6
approval. 7

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

Section 1. That sections 3770.07, 3770.072, 5733.051, 8
5733.98, 5747.062, 5747.20, and 5747.98 be amended and sections 9
3770.10, 3770.11, 3770.12, 3770.13, and 3770.14 of the Revised 10
Code be enacted to read as follows: 11

Sec. 3770.07. (A)(1) Lottery prize awards shall be claimed by 12
the holder of the winning lottery ticket, or by the executor or 13
administrator, or the trustee of a trust, of the estate of a 14
deceased holder of a winning ticket, in a manner to be determined 15
by the state lottery commission, within one hundred eighty days 16
after the date on which such prize award was announced if the 17
lottery game is an on-line game, and within one hundred eighty 18

days after the close of the game if the lottery game is an instant 19
game. Except as otherwise provided in division (B) of this 20
section, if no valid claim to the prize award is made within the 21
prescribed period, the prize money or the cost of goods and 22
services awarded as prizes, or if such goods or services are 23
resold by the commission, the proceeds from such sale, shall be 24
returned to the state lottery fund and distributed in accordance 25
with section 3770.06 of the Revised Code. 26

(2) If a ~~person entitled to a prize award~~ prize winner, as 27
defined in section 3770.10 of the Revised Code, is under eighteen 28
years of age, or is under some other legal disability, and the 29
prize money or the cost of goods or services awarded as a prize 30
exceeds one thousand dollars, the director shall order that 31
payment be made to the order of the legal guardian of ~~such winning~~ 32
~~ticket holder~~ that prize winner. If the amount of the prize money 33
or the cost of goods or services awarded as a prize is one 34
thousand dollars or less, the director may order that payment be 35
made to the order of the adult member, if any, of ~~such winning~~ 36
~~ticket holder's~~ that prize winner's family legally responsible for 37
the care of ~~such winning person~~ that prize winner. 38

(3) No right of any ~~person~~ prize winner, as defined in 39
section 3770.10 of the Revised Code, to a prize award shall be the 40
subject of a security interest or used as collateral. 41

(4)(a) No right of any ~~person~~ prize winner, as defined in 42
section 3770.10 of the Revised Code, to a prize award shall be 43
assignable, or subject to garnishment, attachment, execution, 44
withholding, or deduction, except as follows: as provided in 45
sections 3119.80, 3119.81, 3121.02, 3121.03, and 3123.06 of the 46
Revised Code; when the payment is to be made to the executor or 47
administrator or the trustee of a trust of the estate of a winning 48
ticket holder; when the award of a prize is disputed, any person 49
may be awarded a prize award to which another has claimed title, 50

pursuant to the order of a court of competent jurisdiction; ~~or~~ 51
when the director is to make a payment pursuant to section 52
3770.071 of the Revised Code; or as provided in sections 3770.10 53
to 3770.14 of the Revised Code. 54

(b) The commission shall adopt rules pursuant to section 55
3770.03 of the Revised Code concerning the payment of prize awards 56
upon the death of a prize winner. Upon the death of a prize 57
winner, as defined in section 3770.10 of the Revised Code, the 58
remainder of the prize winner's prize award, to the extent it is 59
not subject to a transfer agreement under sections 3770.10 to 60
3770.14 of the Revised Code, may be paid to the executor, 61
administrator, or trustee in the form of a discounted lump sum 62
cash settlement. 63

(5) No lottery prize award shall be awarded to or for any 64
officer or employee of the state lottery commission, any officer 65
or employee of the auditor of state actively coordinating and 66
certifying commission drawings, or any blood relative or spouse of 67
such officer or employee of the commission or auditor of state 68
living as a member of such officer's or employee's household, nor 69
shall any such employee, blood relative, or spouse attempt to 70
claim a lottery prize award. 71

(6) The director may prohibit vendors to the commission and 72
their employees from being awarded a lottery prize award. 73

(7) Upon the payment of prize awards pursuant to this 74
section, the director and the commission are discharged from all 75
further liability therefor. 76

(B) The commission may adopt rules governing the disbursement 77
of unclaimed prize awards as all or part of the prize award in a 78
lottery and may, pursuant to those rules, conduct the lottery and 79
disburse any such unclaimed prize awards. Any lottery in which all 80
or any part of the prize award is paid from unclaimed prize awards 81
shall be conducted in accordance with all of the other 82

requirements of this chapter, including, but not limited to, the
time and proof requirements for claiming awards and the
disposition of unclaimed prize awards when the prescribed period
for claiming the award has passed. A prize award or any part of a
prize award that is paid from an unclaimed prize award shall not
be reapplied toward the satisfaction of the requirement of
division (A) of section 3770.06 of the Revised Code that at least
fifty per cent of the total revenues from ticket sales be
disbursed for monetary prize awards, if such unclaimed prize award
was previously applied toward the satisfaction of that
requirement. On or before the last day of January and July each
year, the commission shall report to the general assembly the
gross sales and net profits the commission obtained from the
unclaimed prize awards in lotteries conducted pursuant to this
division during the preceding two calendar quarters, including the
amount of money produced by the games funded by the unclaimed
prize awards and the total revenue accruing to the state from the
prize award lotteries conducted pursuant to this division.

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There is hereby established in the state treasury the
unclaimed lottery prizes fund, to which all unclaimed prize awards
shall be transferred. Any interest ~~which~~ that accrues on the
amounts in the fund shall become a part of the fund and shall be
subject to any rules adopted by the commission governing the
disbursement of unclaimed prize awards.

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Sec. 3770.072. (A) As used in this section, "prize winner,"
"transferee," and "transferor" have the same meanings as in
section 3770.10 of the Revised Code.

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(B) The state lottery commission shall deduct amounts from
lottery prize awards and file returns in accordance with section
5747.062 of the Revised Code and any rules adopted by the tax
commissioner pursuant to that section. This division also applies

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to lottery prize award payments the commission remits to 114
transferees. 115

(C)(1) Each transferee shall deduct and withhold from each 116
gross amount payable to each prize winner three and one-half per 117
cent of the gross amount payable prior to making any other 118
reduction required by this chapter. 119

(2) With respect to amounts deducted and withheld pursuant to 120
division (C)(1) of this section, each transferee shall comply with 121
divisions (A)(2) to (4) of section 5747.062 of the Revised Code. 122

(3) An employee of a corporation, limited liability company, 123
or business trust having control or supervision of or charged with 124
the responsibility of filing the report and making the payment 125
required by division (C) of this section and section 5747.062 of 126
the Revised Code, or an officer, member, manager, or trustee of a 127
corporation, limited liability company, or business trust who is 128
responsible for the execution of the corporation's, limited 129
liability company's, or business trust's fiscal responsibilities, 130
shall be personally liable for failure to file the report or pay 131
the amount due as required by division (C) of this section and 132
section 5747.062 of the Revised Code. The dissolution, 133
termination, or bankruptcy of a corporation, limited liability 134
company, or business trust does not discharge a responsible 135
officer's, member's, manager's, employee's, or trustee's liability 136
for a failure of the corporation, limited liability company, or 137
business trust to file returns or pay the amount due. 138

(4)(a) The tax commissioner may make an assessment against 139
any person listed in division (C)(1) or (3) of this section for 140
any deficiency for any period. Section 5747.13 of the Revised Code 141
shall apply with respect to issuing assessments, filing petitions 142
for reassessments, conducting hearings, issuing final 143
determinations, making the assessment final, and filing the entry 144
that makes the assessment final. Section 5717.02 of the Revised 145

Code shall apply to appeals of the commissioner's final decision in connection with assessments issued pursuant to division (C)(4) of this section.

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(b) An assessment issued against any person listed in division (C)(1) or (3) of this section shall not be considered an election of remedies or a bar to an assessment against any other person for the failure to comply with division (C)(1) of this section. No assessment shall be issued against any person who is so listed if the amount required to be withheld has been paid by another.

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(c) The assessment shall include interest at the rate per annum prescribed by section 5703.47 of the Revised Code on liability from the time the payment is due until the date of assessment. Interest shall continue to accrue from the date of assessment until the date the assessment is paid in full. Any interest accruing subsequent to the date of the issuance of the assessment shall be considered to be an additional deficiency for which the tax commissioner may issue subsequent assessments. The initial assessment and any subsequent assessments may include a penalty in an amount not to exceed twice the applicable interest charged under this division.

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Sec. 3770.10. As used in sections 3770.07 and 3770.10 to 3770.14 of the Revised Code:

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(A) "Court of competent jurisdiction" means the probate court of the county in which the prize winner resides, or, if the prize winner is not a resident of this state, the probate court of Franklin county or a federal court having jurisdiction over the lottery prize award.

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(B) "Discounted present value" means the present value of the future payments of a lottery prize award that is determined by discounting those payments to the present, using the most recently

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published applicable federal rate for determining the present 177
value of an annuity as issued by the United States internal 178
revenue service and assuming daily compounding. 179

(C) "Independent professional advice" means the advice of an 180
attorney, a certified public accountant, an actuary, or any other 181
licensed professional adviser if all of the following apply: 182

(1) The prize winner has engaged the services of the licensed 183
professional adviser to render advice concerning the legal and 184
other implications of a transfer of the lottery prize award. 185

(2) The licensed professional adviser is not affiliated in 187
any manner with or compensated in any manner by the transferee of 188
the lottery prize award. 189

(3) The compensation of the licensed professional adviser is 190
not affected by whether or not a transfer of a lottery prize award 191
occurs. 192

(D) "Prize winner" means any person that holds the right to 193
receive all or any part of a lottery prize award as a result of 194
being any of the following: 195

(1) A person who is a claimant under division (A)(1) of 196
section 3770.07 of the Revised Code; 197

(2) A person who is entitled to a prize award and who is 198
under a legal disability as described in division (A)(2) of 199
section 3770.07 of the Revised Code; 200

(3) A person who was awarded a prize award to which another 201
has claimed title by a court order under division (A)(4)(a) of 202
section 3770.07 of the Revised Code; 203

(4) A person who is receiving payments upon the death of a 204
prize winner as provided in division (A)(4)(b) of section 3770.07 205
of the Revised Code. 206

(E) "Transfer" means any form of sale, assignment, or redirection of payment of all or any part of a lottery prize award for consideration. 207
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(F) "Transfer agreement" means an agreement that is complete and valid, and that provides for the transfer of all or any part of a lottery prize award from a transferor to a transferee. A transfer agreement is incomplete and invalid unless the agreement contains both of the following: 210
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(1) A statement, signed by the transferor under penalties of perjury, that the transferor irrevocably agrees that the transferor is subject to the tax imposed by Chapter 5733. or 5747. of the Revised Code with respect to gain or income which the transferor will recognize in connection with the transfer. If the transferor is a pass-through entity, as defined in section 5733.04 of the Revised Code, each investor in the pass-through entity shall also sign under penalties of perjury a statement that the investor irrevocably agrees that the investor is subject to the tax imposed by Chapter 5733. or 5747. of the Revised Code with respect to gain or income which the transferor and the investor will recognize in connection with the transfer. 215
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(2) A statement, signed by the transferee, that the transferee irrevocably agrees that the transferee is subject to the withholding requirements imposed by division (C) of section 3770.072 of the Revised Code and is subject to the tax imposed by Chapter 5733. or 5747. of the Revised Code with respect to gain or income which the transferee will recognize in connection with lottery prize awards to be received as a result of the transfer. If the transferee is a pass-through entity, as defined in section 5733.04 of the Revised Code, each investor in the pass-through entity shall also sign under penalties of perjury a statement setting forth that the investor irrevocably agrees that the investor is subject to the withholding requirements imposed by 227
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division (C) of section 3770.072 of the Revised Code and is 239
subject to the tax imposed by Chapter 5733. or 5747. of the 240
Revised Code with respect to gain or income which the transferee 241
and the investor will recognize in connection with lottery prize 242
awards to be received as a result of the transfer. 243

(G) "Transferee" means a party acquiring or proposing to 244
acquire all or any part of a lottery prize award through a 245
transfer. 246

(H) "Transferor" means either a prize winner or a transferee 247
in an earlier transfer whose interest is acquired by or is sought 248
to be acquired by a transferee or a new transferee through a 249
transfer. 250

Sec. 3770.11. Prior to the date on which a prize winner 252
becomes obligated under a transfer agreement, the transferee shall 253
provide to the prize winner a disclosure statement, in boldface 254
type of the minimum size of fourteen points, setting forth all of 255
the following: 256

(A) The amounts and due dates of the lottery prize award 257
payments that would be transferred under the transfer agreement; 258

(B) The aggregate amount of the lottery prize award payments 259
described in division (A) of this section; 260

(C) The discounted present value of the lottery prize award 261
payments described in division (A) of this section, calculated as 262
of the date the disclosure statement is provided to the prize 263
winner, and the amount of the applicable federal rate used in 264
determining the discounted present value; 265

(D) The gross amount payable to the prize winner in exchange 266
for or as consideration for the transfer of the lottery prize 267
award payments described in division (A) of this section, 268
including the annual rate of discount to present value used to 269

determine the gross amount payable to the prize winner, assuming 270
daily compounding and funding on the date of the transfer 271
agreement; 272

(E) An itemized listing of all brokers' commissions, service 273
charges, application fees, processing fees, closing costs, filing 274
fees, administrative fees, legal fees, notary fees, and other 275
commissions, fees, costs, expenses, and charges payable by the 276
prize winner or deductible from the gross amount otherwise payable 277
to the prize winner as described in division (D) of this section; 278

(F) The net amount payable to the prize winner after 279
deduction from the gross amount payable to the prize winner as 280
described in division (D) of this section of all commissions, 281
fees, costs, expenses, and charges described in division (E) of 282
this section; 283

(G)(1) The quotient, expressed as a percentage, obtained by 284
dividing the net amount payable to the prize winner as described 285
in division (F) of this section by the discounted present value of 286
the payments described in division (C) of this section. 287

(2) Solely for purposes of division (G)(1) of this section, 288
"net amount payable" does not include taxes required to be 289
withheld under division (C)(1) of section 3770.072 of the Revised 290
Code. 291

Sec. 3770.12. A court of competent jurisdiction may approve a 293
transfer of a lottery prize award only in a final order that is 294
based on the express findings of the court, and the express 295
findings shall include all of the following: 296

(A) If the transferor is a prize winner, the transferee has 297
provided to the prize winner a disclosure statement that complies 298
with section 3770.11 of the Revised Code, and the prize winner has 299
confirmed the prize winner's receipt of the disclosure statement, 300

as evidenced by the prize winner's notarized signature on a copy 301
of the disclosure statement. 302

(B) If the transferor is a prize winner, the prize winner has 303
established that the transfer is fair and reasonable and in the 304
best interests of the prize winner. 305

(C) If the transferor is a prize winner, the prize winner has 306
received independent professional advice regarding the legal and 307
other implications of the transfer. 308

(D) The transferee has given written notice of the 309
transferee's name, address, and taxpayer identification number to 310
the state lottery commission and has filed a copy of that notice 311
with the court in which the application for approval of the 312
transfer was filed. 313

(E) The transferee is a trust, limited partnership, general 314
partnership, corporation, professional association, limited 315
liability company, or other entity that is qualified to do 316
business in this state and meets the registration requirements for 317
that type of entity under Title XVII of the Revised Code. 318

(F) The transfer complies with all applicable requirements of 319
the Revised Code and does not contravene any applicable law. 320

(G) The transfer does not include or cover the amounts of the 321
lottery prize award that are required to be withheld or deducted 322
pursuant to section 3119.80, 3119.81, 3121.02, 3121.03, 3123.06, 323
3770.071, or 3770.072 of the Revised Code. 324

(H) Any amounts described in division (G) of this section 325
that are required to be withheld or deducted, as of the date of 326
the court order, will be offset by the commission first against 327
remaining payments due the transferor and then against payments 328
due the transferee. 329

(I) Except as provided in divisions (G) and (H) of this 330

section, that the transferor's interest in each and all of the
future payments from a particular lottery prize award is to be
paid to a single transferee, or, if the payments from the lottery
prize award are to be directed from the state lottery commission
to multiple transferees, the commission has promulgated rules
under section 3770.03 of the Revised Code permitting transfers to
multiple transferees, and the transfer is consistent with those
rules.

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(J) If the lottery prize award has been transferred within
twelve months immediately preceding the effective date of the
proposed transfer, the state lottery commission has not objected
to the proposed transfer. The court shall presume that the
requirements of this division are met unless the commission
notifies the court in writing before the hearing on the
application for transfer, or through counsel at that hearing, that
a transfer of the same lottery prize award has been made within
that twelve-month period and that the commission objects to a
subsequent transfer within that twelve-month period. The court
shall find that the requirements of this division are not met if
the commission provides notice of a prior transfer of the same
lottery prize award within that twelve-month period and its
objection to the proposed transfer, unless the transferor or
transferee shows by clear and convincing evidence that no previous
transfer of the same lottery prize award occurred within that
twelve-month period.

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Sec. 3770.13. (A) A transferee shall file an application
under sections 3770.10 to 3770.14 of the Revised Code for the
approval in advance of a transfer of a lottery prize award in a
court of competent jurisdiction.

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(B) The following procedures shall apply to an application
for the approval in advance by a court of a transfer of a lottery

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prize award under division (A) of this section: 363

(1) Upon the filing of the application, the court shall set a date, time, and place for a hearing on the application and shall notify the transferee and transferor of the date, time, and place of the hearing. 364
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(2) Not less than thirty days prior to the date set by the court for the hearing on an application filed pursuant to this section, the transferee shall file with the court and shall serve on the state lottery commission, in the manner prescribed in the Rules of Civil Procedure for the service of process, a notice of the proposed transfer and the application for its approval in advance. The notice shall include all of the following: 368
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(a) A copy of the application; 375

(b) A copy of the transfer agreement or, if the transferor is not a prize winner, a redacted copy of the transfer agreement that discloses sufficient information to allow the commission and the court to determine the validity of the transfer agreement; 376
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(c) If the transferor is a prize winner, a copy of the disclosure statement provided by the transferee pursuant to section 3770.11 of the Revised Code and signed by the prize winner pursuant to division (A) of section 3770.12 of the Revised Code; 380
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(d) The amounts and due dates of the lottery prize award payments that will be transferred under the transfer agreement; 384
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(e) Notification of the date, time, and place of the hearing on the application; 386
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(f) The complete name, address, and taxpayer identification number of the transferee. 388
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(3) The commission shall not be required to appear in or be named as a party to a hearing on the application, but may intervene as of right in the proceeding. 390
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(4) At the conclusion of the hearing on an application under this section, the court may grant or deny the approval of the transfer. The court shall enter its order accordingly. If the court grants the approval of the transfer, it shall include in its order all of the express findings specified in section 3770.12 of the Revised Code. If the court denies the approval of the transfer, it shall include in its order the reasons for the denial. 393
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(5) An order of the court made under division (B)(4) of this section is a final and appealable order. 401
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Sec. 3770.14. (A) Upon receipt of a court order issued under section 3770.13 of the Revised Code, the transferee shall provide a certified copy of the court order to the director of the state lottery commission. Not later than ten days after receipt of the certified copy of the court order, the director shall acknowledge to the transferee in writing the commission's intent to comply with the court order in making future payments. 404
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(B) The director shall make payments of the lottery prize award to the transferee designated in the certified copy of the court order and in accordance with the prize payment schedule established when the prize was claimed. The director may charge a processing fee, in an amount determined by the commission by rule pursuant to section 3770.03 of the Revised Code, to cover any direct or indirect costs associated with making the prize award payments in accordance with that prize payment schedule. 411
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(C) Upon payment of the lottery prize award pursuant to this section, the director and the commission are discharged from all further liability therefor. 419
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Sec. 5733.051. Subject to section 5733.0510 of the Revised Code, net income of a corporation subject to the tax imposed by 422
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section 5733.06 of the Revised Code shall be allocated and 424
apportioned to this state as follows: 425

(A) Net rents and royalties from real property located in 426
this state are allocable to this state~~r~~. 427

(B) Net rents and royalties from tangible personal property, 428
to the extent such property is utilized in this state, are 429
allocable to this state if the taxpayer is otherwise subject to 430
the tax imposed by section 5733.06 of the Revised Code~~r~~. 431

(C) Capital gains and losses from the sale or other 432
disposition of real property located in this state are allocable 433
to this state~~r~~. 434

(D) Capital gains and losses from the sale or other 435
disposition of tangible personal property are allocable to this 436
state if the property had a situs in this state at the time of 437
sale and the taxpayer is otherwise subject to the tax imposed by 438
section 5733.06 of the Revised Code~~r~~. 439

(E) Capital gains and losses from the sale or other 440
disposition of intangible property which may produce income 441
enumerated in division (F) of this section are allocable on the 442
same basis as set forth in ~~such~~ that division. Capital gains and 443
losses from the sale or other disposition of all other intangible 444
property are apportionable under division ~~(H)~~(I) of this section. 445

(F) Dividends or distributions which are not otherwise 446
deducted or excluded from net income, other than dividends or 447
distributions from a domestic international sales corporation, are 448
allocable to this state in accordance with the ratio of the book 449
value of the physical assets of the payor of the dividends or 450
distributions located in this state divided by the book value of 451
the total physical assets of the payor located everywhere. 452
Dividends or distributions received from a domestic international 453
sales corporation, or from a payor the location of whose physical 454

assets is unavailable to the taxpayer, are apportionable under 455
division ~~(H)~~(I) of this section. 456

(G) Patent and copyright royalties and technical assistance 457
fees, not representing the principal source of gross receipts of 458
the taxpayer, are allocable to this state to the extent that the 459
activity of the payor thereof giving rise to the payment takes 460
place in this state. If the location of the payor's activity is 461
unavailable to the taxpayer, such royalties and fees are 462
apportionable under division ~~(H)~~(I) of this section. 463

(H) The amounts described in division (B)(5) of section 464
5747.20 of the Revised Code are allocable to this state. 465

(I) Any other net income, from sources other than those 466
enumerated in divisions (A) to ~~(G)~~(H) of this section, is 467
apportionable to this state on the basis of the mechanism provided 468
in division (B)(2) of section 5733.05 of the Revised Code. 469

Sec. 5733.98. (A) To provide a uniform procedure for 470
calculating the amount of tax imposed by section 5733.06 of the 471
Revised Code that is due under this chapter, a taxpayer shall 472
claim any credits to which it is entitled in the following order, 473
except as otherwise provided in section 5733.058 of the Revised 474
Code: 475

(1) The credit for taxes paid by a qualifying pass-through 476
entity allowed under section 5733.0611 of the Revised Code; 477

(2) The credit allowed for financial institutions under 478
section 5733.45 of the Revised Code; 479

(3) The credit for qualifying affiliated groups under section 480
5733.068 of the Revised Code; 481

(4) The subsidiary corporation credit under section 5733.067 482
of the Revised Code; 483

(5) The savings and loan assessment credit under section 5733.063 of the Revised Code;	484 485
(6) The credit for recycling and litter prevention donations under section 5733.064 of the Revised Code;	486 487
(7) The credit for employers that enter into agreements with child day-care centers under section 5733.36 of the Revised Code;	488 489
(8) The credit for employers that reimburse employee child day-care expenses under section 5733.38 of the Revised Code;	490 491
(9) The credit for maintaining railroad active grade crossing warning devices under section 5733.43 of the Revised Code;	492 493
(10) The credit for purchases of lights and reflectors under section 5733.44 of the Revised Code;	494 495
(11) The job retention credit under division (B) of section 5733.0610 of the Revised Code;	496 497
(12) The credit for manufacturing investments under section 5733.061 of the Revised Code;	498 499
(13) The credit for purchases of new manufacturing machinery and equipment under section 5733.31 or section 5733.311 of the Revised Code;	500 501 502
(14) The second credit for purchases of new manufacturing machinery and equipment under section 5733.33 of the Revised Code;	503 504
(15) The job training credit under section 5733.42 of the Revised Code;	505 506
(16) The credit for qualified research expenses under section 5733.351 of the Revised Code;	507 508
(17) The enterprise zone credit under section 5709.66 of the Revised Code;	509 510
(18) The credit for the eligible costs associated with a voluntary action under section 5733.34 of the Revised Code;	511 512

(19) The credit for employers that establish on-site child day-care under section 5733.37 of the Revised Code;	513 514
(20) The ethanol plant investment credit under section 5733.46 of the Revised Code;	515 516
(21) The credit for purchases of qualifying grape production property under section 5733.32 of the Revised Code;	517 518
(22) The export sales credit under section 5733.069 of the Revised Code;	519 520
(23) The credit for research and development and technology transfer investors under section 5733.35 of the Revised Code;	521 522
(24) The enterprise zone credits under section 5709.65 of the Revised Code;	523 524
(25) The credit for using Ohio coal under section 5733.39 of the Revised Code;	525 526
(26) The refundable jobs creation credit under division (A) of section 5733.0610 of the Revised Code;	527 528
<u>(27) The refundable credit for tax withheld under division (B)(2) of section 5747.062 of the Revised Code.</u>	529 530
(B) For any credit except the refundable jobs creation credit credits enumerated in this section , the amount of the credit for a tax year shall not exceed the tax due 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.	531 532 533 534 535 536 537
Sec. 5747.062. <u>As used in this section, "transferee" has the same meaning as in section 3770.10 of the Revised Code, and "recipient" includes a transferee.</u>	538 539 540
(A) <u>(1)</u> The state lottery commission shall+	541

(1) ~~Deduct~~ deduct and withhold from each lottery prize award 542
payment that exceeds five thousand dollars an amount equal to 543
three and one-half per cent of the payment, prior to making any 544
other reduction required by Chapter 3770. of the Revised Code~~+~~. 545

(2) On or before the tenth banking day of each month, the 546
state lottery commission, and each transferee required to deduct 547
and withhold amounts pursuant to section 3770.072 of the Revised 548
Code, shall file a return and remit to the tax commissioner all 549
amounts deducted and withheld pursuant to this section during the 550
preceding month. 551

(3) On or before the thirty-first day of January of each 552
year, the state lottery commission, and each transferee required 553
to deduct and withhold amounts pursuant to section 3770.072 of the 554
Revised Code, shall file with the commissioner an annual return, 555
in the form prescribed by the tax commissioner, indicating the 556
total amount deducted and withheld pursuant to this section during 557
the preceding calendar year. At the time of filing that return, 558
the state lottery commission or transferee shall remit any amount 559
deducted and withheld during the preceding calendar year that was 560
not previously remitted. 561

(4) ~~Issue~~ The state lottery commission, and each transferee 562
required to deduct and withhold amounts pursuant to section 563
3770.072 of the Revised Code, shall issue to each ~~recipient of a~~ 564
~~lottery prize award from which the commission~~ person with respect 565
to whom tax has been deducted and withheld ~~tax by the commission~~ 566
or transferee pursuant to this section during the preceding 567
calendar year, an information return in the form prescribed by 568
~~rule of~~ the commissioner. 569

(B) ~~Amounts~~ (1) Division (B)(1) of this section does not 570
apply to persons classified for federal income tax purposes as 571
associations taxable as corporations. 572

Amounts withheld pursuant to this section shall be treated as 573
a credit against any ~~the~~ tax imposed upon ~~the recipient of the~~ 574
~~lottery prize award~~ pursuant to section 5747.02 of the Revised 575
Code upon the lottery prize award recipient, upon a beneficiary of 576
such a recipient, or upon any investor in such a recipient if the 577
recipient is a pass-through entity or disregarded entity, and 578
shall be treated as paid by the recipient, beneficiary, or 579
investor on the date on which those amounts are deducted and 580
withheld by the commission. The credit shall be is a refundable 581
credit, applicable after subtracting all other credits to which 582
the recipient may be entitled pursuant to this chapter and shall 583
be claimed in the order required under section 5747.98 of the 584
Revised Code. The credit is available to the recipient, 585
beneficiary, or investor even if the commission or transferee does 586
not remit to the tax commissioner the amount withheld. 587

(2) Division (B)(2) of this section applies only to persons 588
classified for federal income tax purposes as associations taxable 589
as corporations. 590

Amount withheld pursuant to this section shall be treated as 591
a credit against the tax imposed pursuant to section 5733.06 of 592
the Revised Code for the tax year immediately following the date 593
on which those amounts are deducted and withheld, upon the lottery 594
prize award recipient, upon a beneficiary of such a recipient, or 595
upon an investor in such a recipient if the recipient is a 596
pass-through entity or disregarded entity, and shall be treated as 597
paid by the recipient, beneficiary, or investor on the date on 598
which those amounts are deducted and withheld. The credit is a 599
refundable credit and shall be claimed in the order required under 600
section 5733.98 of the Revised Code. The credit is available to 601
the recipient, beneficiary, or investor even if the commission or 602
transferee does not remit to the tax commissioner the amount 603
withheld. 604

(3) Nothing in division (B)(1) or (2) of this section shall 605
be construed to allow more than one person to claim the credit for 606
any portion of each amount deducted and withheld. 607

(C) Failure of the commission or any transferee to deduct and 608
withhold the required amounts from lottery prize awards or to 609
remit amounts withheld as required by this section and section 610
3770.072 of the Revised Code shall not relieve a ~~recipient of a~~ 611
~~lottery prize award~~ taxpayer described in division (B) of this 612
section from liability for the tax imposed by section 5733.06 or 613
5747.02 of the Revised Code. 614

Sec. 5747.20. This section applies solely for the purposes of 615
computing the credit allowed under division (A) of section 5747.05 616
of the Revised Code and computing income taxable in this state 617
under division (D) of section 5747.08 of the Revised Code. 618

All items of nonbusiness income or deduction shall be 619
allocated in this state as follows: 620

(A) All items of nonbusiness income or deduction taken into 621
account in the computation of adjusted gross income for the 622
taxable year by a resident shall be allocated to this state. 623

(B) All items of nonbusiness income or deduction taken into 624
account in the computation of adjusted gross income for the 625
taxable year by a nonresident shall be allocated to this state as 626
follows: 627

(1) All items of compensation paid to an individual for 628
personal services performed in this state who was a nonresident at 629
the time of payment and all items of deduction directly allocated 630
thereto shall be allocated to this state. 631

(2) All gains or losses from the sale of real property, 632
tangible personal property, or intangible property shall be 633
allocated as follows: 634

(a) Capital gains or losses from the sale or other transfer of real property are allocable to this state if the property is located physically in this state.

(b) Capital gains or losses from the sale or other transfer of tangible personal property are allocable to this state if, at the time of such sale or other transfer, the property had its physical location in this state.

(c) Capital gains or losses from the sale or other transfer of intangible personal property are allocable to this state if the taxpayer's domicile was in this state at the time of such sale or other transfer.

(3) All rents and royalties of real or tangible personal property shall be allocated to this state as follows:

(a) Rents and royalties derived from real property are allocable to this state if the property is physically located in this state.

(b) Rents and royalties derived from tangible personal property are allocable to this state to the extent that such property is utilized in this state.

The extent of utilization of tangible personal property in a state is determined by multiplying the rents or royalties derived from such property by a fraction, the numerator of which is the number of days of physical location of the property in this state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the nonresident, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payor obtained possession.

(4) All patent and copyright royalties shall be allocated to 666
this state to the extent the patent or copyright was utilized by 667
the payor in this state. 668

A patent is utilized in a state to the extent that it is 669
employed in production, fabrication, manufacturing, or other 670
processing in the state, or to the extent that a patented product 671
is produced in the state. If the basis of receipts from patent 672
royalties does not permit allocation to states or if the 673
accounting procedures do not reflect states of utilization, the 674
patent is utilized in this state if the taxpayer's domicile was in 675
this state at the time such royalties were paid or accrued. 676

A copyright is utilized in a state to the extent that 677
printing or other publication originates in the state. If the 678
basis of receipts from copyright royalties does not permit 679
allocation to states or if the accounting procedures do not 680
reflect states of utilization, the copyright is utilized in this 681
state if the taxpayer's domicile was in this state at the time 682
such royalties were paid or accrued. 683

(5)(a) All lottery prize awards paid by the state lottery 684
commission pursuant to Chapter 3770. of the Revised Code shall be 685
allocated to this state. 686

(b) All earnings, profit, income, and gain from the sale, 687
exchange, or other disposition of lottery prize awards paid or to 688
be paid to any person by the state lottery commission pursuant to 689
Chapter 3770. of the Revised Code shall be allocated to this 690
state. 691

(c) All earnings, profit, income, and gain from the direct or 692
indirect ownership of lottery prize awards paid or to be paid to 693
any person by the state lottery commission pursuant to Chapter 694
3770. of the Revised Code shall be allocated to this state. 695

(d) All earnings, profit, income, and gain from the direct or 696

indirect interest in any right in or to any lottery prize awards 697
paid or to be paid to any person by the state lottery commission 698
pursuant to Chapter 3770. of the Revised Code shall be allocated 699
to this state. 700

(6) Any item of income or deduction which has been taken into 701
account in the computation of adjusted gross income for the 702
taxable year by a nonresident and which is not otherwise 703
specifically allocated or apportioned pursuant to sections 5747.20 704
to 5747.23 of the Revised Code, including, without limitation, 705
interest, dividends and distributions, items of income taken into 706
account under the provisions of sections 401 to 425 of the 707
Internal Revenue Code, and benefit payments received by a 708
beneficiary of a supplemental unemployment trust which is referred 709
to in section 501~~(e)~~(c)(17) of the Internal Revenue Code, shall 710
not be allocated to this state unless the taxpayer's domicile was 711
in this state at the time such income was paid or accrued. 712

(C) If an individual is a resident for part of the taxable 713
year and a nonresident for the remainder of the taxable year, all 714
items of nonbusiness income or deduction shall be allocated under 715
division (A) of this section for the part of the taxable year that 716
the individual is a resident and under division (B) of this 717
section for the part of the taxable year that the individual is a 718
nonresident. 719

Sec. 5747.98. (A) To provide a uniform procedure for 720
calculating the amount of tax due under section 5747.02 of the 721
Revised Code, a taxpayer shall claim any credits to which the 722
taxpayer is entitled in the following order: 723

(1) The retirement income credit under division (B) of 724
section 5747.055 of the Revised Code; 725

(2) The senior citizen credit under division (C) of section 726
5747.05 of the Revised Code; 727

(3) The lump sum distribution credit under division (D) of section 5747.05 of the Revised Code;	728 729
(4) The dependent care credit under section 5747.054 of the Revised Code;	730 731
(5) The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;	732 733
(6) The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;	734 735
(7) The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;	736 737
(8) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	738 739
(9) The campaign contribution credit under section 5747.29 of the Revised Code;	740 741
(10) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	742 743
(11) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	744 745
(12) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	746 747
(13) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	748 749
(14) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	750 751 752
(15) The credit for employers that reimburse employee child day-care expenses under section 5747.36 of the Revised Code;	753 754
(16) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	755 756

(17) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	757 758
(18) The job retention credit under division (B) of section 5747.058 of the Revised Code;	759 760
(19) The credit for manufacturing investments under section 5747.051 of the Revised Code;	761 762
(20) The credit for purchases of new manufacturing machinery and equipment under section 5747.26 or section 5747.261 of the Revised Code;	763 764 765
(21) The second credit for purchases of new manufacturing machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code;	766 767 768
(22) The job training credit under section 5747.39 of the Revised Code;	769 770
(23) The enterprise zone credit under section 5709.66 of the Revised Code;	771 772
(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	773 774
(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	775 776
(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;	777 778
(27) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	779 780
(28) The export sales credit under section 5747.057 of the Revised Code;	781 782
(29) The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	783 784
(30) The enterprise zone credits under section 5709.65 of the	785

Revised Code;	786
(31) The refundable jobs creation credit under division (A) of section 5747.058 of the Revised Code;	787 788
(32) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	789 790
(33) The refundable credits for taxes paid by a qualifying pass-through entity granted under division (J) of section 5747.08 of the Revised Code;	791 792 793
<u>(34) The refundable credit for tax withheld under division (B)(1) of section 5747.062 of the Revised Code.</u>	794 795
(B) For any credit, except the refundable credits enumerated in divisions (A)(31), (32), and (33) of this section and the credit granted under division (I) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the tax due 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.	796 797 798 799 800 801 802 803 804 805
Section 2. That existing sections 3770.07, 3770.072, 5733.051, 5733.98, 5747.062, 5747.20, and 5747.98 of the Revised Code are hereby repealed.	806 807 808