

As Passed by the House

124th General Assembly

Regular Session

2001-2002

Am. Sub. S. B. No. 261

SENATOR Carnes

REPRESENTATIVE Calvert

A BILL

To amend sections 124.151, 131.44, 173.06, 173.40,	1
2913.40, 3721.51, 3721.56, 5101.11, 5111.02,	2
5111.10, 5111.86, 5111.871, 5112.01, 5112.06,	3
5112.07, 5112.11, 5123.041, 5126.053, 5126.17,	4
5733.01, 5733.04, 5733.40, 5740.03, 5743.02,	5
5743.03, 5743.04, 5743.08, 5743.081, 5743.12,	6
5743.13, 5743.14, 5743.32, 5743.33, 5743.34,	7
5743.35, 5747.01, 5747.02, 5747.05, 5747.21,	8
5901.02, 5901.03, and 5919.34; to amend, for the	9
purpose of adopting new section numbers as	10
indicated in parentheses, sections 5111.10	11
(5111.90), 5111.86 (5111.91), and 5126.17	12
(5126.18); to enact sections 131.441, 173.061,	13
173.062, 173.07, 173.071, 173.072, 5111.0112,	14
5111.082, 5111.091, 5111.92, 5111.93, 5111.94,	15
5747.212, and 5901.021; and to repeal sections	16
5126.16, 5126.18, 5743.023, and 5743.322 of the	17
Revised Code and to amend Section 8 of Am. Sub.	18
S.B. 172 of the 123rd General Assembly; to amend	19
Section 5.02 of Sub. H.B. 73 of the 124th General	20
Assembly, as subsequently amended; to amend	21
Sections 16, 16.02, 44, 44.19, 63.07, 63.35, 75.02,	22
94, 94.02, 94.06, 94.07, and 125 of Am. Sub. H.B.	23
94 of the 124th General Assembly; to amend Section	24

13 of Am. Sub. H.B. 94 of the 124th General 25
Assembly, as subsequently amended; to amend 26
Sections 63 and 63.37 of Am. Sub. H.B. 94 of the 27
124th General Assembly, as subsequently amended; to 28
amend Section 29 of Am. Sub. H.B. 405 of the 124th 29
General Assembly; and to repeal Section 31 of Am. 30
Sub. H.B. 405 of the 124th General Assembly to 31
increase the rate of tax on cigarettes; to make 32
other tax modifications; to provide authorization 33
and conditions for the operation of state programs; 34
to make other budgetary and program modifications; 35
and to make operating appropriations for the period 36
ending June 30, 2003, and capital appropriations 37
for the period ending June 30, 2004. 38

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

Section 1. That sections 124.151, 131.44, 173.06, 173.40, 39
2913.40, 3721.51, 3721.56, 5101.11, 5111.02, 5111.10, 5111.86, 40
5111.871, 5112.01, 5112.06, 5112.07, 5112.11, 5123.041, 5126.053, 41
5126.17, 5733.01, 5733.04, 5733.40, 5740.03, 5743.02, 5743.03, 42
5743.04, 5743.08, 5743.081, 5743.12, 5743.13, 5743.14, 5743.32, 43
5743.33, 5743.34, 5743.35, 5747.01, 5747.02, 5747.05, 5747.21, 44
5901.02, 5901.03, and 5919.34 be amended; sections 5111.10 45
(5111.90), 5111.86 (5111.91), and 5126.17 (5126.18) be amended for 46
the purpose of adopting new section numbers as indicated in 47
parentheses; and sections 131.441, 173.061, 173.062, 173.07, 48
173.071, 173.072, 5111.0112, 5111.082, 5111.091, 5111.92, 5111.93, 49
5111.94, 5747.212, and 5901.021 of the Revised Code be enacted to 50
read as follows: 51

Sec. 124.151. (A) As used in this section, "compensation" 52
includes, but is not limited to, wages and salary, travel 53

allowances paid pursuant to section 101.27 of the Revised Code, 54
and benefits paid pursuant to sections 124.13, 124.19, 124.381, 55
124.382, 124.383, 124.384, 124.385, and 124.386 of the Revised 56
Code. 57

(B) The compensation of any employee whose employment 58
commenced on or after the effective date of this amendment and who 59
is paid by warrant of the auditor of state shall,~~upon the written~~ 60
~~authorization of the employee~~ be paid by direct deposit. Such Each 61
such employee shall provide to the appointing authority a written 62
authorization for payment by direct deposit. The authorization 63
shall include the designation of a financial institution equipped 64
to accept direct deposits and the number of the account into which 65
the deposit is to be made. The authorization shall remain in 66
effect until withdrawn in writing by the employee or until 67
dishonored by the financial institution. The director of 68
administrative services shall provide by rule adopted under 69
Chapter 119. of the Revised Code for the direct deposit in a 70
financial institution of the compensation of an employee who fails 71
to provide to the appointing authority a written authorization for 72
payment by direct deposit. 73

Sec. 131.44. (A) As used in this section: 74

(1) "Surplus revenue" means the excess, if any, of the total 75
fund balance over the required year-end balance. 76

(2) "Total fund balance" means the sum of the unencumbered 77
balance in the general revenue fund on the last day of the 78
preceding fiscal year ~~plus,~~ the balance in the excess tax receipts 79
fund created under section 131.441 of the Revised Code on the last 80
day of the preceding fiscal year, and the balance in the budget 81
stabilization fund. 82

(3) "Required year-end balance" means the sum of the 83
following: 84

(a) Five per cent of the general revenue fund revenues for 85
the preceding fiscal year; 86

(b) "Ending fund balance," which means one-half of one per 87
cent of general revenue fund revenues for the preceding fiscal 88
year; 89

(c) "Carryover balance," which means, with respect to a 90
fiscal biennium, the excess, if any, of the estimated general 91
revenue fund appropriation and transfer requirement for the second 92
fiscal year of the biennium over the estimated general revenue 93
fund revenue for that fiscal year; 94

(d) "Capital appropriation reserve," which means the amount, 95
if any, of general revenue fund capital appropriations made for 96
the current biennium that the director of budget and management 97
has determined will be encumbered or disbursed; 98

(e) "Income tax reduction impact reserve," which means an 99
amount equal to the reduction projected by the director of budget 100
and management in income tax revenue in the current fiscal year 101
attributable to the previous reduction in the income tax rate made 102
by the tax commissioner pursuant to division (B) of section 103
5747.02 of the Revised Code. 104

(4) "Estimated general revenue fund appropriation and 105
transfer requirement" means the most recent adjusted 106
appropriations made by the general assembly from the general 107
revenue fund and includes both of the following: 108

(a) Appropriations made and transfers of appropriations from 109
the first fiscal year to the second fiscal year of the biennium in 110
provisions of acts of the general assembly signed by the governor 111
but not yet effective; 112

(b) Transfers of appropriation from the first fiscal year to 113
the second fiscal year of the biennium approved by the controlling 114
board. 115

(5) "Estimated general revenue fund revenue" means the most recent such estimate available to the director of budget and management.

(B)(1) Not later than the thirty-first day of July each year, the director of budget and management shall determine the surplus revenue that existed on the preceding thirtieth day of June and transfer from the general revenue fund, to the extent of the unobligated, unencumbered balance on the preceding thirtieth day of June in excess of one-half of one per cent of the general revenue fund revenues in the preceding fiscal year, and from the excess tax receipts fund, the following:

(a) First, to the budget stabilization fund, any amount necessary for the balance of the budget stabilization fund to equal five per cent of the general revenue fund revenues of the preceding fiscal year;

(b) Then, to the income tax reduction fund, which is hereby created in the state treasury, an amount equal to the surplus revenue.

(2) Not later than the thirty-first day of July each year, the director shall determine the percentage that the balance in the income tax reduction fund is of the amount of revenue that the director estimates will be received from the tax levied under section 5747.02 of the Revised Code in the current fiscal year without regard to any reduction under division (B) of that section. If that percentage exceeds thirty-five one hundredths of one per cent, the director shall certify the percentage to the tax commissioner not later than the thirty-first day of July.

(C) The director of budget and management shall transfer money in the income tax reduction fund to the general revenue fund, the local government fund, the library and local government support fund, and the local government revenue assistance fund as

necessary to offset revenue reductions resulting from the
reductions in taxes required under division (B) of section 5747.02
of the Revised Code in the respective amounts and percentages
prescribed by divisions (A)(1), (2), and (4) of section 5747.03 of
the Revised Code as if the amount transferred had been collected
as taxes under Chapter 5747. of the Revised Code. If no reductions
in taxes are made under that division that affect revenue received
in the current fiscal year, the director shall not transfer money
from the income tax reduction fund to the general revenue fund,
the local government fund, the library and local government
support fund, and the local government revenue assistance fund.

Sec. 131.441. (A) As used in this section:

(1) "Base year revenue" means sixteen billion one hundred
ninety-five million eight hundred thousand dollars.

(2) "Target revenue" for each fiscal year after fiscal year
2002 means the target fiscal year revenue for the preceding fiscal
year multiplied by the greater of the following:

(a) One hundred three per cent;

(b) One hundred per cent plus the percentage increase in the
consumer price index prepared by the United States bureau of labor
statistics (all urban consumers, all items) for the twelve-month
period ending on the thirty-first day of December preceding the
determination made under division (C) of this section.

For fiscal year 2002, "target revenue" equals the base year
revenue multiplied by the greater of the quantities described in
divisions (A)(2)(a) and (b) of this section.

(3) "Actual revenue" for a fiscal year means the total amount
of taxes credited to the general revenue fund in the fiscal year
plus transfers made in the fiscal year from the income tax

reduction fund to the general revenue fund under division (C) of
section 131.44 of the Revised Code.

(4) "Excess revenue" for a fiscal year means the excess, if
any, of actual revenue for that fiscal year over the target
revenue for that fiscal year.

(B) There is hereby created in the state treasury the excess
tax receipts fund. Money in the fund shall not be transferred or
appropriated from the fund except as provided in division (B)(1)
of section 131.44 of the Revised Code.

(C) On the thirtieth day of June each year, the director of
budget and management shall transfer from the general revenue fund
to the excess tax receipts fund an amount equal to the excess
revenue for the fiscal year ending on that day.

Sec. 173.06. (A) The director of aging shall establish a
golden buckeye card program and provide a golden buckeye card to
any resident of this state who applies to the director for a card
and who is sixty years of age or older or disabled. The director
shall devise programs to provide benefits of any kind to card
holders, and encourage support and participation in them by all
persons, including governmental organizations. Card holders shall
be entitled to any benefits granted to them by private persons or
organizations, the laws of this state, or ordinances or
resolutions of political subdivisions. This section does not
require any person or organization to provide benefits to any card
holder. The department of aging shall bear all costs of the
program, except that the department is not required to bear any
costs related to the prescription drug discount programs
established pursuant to section 173.061 of the Revised Code.

(B) Before issuing a golden buckeye card to any person, the
director shall establish the identity of any person who applies
for a card and shall ascertain that such person is sixty years of

age or older or disabled. The director shall adopt rules under
Chapter 119. of the Revised Code to prevent the issuance of cards
to persons not qualified to have them. Cards shall contain the
signature of the card holder and any other information the
director considers necessary to carry out the purposes of the
golden buckeye card program under this section. Any card that the
director issues shall be held in perpetuity by the original card
holder and shall not be transferable to any other person. A person
who loses ~~his~~ the person's card may obtain another card from the
director upon providing the same information to the director as
was required for the issuance of the original card.

(C) No person shall use a golden buckeye card except to
obtain a benefit for the holder of the card to which the holder is
entitled under the conditions of the offer.

(D) As used in this section, "disabled person" means a person
who has some impairment of body or mind that makes the person
unfit to work at any substantially remunerative employment that ~~he~~
~~or she~~ the person is substantially able to perform and that will,
with reasonable probability, continue for a period of at least
twelve months without any present indication of recovery
therefrom, or who has been certified as permanently and totally
disabled by an agency of this state or the United States having
the function of so classifying persons.

Sec. 173.061. (A) As used in this section:

(1) "Prescription drug" means a drug that may not be
dispensed without a prescription from a licensed health
professional authorized to prescribe drugs.

(2) "Drug," "licensed health professional authorized to
prescribe drugs," "pharmacy," and "prescription" have the same
meanings as in section 4729.01 of the Revised Code.

(3) "Disabled person" has the same meaning as in section 238
173.06 of the Revised Code. 239

(B) The director of aging shall establish one or more 240
prescription drug discount card programs that enable cardholders 241
to receive discounts on prescription drugs dispensed at 242
participating pharmacies. A card shall be provided to any resident 243
of this state who applies in accordance with rules adopted by the 244
director pursuant to division (F) of this section and is sixty 245
years of age or older or is a disabled person. 246

If the director establishes more than one prescription drug 247
discount card program under this section, an eligible resident may 248
participate in one or more or all of the programs. 249

(C)(1) The director shall solicit and accept proposals from 250
entities separate from the department of aging to provide for 251
administration of a program or programs in accordance with rules 252
adopted under division (F) of this section. Proposals must be 253
submitted not later than a date established by the director. The 254
director shall accept only those proposals that specify all of the 255
following: 256

(a) The estimated amount of the discount based on the 257
entity's previous experience and how the discount is to be 258
achieved; 259

(b) To the extent that discounts on prescription drugs are to 260
be achieved through rebates or discounts in prices that the entity 261
negotiates with drug manufacturers, the proportion of the rebates 262
or discounts to be used to do all of the following: 263

(i) Reduce any costs to cardholders; 264

(ii) Achieve discounts for cardholders; 265

(iii) Cover costs for administering the program. 266

(c) Any other benefits offered to cardholders; 267

(d) If fees are permitted, the fee, if any, to cardholders 268
for participation in the program and whether the fee is to be a 269
one-time or periodic fee; 270

(e) The estimated number and geographic distribution of 271
participating pharmacies and the process for establishing the 272
program's pharmacy network; 273

(f) Financial incentives to be paid to participating 274
pharmacies by the entity; 275

(g) The percentage of prescription drugs to be covered by the 276
program by major drug category; 277

(h) How the entity proposes to improve medication management 278
for cardholders; 279

(i) How cardholders and participating pharmacies will be 280
informed of the discounted price negotiated by the entity; 281

(j) How the entity will handle complaints about the program's 282
operation; 283

(k) The entity's previous experience in managing similar 284
programs; 285

(1) Any additional information requested by the director. 286

(2) The director shall contract with one or more entities to 287
administer a program or programs on the basis of the proposals 288
submitted, but may require an administrator to modify its conduct 289
of a program in accordance with rules adopted under division (F) 290
of this section. Prior to entering into a contract with an entity, 291
the director shall obtain approval of the contract from the 292
controlling board at a public hearing. 293

The director shall adopt rules specifying the period for 294
which a contract will be in effect and may terminate a contract if 295
an administrator fails to conduct a program in accordance with its 296
proposal or with any modifications required by rule. When a 297

contract period ends or a contract is terminated, the director
shall enter into a new contract in the manner specified in this
section for an original contract. Prior to making a new contract,
the director may modify the rules for administration of the
program or programs.

(D) The rules for administration of a program established
under division (C)(2) of this section may permit an administrator
to charge a fee for a prescription drug discount card. The fee may
be a one-time or periodic fee. If the rules permit a fee to be
charged, each entity that submits a proposal under which a fee
will be charged shall specify the amount of the fee and the period
to which the fee will apply.

If an administrator charges a fee for a prescription drug
discount card, the rules may require the administrator to issue
the cards. If an administrator does not charge a fee, the rules
may require the administrator to issue the cards or may include
the prescription drug discount information on golden buckeye cards
issued under section 173.06 of the Revised Code.

(E) As used in this division, "administrator" includes the
administrator's parent company and any subsidiary of the parent
company.

(1) No administrator shall sell any information concerning a
person who holds a prescription drug discount card, other than
aggregate information that does not identify the cardholder,
without the cardholder's written consent.

(2) Unless an administrator has the cardholder's written
consent, no administrator shall use any personally identifiable
information that it obtains concerning a cardholder through the
program to promote or sell a program or product offered by the
administrator that is not related to the administration of the
program. This division does not prohibit an administrator from

contacting cardholders concerning participation in or 329
administration of the program, including, but not limited to, 330
mailing a list of pharmacies participating in the program's 331
network. 332

(3) To the extent that a discount is achieved through rebates 333
or discounts in prices that an administrator negotiates with drug 334
manufacturers, an administrator shall use the rebates or discounts 335
to do the following: 336

(a) Reduce any costs to cardholders; 337

(b) Achieve discounts for cardholders; 338

(c) Cover any administrative costs of the program. 339

(F) The director shall adopt rules in accordance with Chapter 340
119. of the Revised Code that do all of the following: 341

(1) Specify how a resident may apply to participate in any 342
one or more prescription drug discount card programs; 343

(2) Provide for the administration of each program; 344

(3) Specify the circumstances under which the director may 345
require an administrator to modify its conduct of a program; 346

(4) Specify the duration of a contract; 347

(5) Specify whether an administrator may charge a fee for a 348
card and whether an administrator is required to issue the cards; 349

(6) Require that an administrator permit any pharmacy willing 350
to comply with the administrator's terms and conditions for 351
participation in the program's network to participate in any 352
network used by the administrator for its program; 353

(7) Prohibit an administrator from requiring a pharmacy or 354
drug manufacturer to participate in the program's network as a 355
condition of participation in another network operated by the 356
administrator; 357

(8) Permit an administrator to negotiate with one or more 358
drug manufacturers for discounts in drug prices or rebates; 359

(9) Permit an administrator to receive any rebate payments 360
from drug manufacturers; 361

(10) Require that an administrator create a financial 362
incentive program for participating pharmacies through which the 363
administrator shall distribute a portion of any rebate payments 364
from drug manufacturers received under division (F)(9) of this 365
section. 366

(G) Not later than one month after the end of each 367
twelve-month period that one or more prescription drug discount 368
card programs are in operation, each administrator shall collect 369
from each of its participating pharmacies and provide to the 370
director of aging the information required by section 173.071 of 371
the Revised Code. 372

Sec. 173.062. Records identifying the recipients of golden 373
buckeye cards issued under section 173.06 of the Revised Code or 374
prescription drug discount cards issued under section 173.061 of 375
the Revised Code are not public records subject to inspection or 376
copying under section 149.43 of the Revised Code and may be 377
disclosed only at the discretion of the director of aging. The 378
director may disclose only information in records identifying the 379
recipients of golden buckeye cards or prescription drug discount 380
cards that does not contain the recipient's medical history or 381
prescription drug utilization history. 382

Sec. 173.07. Not later than four months after the end of each 383
twelve-month period that one or more prescription drug discount 384
card programs established under section 173.061 of the Revised 385
Code are in operation, the director of aging shall issue a report 386
on the operation of each program during that twelve-month period. 387

Sec. 173.071. Each report issued under section 173.07 of the 388
Revised Code shall be based on information received by the 389
director of aging from each administrator under division (G) of 390
section 173.061 of the Revised Code and specify all of the 391
following about each program: 392

(A) The number of prescription drug discount cardholders; 393

(B) The number of cardholders who used the card at least once 394
in the immediately preceding twelve-month period; 395

(C) The total cost savings to all cardholders generated by 396
the program; 397

(D) The average cost savings to a cardholder per 398
prescription; 399

(E) The source and method of cost savings under the program; 400

(F) The drugs that are discounted under the program listed 401
according to major drug category; 402

(G) For each participating pharmacy, the number of times in 403
the twelve-month period that the pharmacy's customary and usual 404
price was lower than the price offered under the prescription drug 405
discount program; 406

(H) The name of the program's administrator; 407

(I) The length of the contract between the director and the 408
program's administrator; 409

(J) The number of pharmacies participating in the program; 410

(K) Other than the cost of prescription drugs, any fees paid 411
by cardholders to participate in the program; 412

(L) Any costs incurred by the state to operate the program; 413

(M) Any costs incurred by participating pharmacies to 414
participate in the program. 415

Sec. 173.072. The director of aging shall submit each report 416
to the governor, the speaker and minority leader of the house of 417
representatives, the president and minority leader of the senate, 418
and the chairpersons and ranking minority members of the 419
committees of the house of representatives and senate that have 420
primary concern with matters pertaining to health care. 421

Sec. 173.40. There is hereby created a component of the 422
medicaid program established under Chapter 5111. of the Revised 423
Code to be known as the preadmission screening system providing 424
options and resources today program, or PASSPORT. The PASSPORT 425
program shall provide home and community-based services as an 426
alternative to nursing facility placement for aged and disabled 427
medicaid recipients. The program shall be operated pursuant to a 428
home and community-based waiver granted by the United States 429
secretary of health and human services under section 1915 of the 430
"Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 1396n, as 431
amended. The department of aging shall administer the program 432
through ~~an interagency agreement~~ a contract entered into with the 433
department of job and family services under section ~~5111.86~~ 434
5111.91 of the Revised Code. The directors of aging and job and 435
family services shall adopt rules in accordance with Chapter 119. 436
of the Revised Code to implement the program. 437

Sec. 2913.40. (A) As used in this section: 438

(1) "Statement or representation" means any oral, written, 439
electronic, electronic impulse, or magnetic communication that is 440
used to identify an item of goods or a service for which 441
reimbursement may be made under the medical assistance program or 442
that states income and expense and is or may be used to determine 443
a rate of reimbursement under the medical assistance program. 444

(2) "Medical assistance program" means the program 445

established by the department of job and family services to 446
provide medical assistance under section 5111.01 of the Revised 447
Code and the medicaid program of Title XIX of the "Social Security 448
Act," 49 Stat. 620 (1935), 42 U.S.C. 301, as amended. 449

(3) "Provider" means any person who has signed a provider 450
agreement with the department of job and family services to 451
provide goods or services pursuant to the medical assistance 452
program or any person who has signed an agreement with a party to 453
such a provider agreement under which the person agrees to provide 454
goods or services that are reimbursable under the medical 455
assistance program. 456

(4) "Provider agreement" means an oral or written agreement 457
between the department of job and family services and a person in 458
which the person agrees to provide goods or services under the 459
medical assistance program. 460

(5) "Recipient" means any individual who receives goods or 461
services from a provider under the medical assistance program. 462

(6) "Records" means any medical, professional, financial, or 463
business records relating to the treatment or care of any 464
recipient, to goods or services provided to any recipient, or to 465
rates paid for goods or services provided to any recipient and any 466
records that are required by the rules of the director of job and 467
family services to be kept for the medical assistance program. 468

(B) No person shall knowingly make or cause to be made a 469
false or misleading statement or representation for use in 470
obtaining reimbursement from the medical assistance program. 471

(C) No person, with purpose to commit fraud or knowing that 472
the person is facilitating a fraud, shall do either of the 473
following: 474

(1) Contrary to the terms of the person's provider agreement, 475
charge, solicit, accept, or receive for goods or services that the 476

person provides under the medical assistance program any property, 477
money, or other consideration in addition to the amount of 478
reimbursement under the medical assistance program and the 479
person's provider agreement for the goods or services and any 480
deductibles or co-payments authorized by rules adopted under 481
section ~~5111.02~~ 5111.0112 of the Revised Code or by any rules 482
adopted pursuant to that section. 483

(2) Solicit, offer, or receive any remuneration, other than 484
any deductibles or co-payments authorized by rules adopted under 485
section ~~5111.02~~ 5111.0112 of the Revised Code or by any rules 486
adopted pursuant to that section, in cash or in kind, including, 487
but not limited to, a kickback or rebate, in connection with the 488
furnishing of goods or services for which whole or partial 489
reimbursement is or may be made under the medical assistance 490
program. 491

(D) No person, having submitted a claim for or provided goods 492
or services under the medical assistance program, shall do either 493
of the following for a period of at least six years after a 494
reimbursement pursuant to that claim, or a reimbursement for those 495
goods or services, is received under the medical assistance 496
program: 497

(1) Knowingly alter, falsify, destroy, conceal, or remove any 498
records that are necessary to fully disclose the nature of all 499
goods or services for which the claim was submitted, or for which 500
reimbursement was received, by the person; 501

(2) Knowingly alter, falsify, destroy, conceal, or remove any 502
records that are necessary to disclose fully all income and 503
expenditures upon which rates of reimbursements were based for the 504
person. 505

(E) Whoever violates this section is guilty of medicaid 506
fraud. Except as otherwise provided in this division, medicaid 507

fraud is a misdemeanor of the first degree. If the value of
property, services, or funds obtained in violation of this section
is five hundred dollars or more and is less than five thousand
dollars, medicaid fraud is a felony of the fifth degree. If the
value of property, services, or funds obtained in violation of
this section is five thousand dollars or more and is less than one
hundred thousand dollars, medicaid fraud is a felony of the fourth
degree. If the value of the property, services, or funds obtained
in violation of this section is one hundred thousand dollars or
more, medicaid fraud is a felony of the third degree.

(F) Upon application of the governmental agency, office, or
other entity that conducted the investigation and prosecution in a
case under this section, the court shall order any person who is
convicted of a violation of this section for receiving any
reimbursement for furnishing goods or services under the medical
assistance program to which the person is not entitled to pay to
the applicant its cost of investigating and prosecuting the case.
The costs of investigation and prosecution that a defendant is
ordered to pay pursuant to this division shall be in addition to
any other penalties for the receipt of that reimbursement that are
provided in this section, section 5111.03 of the Revised Code, or
any other provision of law.

(G) The provisions of this section are not intended to be
exclusive remedies and do not preclude the use of any other
criminal or civil remedy for any act that is in violation of this
section.

Sec. 3721.51. The department of job and family services
shall:

(A) For the purposes specified in section 3721.56 of the
Revised Code, determine an annual franchise permit fee on each
nursing home in an amount equal to three dollars and thirty cents

for fiscal ~~years~~ year 2002 and 2003, four dollars and thirty cents
for fiscal years 2003 through 2005, and one dollar for each fiscal
year thereafter, multiplied by the product of the following:

(1) The number of beds licensed as nursing home beds, plus
any other beds certified as skilled nursing facility beds under
Title XVIII or nursing facility beds under Title XIX of the
"Social Security Act," 49 Stat. 620 (1935), 42 U.S.C.A. 301, as
amended, on July 1, 1993, and, for each subsequent year, the first
day of May of the calendar year in which the fee is determined
pursuant to division (A) of section 3721.53 of the Revised Code;

(2) The number of days in fiscal year 1994 and, for each
subsequent year, the number of days in the fiscal year beginning
on the first day of July of the calendar year in which the fee is
determined pursuant to division (A) of section 3721.53 of the
Revised Code.

(B) For the purposes specified in section 3721.56 of the
Revised Code, determine an annual franchise permit fee on each
hospital in an amount equal to three dollars and thirty cents for
fiscal ~~years~~ year 2002 and 2003, four dollars and thirty cents for
fiscal years 2003 through 2005, and one dollar for each fiscal
year thereafter, multiplied by the product of the following:

(1) The number of beds registered pursuant to section 3701.07
of the Revised Code as skilled nursing facility beds or long-term
care beds, plus any other beds licensed as nursing home beds under
section 3721.02 or 3721.09 of the Revised Code, on July 1, 1993,
and, for each subsequent year, the first day of May of the
calendar year in which the fee is determined pursuant to division
(A) of section 3721.53 of the Revised Code;

(2) The number of days in fiscal year 1994 and, for each
subsequent year, the number of days in the fiscal year beginning
on the first day of July of the calendar year in which the fee is

determined pursuant to division (A) of section 3721.53 of the
Revised Code.

If the United States ~~health care financing administration~~
centers for medicare and medicaid services determines that the
franchise permit fee established by sections 3721.50 ~~through to~~
3721.58 of the Revised Code would be an impermissible health care
related tax under section 1903(w) of the "Social Security Act," 49
Stat. 620 (1935), 42 U.S.C. 1396b(w), as amended, the department
of job and family services shall take all necessary actions to
cease implementation of those sections in accordance with rules
adopted under section 3721.58 of the Revised Code.

Sec. 3721.56. (A) Thirty and three-tenths per cent of all
payments and penalties paid by nursing homes and hospitals under
sections 3721.53 and 3721.54 of the Revised Code for fiscal ~~years~~
year 2002 and 2003, twenty-three and twenty-six-hundredths per
cent of such payments and penalties paid for fiscal years 2003
through 2005, and all such payments and penalties paid for
subsequent fiscal years, shall be deposited into the "home and
community-based services for the aged fund," which is hereby
created in the state treasury. The departments of job and family
services and aging shall use the moneys in the fund to fund the
following in accordance with rules adopted under section 3721.58
of the Revised Code:

(1) The medical assistance program established under Chapter
~~511-~~ 5111. of the Revised Code;

(2) The PASSPORT program established under section 173.40 of
the Revised Code;

(3) The residential state supplement program established
under section 173.35 of the Revised Code.

(B) Sixty-nine and seven-tenths per cent of all payments and

penalties paid by nursing homes and hospitals under sections
3721.53 and 3721.54 of the Revised Code for fiscal ~~years~~ year 2002
~~and, and seventy-six and seventy-four-hundredths per cent of such~~
payments and penalties paid for fiscal years 2003 through 2005,
shall be deposited into the nursing facility stabilization fund,
which is hereby created in the state treasury. The department of
job and family services shall use the money in the fund in the
manner provided by Am. Sub. H.B. 94 and Am. Sub. S.B. 261 of the
124th general assembly.

Sec. 5101.11. This section does not apply to contracts
entered into under section 5111.022, 5111.90, or 5111.91 of the
Revised Code.

(A) As used in this section:

(1) "Entity" includes an agency, board, commission, or
department of the state or a political subdivision of the state; a
private, nonprofit entity; a school district; a private school; or
a public or private institution of higher education.

(2) "Federal financial participation" means the federal
government's share of expenditures made by an entity in
implementing a program administered by the department of job and
family services.

(B) At the request of any public entity having authority to
implement a program administered by the department of job and
family services or any private entity under contract with a public
entity to implement a program administered by the department, the
department may seek to obtain federal financial participation for
costs incurred by the entity. Federal financial participation may
be sought from programs operated pursuant to Title IV-A, Title
IV-E, and Title XIX of the "Social Security Act," 49 Stat. 620
(1935), 42 U.S.C. 301, as amended; the "Food Stamp Act of 1964,"
78 Stat. 703, 7 U.S.C. 2011, as amended; and any other statute or

regulation under which federal financial participation may be
available, except that federal financial participation may be
sought only for expenditures made with funds for which federal
financial participation is available under federal law.

(C) All funds collected by the department of job and family
services pursuant to division (B) of this section shall be
distributed to the entities that incurred the costs, except for
any amounts retained by the department pursuant to division (D)(3)
of this section.

(D) In distributing federal financial participation pursuant
to this section, the department may either enter into an agreement
with the entity that is to receive the funds or distribute the
funds in accordance with rules adopted under division (F) of this
section. If the department decides to enter into an agreement to
distribute the funds, the agreement may include terms that do any
of the following:

(1) Provide for the whole or partial reimbursement of any
cost incurred by the entity in implementing the program;

(2) In the event that federal financial participation is
disallowed or otherwise unavailable for any expenditure, require
the department of job and family services or the entity, whichever
party caused the disallowance or unavailability of federal
financial participation, to assume responsibility for the
expenditures;

(3) Permit the department to retain not more than five per
cent of the amount of the federal financial participation to be
distributed to the entity;

(4) Require the public entity to certify the availability of
sufficient unencumbered funds to match the federal financial
participation it receives under this section;

(5) Establish the length of the agreement, which may be for a

fixed or a continuing period of time;

(6) Establish any other requirements determined by the department to be necessary for the efficient administration of the agreement.

(E) An entity that receives federal financial participation pursuant to this section for a program aiding children and their families shall establish a process for collaborative planning with the department of job and family services for the use of the funds to improve and expand the program.

(F) The director of job and family services shall adopt rules as necessary to implement this section, including rules for the distribution of federal financial participation pursuant to this section. The rules shall be adopted in accordance with Chapter 119. of the Revised Code. The director may adopt or amend any statewide plan required by the federal government for a program administered by the department, as necessary to implement this section.

(G) Federal financial participation received pursuant to this section shall not be included in any calculation made under section 5101.16 or 5101.161 of the Revised Code.

Sec. 5111.0112. The director of job and family services shall examine instituting a copayment program under medicaid. As part of the examination, the director shall determine which groups of medicaid recipients may be subjected to a copayment requirement under federal statutes and regulations and which of those groups are appropriate for a copayment program designed to reduce inappropriate and excessive use of medical goods and services. If, on completion of the examination, the director determines that it is feasible to institute such a copayment program, the director may seek approval from the United States secretary of health and human services to institute the copayment program. If necessary,

the director may seek approval by applying for a waiver of federal
statutes and regulations. If such approval is obtained, the
director shall adopt rules in accordance with Chapter 119. of the
Revised Code governing the copayment program.

Sec. 5111.02. (A) Under the medical assistance program:

(1) ~~Reimbursement~~ Except as otherwise permitted by federal
statute or regulation and at the department's discretion,
reimbursement by the department of job and family services to a
medical provider for any medical service rendered under the
program shall not exceed the authorized reimbursement level for
the same service under the medicare program established under
Title XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42
U.S.C.A. 301, as amended.

(2) Reimbursement for freestanding medical laboratory charges
shall not exceed the customary and usual fee for laboratory
profiles.

(3) The department may deduct from payments for services
rendered by a medicaid provider under the medical assistance
program any amounts the provider owes the state as the result of
incorrect medical assistance payments the department has made to
the provider.

(4) The department may conduct final fiscal audits in
accordance with the applicable requirements set forth in federal
laws and regulations and determine any amounts the provider may
owe the state. When conducting final fiscal audits, the department
shall consider generally accepted auditing standards, which
include the use of statistical sampling.

(5) ~~To the maximum extent that federal laws and regulations~~
~~permit the implementation of such a policy, the department may~~
~~institute a copayment program for all services provided under the~~

~~medical assistance program. The program shall be administered in~~ 723
~~accordance with the applicable requirements set forth in federal~~ 724
~~laws and regulations.~~ 725

(6) The number of days of inpatient hospital care for which 726
reimbursement is made on behalf of a recipient of medical 727
assistance to a hospital that is not paid under a 728
diagnostic-related-group prospective payment system shall not 729
exceed thirty days during a period beginning on the day of the 730
recipient's admission to the hospital and ending sixty days after 731
the termination of that hospital stay, except that the department 732
may make exceptions to this limitation. The limitation does not 733
apply to children participating in the program for medically 734
handicapped children established under section 3701.023 of the 735
Revised Code. 736

(B) The director of job and family services may adopt, amend, 737
or rescind rules under Chapter 119. of the Revised Code 738
establishing the amount, duration, and scope of medical services 739
to be included in the medical assistance program. Such rules shall 740
establish the conditions under which services are covered and 741
reimbursed, the method of reimbursement applicable to each covered 742
service, and the amount of reimbursement or, in lieu of such 743
amounts, methods by which such amounts are to be determined for 744
each covered service. Any rules that pertain to nursing facilities 745
or intermediate care facilities for the mentally retarded shall be 746
consistent with sections 5111.20 to 5111.33 of the Revised Code. 747
748

(C) No health insuring corporation that has a contract to 749
provide health care services to recipients of medical assistance 750
shall restrict the availability to its enrollees of any 751
prescription drugs included in the Ohio medicaid drug formulary as 752
established under rules adopted by the director. 753

(D) The division of any reimbursement between a collaborating 754

physician or podiatrist and a clinical nurse specialist, certified
nurse-midwife, or certified nurse practitioner for services
performed by the nurse shall be determined and agreed on by the
nurse and collaborating physician or podiatrist. In no case shall
reimbursement exceed the payment that the physician or podiatrist
would have received had the physician or podiatrist provided the
entire service.

Sec. 5111.082. The director of job and family services, in
rules adopted under section 5111.02 of the Revised Code, may
establish and implement a supplemental drug rebate program under
which drug manufacturers may be required to provide the department
of job and family services a supplemental rebate as a condition of
having the drug manufacturers' drug products covered by the
medicaid program without prior approval. If necessary, the
director may apply to the United States secretary of health and
human services for a waiver of federal statutes and regulations to
establish the supplemental drug rebate program. A supplemental
rebate may be, at the director's discretion, one or more cash
payments by a drug manufacturer to the department or one or more
services a drug manufacturer performs that are guaranteed to
produce savings to the medicaid program within one year of the
date the director enters into a supplemental drug rebate contract
with the drug manufacturer or other date negotiated by the
director and drug manufacturer. Examples of services drug
manufacturers may perform include disease management, drug product
donations, drug utilization control, prescriber and beneficiary
counseling and education, and fraud and abuse initiatives.

If the director establishes a supplemental drug rebate
program, the director shall consult with drug manufacturers
regarding the establishment and implementation of the program.

If the director establishes a supplemental drug rebate

program, the director shall exempt from the program all of a drug
manufacturer's drug products that have been approved by the United
States food and drug administration for the treatment of either of
the following:

(A) Mental illness, as defined in section 5122.01 of the
Revised Code, including schizophrenia, major depressive disorder,
and bipolar disorder;

(B) HIV or AIDS, both as defined in section 3701.24 of the
Revised Code.

Sec. 5111.091. Every three months, the director of job and
family services shall submit a report to the president and
minority leader of the senate and speaker and minority leader of
the house of representatives on the establishment and
implementation of programs designed to control the increase of the
cost of the medicaid program.

Sec. 5111.871. The department of job and family services
shall enter into ~~an interagency agreement~~ a contract with the
department of mental retardation and developmental disabilities
under section ~~5111.86~~ 5111.91 of the Revised Code with regard to
the component of the medicaid program established by the
department of job and family services under one or more waivers
from the United States secretary of health and human services
pursuant to section 1915 of the "Social Security Act," 49 Stat.
620 (1935), 42 U.S.C.A. 1396n, as amended, to provide eligible
medicaid recipients with home and community-based services as an
alternative to placement in an intermediate care facility for the
mentally retarded. The ~~agreement~~ contract shall provide for the
department of mental retardation and developmental disabilities to
administer the component in accordance with the terms of the
waiver. The directors of job and family services and mental

retardation and developmental disabilities shall adopt rules in 816
accordance with Chapter 119. of the Revised Code governing the 817
component. 818

If the department of mental retardation and developmental 819
disabilities or the department of job and family services denies 820
an individual's application for home and community-based services 821
provided under this medicaid component, the department that denied 822
the services shall give timely notice to the individual that the 823
individual may request a hearing under section 5101.35 of the 824
Revised Code. 825

The departments of mental retardation and developmental 826
disabilities and job and family services may approve, reduce, 827
deny, or terminate a service included in the individualized 828
service plan developed for a medicaid recipient eligible for home 829
and community-based services provided under this medicaid 830
component. The departments shall consider the recommendations a 831
county board of mental retardation and developmental disabilities 832
makes under division (A)(1)(c) of section 5126.055 of the Revised 833
Code. If either department approves, reduces, denies, or 834
terminates a service, that department shall give timely notice to 835
the medicaid recipient that the recipient may request a hearing 836
under section 5101.35 of the Revised Code. 837

If supported living or residential services, as defined in 838
section 5126.01 of the Revised Code, are to be provided under this 839
component, any person or government entity with a current, valid 840
medicaid provider agreement and a current, valid license under 841
section 5123.19 or certificate under section 5123.045 or 5126.431 842
of the Revised Code may provide the services. 843

Sec. ~~5111.10~~ 5111.90. ~~To (A)~~ As used in sections 5111.90 to 844
5111.93 of the Revised Code: 845

(1) "Political subdivision" means a municipal corporation, 846

township, county, school district, or other body corporate and
politic responsible for governmental activities only in a
geographical area smaller than that of the state.

(2) "State agency" means every organized body, office, or
agency, other than the department of job and family services,
established by the laws of the state for the exercise of any
function of state government.

(B) To the extent permitted by Title XIX of the "Social
Security Act," 49 79 Stat. 620 286 (1935 1965), 42 U.S.C.A. 301
1396, as amended, and regulations adopted under that act title,
the department of job and family services may enter into
~~agreements~~ contracts with political subdivisions to use funds of
the political subdivision to pay the nonfederal share of
expenditures under the ~~medical assistance~~ medicaid program. The
determination and provision of federal financial reimbursement to
a subdivision entering into ~~an agreement~~ a contract under this
section shall be determined by the department, subject to section
5111.92 of the Revised Code, approval by the United States
secretary of health and human services, and the availability of
federal financial participation.

Sec. 5111.86 5111.91. The department of job and family
services may enter into ~~interagency agreements~~ contracts with one
or more other state agencies or political subdivisions to have the
state agency or political subdivision administer one or more
components of the medicaid program, or one or more aspects of a
component, under the department's supervision. A state agency or
political subdivision that enters into such ~~an interagency~~
~~agreement~~ a contract shall comply with the terms of the contract
and any rules the director of job and family services has adopted
governing the component, or aspect of the component, that the
state agency or political subdivision is to administer, including

any rules establishing review, audit, and corrective action plan 878
requirements. A contract with a state agency shall be in the form 879
of an interagency agreement. 880

A state agency or political subdivision that enters into ~~an~~ 881
~~interagency agreement~~ a contract with the department under this 882
section shall reimburse the department for the nonfederal share of 883
the cost to the department of performing, or contracting for the 884
performance of, a fiscal audit of the component of the medicaid 885
program, or aspect of the component, that the state agency or 886
political subdivision administers if rules governing the 887
component, or aspect of the component, require that a fiscal audit 888
be conducted. 889

There is hereby created in the state treasury the medicaid 890
administrative reimbursement fund. The department shall use money 891
in the fund to pay for the nonfederal share of the cost of a 892
fiscal audit for which a state agency or political subdivision is 893
required by this section to reimburse the department. The 894
department shall deposit the reimbursements into the fund. 895

Sec. 5111.92. (A)(1) Except as provided in division (B) of 896
this section, if a state agency or political subdivision 897
administers one or more components of the medicaid program that 898
the United States department of health and human services 899
approved, and for which federal financial participation was 900
initially obtained, prior to January 1, 2002, or administers one 901
or more aspects of such a component, the department of job and 902
family services may retain or collect not more than ten per cent 903
of the federal financial participation the state agency or 904
political subdivision obtains through an approved, administrative 905
claim regarding the component or aspect of the component. If the 906
department retains or collects a percentage of such federal 907
financial participation, the percentage the department retains or 908

collects shall be specified in a contract the department enters 909
into with the state agency or political subdivision under section 910
5111.91 of the Revised Code. 911

(2) Except as provided in division (B) of this section, if a 912
state agency or political subdivision administers one or more 913
components of the medicaid program that the United States 914
department of health and human services approved on or after 915
January 1, 2002, or administers one or more aspects of such a 916
component, the department of job and family services shall retain 917
or collect not less than three and not more than ten per cent of 918
the federal financial participation the state agency or political 919
subdivision obtains through an approved, administrative claim 920
regarding the component or aspect of the component. The percentage 921
the department retains or collects shall be specified in a 922
contract the department enters into with the state agency or 923
political subdivision under section 5111.91 of the Revised Code. 924

(B) The department of job and family services may retain or 925
collect a percentage of federal financial participation under 926
divisions (A)(1) and (2) of this section only to the extent 927
permitted by federal statutes and regulations. 928

(C) All amounts the department retains or collects under this 929
section shall be deposited into the health care services 930
administration fund created under section 5111.94 of the Revised 931
Code. 932

Sec. 5111.93. The department of job and family services may 933
retain or collect a percentage of the federal financial 934
participation included in a supplemental medicaid payment to one 935
or more medicaid providers owned or operated by a state agency or 936
political subdivision that brings the payment to such provider or 937
providers to the upper payment limit established by 42 C.F.R. 938
447.272. If the department retains or collects a percentage of 939

that federal financial participation, the department shall adopt a 940
rule under Chapter 119. of the Revised Code specifying the 941
percentage the department is to retain or collect. All amounts the 942
department retains or collects under this section shall be 943
deposited into the health care services administration fund 944
created under section 5111.94 of the Revised Code. 945

Sec. 5111.94. (A) As used in this section, "vendor offset" 946
means a reduction of a medicaid payment to a medicaid provider to 947
correct a previous, incorrect medicaid payment to that provider. 948

(B) There is hereby created in the state treasury the health 950
care services administration fund. Except as provided in division 951
(C) of this section, all the following shall be deposited into the 952
fund: 953

(1) Amounts deposited into the fund pursuant to sections 954
5111.92 and 5111.93 of the Revised Code; 955

(2) The amount of the state share of all money the department 956
of job and family services, in fiscal year 2003 and each fiscal 957
year thereafter, recovers pursuant to a tort action under the 958
department's right of recovery under section 5101.58 of the 959
Revised Code that exceeds the state share of all money the 960
department, in fiscal year 2002, recovers pursuant to a tort 961
action under that right of recovery; 962

(3) Subject to division (D) of this section, the amount of 963
the state share of all money the department of job and family 964
services, in fiscal year 2003 and each fiscal year thereafter, 965
recovers through audits of medicaid providers that exceeds the 966
state share of all money the department, in fiscal year 2002, 967
recovers through such audits; 968

(4) Until October 16, 2003, amounts from assessments on 969

hospitals under section 5112.06 of the Revised Code and 970
intergovernmental transfers by governmental hospitals under 971
section 5112.07 of the Revised Code that are deposited into the 972
fund in accordance with the law. 973

(C) No funds shall be deposited into the health care services 974
administration fund in violation of federal statutes or 975
regulations. 976

(D) In determining under division (B)(3) of this section the 977
amount of money the department, in a fiscal year, recovers through 978
audits of medicaid providers, the amount recovered in the form of 979
vendor offset shall be excluded. 980

(E) The director of job and family services shall use funds 981
available in the health care services administration fund to pay 982
for costs associated with the administration of the medicaid 983
program. 984

Sec. 5112.01. As used in sections 5112.03 to 5112.21 of the 985
Revised Code: 986

(A)(1) "Hospital" means a nonfederal hospital to which either 987
of the following applies: 988

(a) The hospital is registered under section 3701.07 of the 989
Revised Code as a general medical and surgical hospital or a 990
pediatric general hospital, and provides inpatient hospital 991
services, as defined in 42 C.F.R. 440.10; 992

(b) The hospital is recognized under the medicare program 993
established by Title XVIII of the "Social Security Act," 49 Stat. 994
620 (1935), 42 U.S.C.A. 301, as amended, as a cancer hospital and 995
is exempt from the medicare prospective payment system. 996

"Hospital" does not include a hospital operated by a health 997
insuring corporation that has been issued a certificate of 998
authority under section 1751.05 of the Revised Code or a hospital 999

that does not charge patients for services. 1000

(2) "Disproportionate share hospital" means a hospital that 1001
meets the definition of a disproportionate share hospital in rules 1002
adopted under section 5112.03 of the Revised Code. 1003

(B) "Bad debt," "charity care," "courtesy care," and 1004
"contractual allowances" have the same meanings given these terms 1005
in regulations adopted under Title XVIII of the "Social Security 1006
Act." 1007

(C) "Cost reporting period" means the twelve-month period 1008
used by a hospital in reporting costs for purposes of Title XVIII 1009
of the "Social Security Act." 1010

(D) "Governmental hospital" means a county hospital with more 1011
than five hundred registered beds or a state-owned and -operated 1012
hospital with more than five hundred registered beds. 1013

(E) "Indigent care pool" means the sum of the following: 1014

(1) The total of assessments to be paid in a program year by 1015
all hospitals under section 5112.06 of the Revised Code, less the 1016
assessments deposited into the legislative budget services fund 1017
under section 5112.19 of the Revised Code and into the health care 1018
services administration fund created under section 5111.94 of the 1019
Revised Code; 1020

(2) The total amount of intergovernmental transfers required 1021
to be made in the same program year by governmental hospitals 1022
under section 5112.07 of the Revised Code, less the amount of 1023
transfers deposited into the legislative budget services fund 1024
under section 5112.19 of the Revised Code and into the health care 1025
services administration fund created under section 5111.94 of the 1026
Revised Code; 1027

(3) The total amount of federal matching funds that will be 1028
made available in the same program year as a result of funds 1029

distributed by the department of job and family services to 1030
hospitals under section 5112.08 of the Revised Code. 1031

(F) "Intergovernmental transfer" means any transfer of money 1032
by a governmental hospital under section 5112.07 of the Revised 1033
Code. 1034

(G) "Medical assistance program" means the program of medical 1035
assistance established under section 5111.01 of the Revised Code 1036
and Title XIX of the "Social Security Act." 1037

(H) "Program year" means a period beginning the first day of 1038
October, or a later date designated in rules adopted under section 1039
5112.03 of the Revised Code, and ending the thirtieth day of 1040
September, or an earlier date designated in rules adopted under 1041
that section. 1042

(I) "Registered beds" means the total number of hospital beds 1043
registered with the department of health, as reported in the most 1044
recent "directory of registered hospitals" published by the 1045
department of health. 1046

(J) "Total facility costs" means the total costs for all 1047
services rendered to all patients, including the direct, indirect, 1048
and overhead cost to the hospital of all services, supplies, 1049
equipment, and capital related to the care of patients, regardless 1050
of whether patients are enrolled in a health insuring corporation, 1051
excluding costs associated with providing skilled nursing services 1052
in distinct-part nursing facility units, as shown on the 1053
hospital's cost report filed under section 5112.04 of the Revised 1054
Code. Effective October 1, 1993, if rules adopted under section 1055
5112.03 of the Revised Code so provide, "total facility costs" may 1056
exclude costs associated with providing care to recipients of any 1057
of the governmental programs listed in division (B) of that 1058
section. 1059

(K) "Uncompensated care" means bad debt and charity care. 1060

Sec. 5112.06. (A) For the purpose of distributing funds to 1061
hospitals under the medical assistance program pursuant to 1062
sections 5112.01 to 5112.21 of the Revised Code and depositing 1063
funds into the legislative budget services fund under section 1064
5112.19 of the Revised Code and into the health care services 1065
administration fund created under section 5111.94 of the Revised 1066
Code, there is hereby imposed an assessment on all hospitals. Each 1067
hospital's assessment shall be based on total facility costs. All 1068
hospitals shall be assessed according to the rate or rates 1069
established each program year by the department of job and family 1070
services in rules adopted under section 5112.03 of the Revised 1071
Code. The department shall assess all hospitals uniformly and in a 1072
manner consistent with federal statutes and regulations. During 1073
any program year, the department shall not assess any hospital 1074
more than two per cent of the hospital's total facility costs. 1075

The department shall establish an assessment rate or rates 1076
each program year that will do both of the following: 1077

(1) Yield funds that, when combined with intergovernmental 1078
transfers and federal matching funds, will produce a program of 1079
sufficient size to pay a substantial portion of the indigent care 1080
provided by hospitals; 1081

(2) Yield funds that, when combined with intergovernmental 1082
transfers and federal matching funds, will produce amounts for 1083
distribution to disproportionate share hospitals that do not 1084
exceed, in the aggregate, the limits prescribed by the United 1085
States health care financing administration under subsection (f) 1086
of section 1923 of the "Social Security Act," 49 Stat. 620 (1935), 1087
42 U.S.C.A. 1396r-4(f), as amended. 1088

(B)(1) Except as provided in division (B)(3) of this section, 1089
each hospital shall pay its assessment in periodic installments in 1090
accordance with a schedule established by the director of job and 1091

family services in rules adopted under section 5112.03 of the
Revised Code.

(2) The installments shall be equal in amount, unless either
of the following applies:

(a) The department makes adjustments during a program year
under division (D) of section 5112.09 of the Revised Code in the
total amount of hospitals' assessments;

(b) The director of job and family services determines that
adjustments in the amounts of installments are necessary for the
administration of sections 5112.01 to 5112.21 of the Revised Code
and that unequal installments will not create cash flow
difficulties for hospitals.

(3) The director may adopt rules under section 5112.03 of the
Revised Code establishing alternate schedules for hospitals to pay
assessments under this section in order to reduce hospitals' cash
flow difficulties.

Sec. 5112.07. (A) The department of job and family services
may require governmental hospitals to make intergovernmental
transfers each program year for the purpose of distributing funds
to hospitals under the medical assistance program pursuant to
sections 5112.01 to 5112.21 of the Revised Code and depositing
funds into the legislative budget services fund under section
5112.19 of the Revised Code and into the health care services
administration fund created under section 5111.94 of the Revised
Code. The department shall not require transfers in an amount
that, when combined with hospital assessments paid under section
5112.06 of the Revised Code and federal matching funds, produce
amounts for distribution to disproportionate share hospitals that,
in the aggregate, exceed limits prescribed by the United States
health care financing administration under subsection (f) of
section 1923 of the "Social Security Act," 49 Stat. 620 (1935), 42

U.S.C.A. 1396r-4(f), as amended. 1123

(B) Before or during each program year, the department shall 1124
notify each governmental hospital of the amount of the 1125
intergovernmental transfer it is required to make during the 1126
program year. Each governmental hospital shall make 1127
intergovernmental transfers as required by the department under 1128
this section in periodic installments, executed by electronic fund 1129
transfer, in accordance with a schedule established in rules 1130
adopted under section 5112.03 of the Revised Code. 1131

Sec. 5112.11. The Except for moneys deposited into the 1132
legislative budget services fund under section 5112.19 of the 1133
Revised Code and the health care services administration fund 1134
created under section 5111.94 of the Revised Code, the department 1135
of job and family services shall not use money paid to the 1136
department under sections 5112.06 and 5112.07 of the Revised Code 1137
or money that the department pays to hospitals under section 1138
5112.08 of the Revised Code to replace any funds appropriated by 1139
the general assembly for the medical assistance program. 1140

Sec. 5123.041. (A) As used in this section, "habilitation 1141
center" means a habilitation center that provides habilitation 1142
center services under section 5111.041 of the Revised Code. 1143

(B) The department of mental retardation and developmental 1144
disabilities shall do all of the following pursuant to ~~an~~ 1145
~~interagency agreement~~ a contract with the department of job and 1146
family services entered into under section ~~5111.86~~ 5111.91 of the 1147
Revised Code: 1148

(1) Certify habilitation centers that meet the certification 1149
requirements established by rules adopted by the director of job 1150
and family services under section 5111.041 of the Revised Code; 1151

(2) Accept and process medicaid reimbursement claims from 1152

habilitation centers providing habilitation center services to 1153
medicaid recipients under section 5111.041 of the Revised Code; 1154

(3) With medicaid funds provided to the department from the 1155
department of job and family services, pay the medicaid 1156
reimbursement claims accepted and processed under division (B)(2) 1157
of this section; 1158

(4) Perform the other duties included in the interagency 1159
agreement. 1160

(C) The director of mental retardation and developmental 1161
disabilities shall adopt rules in accordance with Chapter 119. of 1162
the Revised Code that do all of the following: 1163

(1) Establish procedures for certification of habilitation 1164
centers; 1165

(2) Establish the fee that may be assessed under division (D) 1166
of this section; 1167

(3) Specify how the department of mental retardation and 1168
developmental disabilities will perform its duties under this 1169
section. 1170

(D) The department of mental retardation and developmental 1171
disabilities may assess the fee established by rule under division 1172
(C)(2) of this section for performing its duties under this 1173
section. The fee may be retained from any payment the department 1174
makes under division (B)(3) of this section. 1175

Sec. 5126.053. (A) As used in this section, "effective tax 1176
rate" ~~has the same meaning as in section 5126.16 of the Revised~~ 1177
~~Code of a county board of mental retardation and developmental~~ 1178
disabilities means the quotient obtained by dividing (1) the total 1179
taxes charged and payable for a tax year from a tax levied 1180
pursuant to division (L) of section 5705.19 or section 5705.191 or 1181
5705.222 of the Revised Code, after the reduction prescribed by 1182

section 319.301 of the Revised Code but before the reduction 1183
prescribed by section 319.302 or 323.152 of the Revised Code, by 1184
(2) the county board's taxable value for that tax year, as 1185
reported under division (B)(1) of section 5126.18 of the Revised 1186
Code. 1187

(B) Notwithstanding sections 5126.12 and 5126.15 of the 1188
Revised Code with regard to the distribution of state subsidies to 1189
county boards of mental retardation and developmental 1190
disabilities, the department of mental retardation and 1191
developmental disabilities shall, except as provided in division 1192
(D) of this section, reduce the funds provided under those 1193
sections to a county board in each year that the board, on the 1194
first day of January of that year, has an effective tax rate of 1195
less than one and one-half mills for general operations for 1196
programs under which the board provides or arranges the following: 1197

(1) Early childhood services pursuant to section 5126.05 of 1198
the Revised Code for children under age three; 1199

(2) Adult services pursuant to section 5126.05 and division 1200
(B) of section 5126.051 of the Revised Code for individuals age 1201
sixteen or older; 1202

(3) Service and support administration pursuant to section 1203
5126.15 of the Revised Code. 1204

(C) If a county board is subject to the reduction required by 1205
this section, payments to the county board under sections 5126.12 1206
and 5126.15 of the Revised Code shall be made in the same 1207
percentage that the board's effective tax rate is of one and 1208
one-half mills. 1209

(D) A county board subject to the reduction required by this 1210
section may appeal to the department for an exemption from the 1211
reduction. The board may present evidence of its attempts to 1212
obtain passage of levies and any other extenuating circumstances 1213

the board considers relevant. The department shall grant an
exemption if it determines that the board has made good faith
efforts to obtain an effective tax rate of at least one and
one-half mills for general operations for programs under which the
services described in division (B) of this section are provided
and arranged or that there are extenuating circumstances.

(E) Upon the request of the department, each county auditor
shall certify to the department the amount of taxes charged and
payable as described in division (A) of this section for the most
recent tax year for which such information is available.

Sec. ~~5126.17~~ 5126.18. (A) As used in this section:

(1) "County board" means a county board of mental retardation
and developmental disabilities.

(2) Notwithstanding section 5126.01 of the Revised Code,
"adult services" means the following services, as they are
identified on individual information forms submitted by county
boards to the department of mental retardation and developmental
disabilities for the purpose of subsidies paid to county boards
under section 5126.12 of the Revised Code, provided to an
individual with mental retardation or other developmental
disability who is at least twenty-two years of age:

(a) Assessment;

(b) Home service;

(c) Adult program;

(d) Community employment services;

(e) Retirement.

(3) "Adult services enrollment" means a county board's
average daily membership in adult services, exclusive of such
services provided to individuals served solely through service and

support administration provided pursuant to section 5126.15 of the 1243
Revised Code or family support services provided pursuant to 1244
section 5126.11 of the Revised Code. 1245

(4) "Taxable value" means the taxable value of a county board 1246
certified under division (B)(1) of this section. 1247

(5) "Per-mill yield" of a county board means the quotient 1248
obtained by dividing (a) the taxable value of the county board by 1249
(b) one thousand. 1250

(6) "Local adult services cost" means a county board's 1251
expenditures for adult services, excluding all federal and state 1252
reimbursements and subsidy allocations received by such boards and 1253
expended for such services, as certified under section 5126.12 of 1254
the Revised Code. 1255

(7) "Statewide average millage" means one thousand multiplied 1256
by the quotient obtained by dividing (a) the total of the local 1257
adult services costs of all county boards by (b) the total of the 1258
taxable values of all county boards. 1259

(8) "County yield" of a county board means the product 1260
obtained by multiplying (a) the statewide average millage by (b) 1261
the per-mill yield of the county board. 1262

(9) "County yield per enrollee" of a county board means the 1263
quotient obtained by dividing (a) the county yield of the county 1264
board by (b) the adult enrollment of the county board. 1265

(10) "Statewide yield per enrollee" means the quotient 1266
obtained by dividing (a) the sum of the county yields of all 1267
county boards by (b) the sum of the adult enrollments of all 1268
county boards. 1269

(11) "Local tax effort for adult services" of a county board 1270
means one thousand multiplied by the quotient obtained by dividing 1271
(a) the local adult services cost of the county board by (b) the 1272

taxable value of the county board.

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(12) "Funding percentage" for a fiscal year means the percentage that the amount appropriated to the department for the purpose of making payments under this section in the fiscal year is of the amount computed under division (C)(3) of this section for the fiscal year.

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(13) "Funding-adjusted required millage" for a fiscal year means the statewide average millage multiplied by the funding percentage for that fiscal year.

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(B)(1) On the request of the director of mental retardation and developmental disabilities, the tax commissioner shall provide to the department of mental retardation and developmental disabilities information specifying ~~each county's~~ the taxable value.

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~~(2) On request of the director, each county auditor shall submit a certified report to the department specifying the county's taxes and the aggregate rate of tax authorized to be levied by the board of county commissioners pursuant to division (L) of section 5705.19 and section 5705.222 of the Revised Code or the aggregate rate of tax authorized pursuant to that division and that section and certified to the county auditor under section 319.30 of the Revised Code. Tax information submitted by the county auditor shall be obtained from the most recent tax year for which the information is available.~~

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~~(3) The of property on each county's tax list of real and public utility property and tax list of personal property for the most recent tax year for which such information is available. The director may request any other tax information necessary for the purposes of ~~sections 5126.16 to 5126.18 of the Revised Code~~ this section.~~

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~~(B) Using the information obtained under this section and~~

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~~each board's enrollment, the department shall annually determine
the hypothetical statewide average revenue per enrollee and, for
each county board, the hypothetical local revenue per enrollee.~~

(2) On the request of the director, each county board shall
report the county board's adult services enrollment and local
adult services cost.

(C) Each year, the department of mental retardation and
developmental disabilities shall compute the following:

(1) For each county board, the amount, if any, by which the
statewide yield per enrollee exceeds the county yield per
enrollee;

(2) For each county board, the amount of any excess computed
under division (C)(1) of this section multiplied by the adult
services enrollment of the county board;

(3) The sum of the amounts computed under division (C)(2) of
this section for all county boards.

(D) From money appropriated for the purpose, the department,
on or before the thirtieth day of September of each year, shall
provide for payment to each county board of the amount computed
for that county board under division (C)(2) of this section,
subject to any reduction or adjustment under division (E), (F), or
(G) of this section.

(E) If a county board's local tax effort for adult services
is less than the funding-adjusted required millage, the director
shall reduce the amount of payment otherwise computed under
division (C)(2) of this section so that the amount paid, after the
reduction, is the same percentage of the amount computed under
division (C)(2) of this section as the county board's local tax
effort for adult services is of the funding-adjusted required
millage.

If the director reduces the amount of a county board's 1334
payment under this division, the department, not later than the 1335
fifteenth day of July, shall notify the county board of the 1336
reduction and the amount of the reduction. The notice shall 1337
include a statement that the county board may request to be 1338
exempted from the reduction by filing a request with the director, 1339
in the manner and form prescribed by the director, within 1340
twenty-one days after such notification is issued. The board may 1341
present evidence of its attempt to obtain passage of levies or any 1342
other extenuating circumstances the board considers relevant. If 1343
the county board requests a hearing before the director to present 1344
such evidence, the director shall conduct a hearing on the request 1345
unless the director exempts the board from the reduction on the 1346
basis of the evidence presented in the request filed by the board. 1347
Upon receiving a properly and timely filed request for exemption, 1348
but not later than the thirty-first day of August, the director 1349
shall determine whether the county board shall be exempted from 1350
all or a part of the reduction. The director may exempt the board 1351
from all or part of the reduction if the director finds that the 1352
board has made good faith efforts to obtain passage of tax levies 1353
or that there are extenuating circumstances. 1354

(F) If a payment is reduced under division (E) of this 1355
section and the director does not exempt the county board from the 1356
reduction, the amount of the reduction shall be apportioned among 1357
all county boards entitled to payments under this section for 1358
which payments were not so reduced. The amount apportioned to each 1359
county board shall be proportionate to the amount of the board's 1360
payment as computed under division (C)(2) of this section. 1361

(G) If, for any fiscal year, the amount appropriated to the 1362
department for the purpose of this section is less than the amount 1363
computed under division (C)(3) of this section for the fiscal 1364
year, the department shall adjust the amount of each payment as 1365

computed under divisions (C)(2), (E), and (F) of this section by
multiplying that amount by the funding percentage.

(H) The payments authorized by this section are supplemental
to all other funds that may be received by a county board. A
county board shall use the payments solely to pay the nonfederal
share of medicaid expenditures that division (A) of section
5126.057 of the Revised Code requires the county board to pay.

Sec. 5733.01. (A) The tax provided by this chapter for
domestic corporations shall be the amount charged against each
corporation organized for profit under the laws of this state and
each nonprofit corporation organized pursuant to Chapter 1729. of
the Revised Code, except as provided in sections 5733.09 and
5733.10 of the Revised Code, for the privilege of exercising its
franchise during the calendar year in which that amount is
payable, and the tax provided by this chapter for foreign
corporations shall be the amount charged against each corporation
organized for profit and each nonprofit corporation organized or
operating in the same or similar manner as nonprofit corporations
organized under Chapter 1729. of the Revised Code, under the laws
of any state or country other than this state, except as provided
in sections 5733.09 and 5733.10 of the Revised Code, for the
privilege of doing business in this state, owning or using a part
or all of its capital or property in this state, holding a
certificate of compliance with the laws of this state authorizing
it to do business in this state, or otherwise having nexus in or
with this state under the Constitution of the United States,
during the calendar year in which that amount is payable.

(B) A corporation is subject to the tax imposed by section
5733.06 of the Revised Code for each calendar year that it is so
organized, doing business, owning or using a part or all of its

capital or property, holding a certificate of compliance, or 1397
otherwise having nexus in or with this state under the 1398
Constitution of the United States, on the first day of January of 1399
that calendar year. 1400

(C) Any corporation subject to this chapter that is not 1401
subject to the federal income tax shall file its returns and 1402
compute its tax liability as required by this chapter in the same 1403
manner as if that corporation were subject to the federal income 1404
tax. 1405

(D) For purposes of this chapter, a federally chartered 1406
financial institution shall be deemed to be organized under the 1407
laws of the state within which its principal office is located. 1408

(E) Any person, as defined in section 5701.01 of the Revised 1409
Code, shall be treated as a corporation for purposes of this 1410
chapter if the person is classified for federal income tax 1411
purposes as an association taxable as a corporation. 1412

(F) For the purposes of this chapter, "disregarded entity" 1413
has the same meaning as in division (D) of section 5745.01 of the 1414
Revised Code. 1415

(1) A person's interest in a disregarded entity, whether held 1416
directly or indirectly, shall be treated as the person's ownership 1417
of the assets and liabilities of the disregarded entity, and the 1418
income, including gain or loss, shall be included in the person's 1419
net income under this chapter. 1420

(2) Any sale, exchange, or other disposition of the person's 1421
interest in the disregarded entity, whether held directly or 1422
indirectly, shall be treated as a sale, exchange, or other 1423
disposition of the person's share of the disregarded entity's 1424
underlying assets or liabilities, and the gain or loss from such 1425
sale, exchange, or disposition shall be included in the person's 1426
net income under this chapter. 1427

(3) The disregarded entity's payroll, property, and sales 1428
factors shall be included in the person's factors. 1429

Sec. 5733.04. As used in this chapter: 1430

(A) "Issued and outstanding shares of stock" applies to 1431
nonprofit corporations, as provided in section 5733.01 of the 1432
Revised Code, and includes, but is not limited to, membership 1433
certificates and other instruments evidencing ownership of an 1434
interest in such nonprofit corporations, and with respect to a 1435
financial institution that does not have capital stock, "issued 1436
and outstanding shares of stock" includes, but is not limited to, 1437
ownership interests of depositors in the capital employed in such 1438
an institution. 1439

(B) "Taxpayer" means a corporation subject to the tax imposed 1440
by section 5733.06 of the Revised Code. 1441

(C) "Resident" means a corporation organized under the laws 1442
of this state. 1443

(D) "Commercial domicile" means the principal place from 1444
which the trade or business of the taxpayer is directed or 1445
managed. 1446

(E) "Taxable year" means the period prescribed by division 1447
(A) of section 5733.031 of the Revised Code upon the net income of 1448
which the value of the taxpayer's issued and outstanding shares of 1449
stock is determined under division (B) of section 5733.05 of the 1450
Revised Code or the period prescribed by division (A) of section 1451
5733.031 of the Revised Code that immediately precedes the date as 1452
of which the total value of the corporation is determined under 1453
division (A) or (C) of section 5733.05 of the Revised Code. 1454

(F) "Tax year" means the calendar year in and for which the 1455
tax imposed by section 5733.06 of the Revised Code is required to 1456
be paid. 1457

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

(H) "Federal income tax" means the income tax imposed by the Internal Revenue Code.

(I) Except as provided in section 5733.058 of the Revised Code, "net income" means the taxpayer's taxable income before operating loss deduction and special deductions, as required to be reported for the taxpayer's taxable year under the Internal Revenue Code, subject to the following adjustments:

(1)(a) Deduct any net operating loss incurred in any taxable years ending in 1971 or thereafter but exclusive of any net operating loss incurred in taxable years ending prior to January 1, 1971. This deduction shall not be allowed in any tax year commencing before December 31, 1973, but shall be carried over and allowed in tax years commencing after December 31, 1973, until fully utilized in the next succeeding taxable year or years in which the taxpayer has net income, but in no case for more than the designated carryover period as described in division (I)(1)(b) of this section. The amount of such net operating loss, as determined under the allocation and apportionment provisions of section 5733.051 and division (B) of section 5733.05 of the Revised Code for the year in which the net operating loss occurs, shall be deducted from net income, as determined under the allocation and apportionment provisions of section 5733.051 and division (B) of section 5733.05 of the Revised Code, to the extent necessary to reduce net income to zero with the remaining unused portion of the deduction, if any, carried forward to the remaining years of the designated carryover period as described in division (I)(1)(b) of this section, or until fully utilized, whichever occurs first.

(b) For losses incurred in taxable years ending on or before December 31, 1981, the designated carryover period shall be the

five consecutive taxable years after the taxable year in which the
net operating loss occurred. For losses incurred in taxable years
ending on or after January 1, 1982, the designated carryover
period shall be the fifteen consecutive taxable years after the
taxable year in which the net operating loss occurs.

(c) The tax commissioner may require a taxpayer to furnish
any information necessary to support a claim for deduction under
division (I)(1)(a) of this section and no deduction shall be
allowed unless the information is furnished.

(2) Deduct any amount included in net income by application
of section 78 or 951 of the Internal Revenue Code, amounts
received for royalties, technical or other services derived from
sources outside the United States, and dividends received from a
subsidiary, associate, or affiliated corporation that neither
transacts any substantial portion of its business nor regularly
maintains any substantial portion of its assets within the United
States. For purposes of determining net foreign source income
deductible under division (I)(2) of this section, the amount of
gross income from all such sources other than dividend income and
income derived by application of section 78 or 951 of the Internal
Revenue Code shall be reduced by:

(a) The amount of any reimbursed expenses for personal
services performed by employees of the taxpayer for the
subsidiary, associate, or affiliated corporation;

(b) Ten per cent of the amount of royalty income and
technical assistance fees;

(c) Fifteen per cent of the amount of ~~dividends and~~ all other
income.

The amounts described in divisions (I)(2)(a) to (c) of this
section are deemed to be the expenses attributable to the
production of deductible foreign source income unless the taxpayer

shows, by clear and convincing evidence, less actual expenses, or 1521
the tax commissioner shows, by clear and convincing evidence, more 1522
actual expenses. 1523

(3) Add any loss or deduct any gain resulting from the sale, 1524
exchange, or other disposition of a capital asset, or an asset 1525
described in section 1231 of the Internal Revenue Code, to the 1526
extent that such loss or gain occurred prior to the first taxable 1527
year on which the tax provided for in section 5733.06 of the 1528
Revised Code is computed on the corporation's net income. For 1529
purposes of division (I)(3) of this section, the amount of the 1530
prior loss or gain shall be measured by the difference between the 1531
original cost or other basis of the asset and the fair market 1532
value as of the beginning of the first taxable year on which the 1533
tax provided for in section 5733.06 of the Revised Code is 1534
computed on the corporation's net income. At the option of the 1535
taxpayer, the amount of the prior loss or gain may be a percentage 1536
of the gain or loss, which percentage shall be determined by 1537
multiplying the gain or loss by a fraction, the numerator of which 1538
is the number of months from the acquisition of the asset to the 1539
beginning of the first taxable year on which the fee provided in 1540
section 5733.06 of the Revised Code is computed on the 1541
corporation's net income, and the denominator of which is the 1542
number of months from the acquisition of the asset to the sale, 1543
exchange, or other disposition of the asset. The adjustments 1544
described in this division do not apply to any gain or loss where 1545
the gain or loss is recognized by a qualifying taxpayer, as 1546
defined in section 5733.0510 of the Revised Code, with respect to 1547
a qualifying taxable event, as defined in that section. 1548

(4) Deduct the dividend received deduction provided by 1549
section 243 of the Internal Revenue Code. 1550

(5) Deduct any interest or interest equivalent on public 1551
obligations and purchase obligations to the extent included in 1552

federal taxable income. As used in divisions (I)(5) and (6) of
this section, "public obligations," "purchase obligations," and
"interest or interest equivalent" have the same meanings as in
section 5709.76 of the Revised Code.

(6) Add any loss or deduct any gain resulting from the sale,
exchange, or other disposition of public obligations to the extent
included in federal taxable income.

(7) To the extent not otherwise allowed, deduct any dividends
or distributions received by a taxpayer from a public utility,
excluding an electric company, if the taxpayer owns at least
eighty per cent of the issued and outstanding common stock of the
public utility. As used in division (I)(7) of this section,
"public utility" means a public utility as defined in Chapter
5727. of the Revised Code, whether or not the public utility is
doing business in the state.

(8) To the extent not otherwise allowed, deduct any dividends
received by a taxpayer from an insurance company, if the taxpayer
owns at least eighty per cent of the issued and outstanding common
stock of the insurance company. As used in division (I)(8) of this
section, "insurance company" means an insurance company that is
taxable under Chapter 5725. or 5729. of the Revised Code.

(9) Deduct expenditures for modifying existing buildings or
structures to meet American national standards institute standard
A-117.1-1961 (R-1971), as amended; provided, that no deduction
shall be allowed to the extent that such deduction is not
permitted under federal law or under rules of the tax
commissioner. Those deductions as are allowed may be taken over a
period of five years. The tax commissioner shall adopt rules under
Chapter 119. of the Revised Code establishing reasonable
limitations on the extent that expenditures for modifying existing
buildings or structures are attributable to the purpose of making

the buildings or structures accessible to and usable by physically 1585
handicapped persons. 1586

(10) Deduct the amount of wages and salaries, if any, not 1587
otherwise allowable as a deduction but that would have been 1588
allowable as a deduction in computing federal taxable income 1589
before operating loss deduction and special deductions for the 1590
taxable year, had the targeted jobs credit allowed and determined 1591
under sections 38, 51, and 52 of the Internal Revenue Code not 1592
been in effect. 1593

(11) Deduct net interest income on obligations of the United 1594
States and its territories and possessions or of any authority, 1595
commission, or instrumentality of the United States to the extent 1596
the laws of the United States prohibit inclusion of the net 1597
interest for purposes of determining the value of the taxpayer's 1598
issued and outstanding shares of stock under division (B) of 1599
section 5733.05 of the Revised Code. As used in division (I)(11) 1600
of this section, "net interest" means interest net of any expenses 1601
taken on the federal income tax return that would not have been 1602
allowed under section 265 of the Internal Revenue Code if the 1603
interest were exempt from federal income tax. 1604

(12)(a) Except as set forth in division (I)(12)(d) of this 1605
section, to the extent not included in computing the taxpayer's 1606
federal taxable income before operating loss deduction and special 1607
deductions, add gains and deduct losses from direct or indirect 1608
sales, exchanges, or other dispositions, made by a related entity 1609
who is not a taxpayer, of the taxpayer's indirect, beneficial, or 1610
constructive investment in the stock or debt of another entity, 1611
unless the gain or loss has been included in computing the federal 1612
taxable income before operating loss deduction and special 1613
deductions of another taxpayer with a more closely related 1614
investment in the stock or debt of the other entity. The amount of 1615
gain added or loss deducted shall not exceed the product obtained 1616

by multiplying such gain or loss by the taxpayer's proportionate
share, directly, indirectly, beneficially, or constructively, of
the outstanding stock of the related entity immediately prior to
the direct or indirect sale, exchange, or other disposition.

(b) Except as set forth in division (I)(12)(e) of this
section, to the extent not included in computing the taxpayer's
federal taxable income before operating loss deduction and special
deductions, add gains and deduct losses from direct or indirect
sales, exchanges, or other dispositions made by a related entity
who is not a taxpayer, of intangible property other than stock,
securities, and debt, if such property was owned, or used in whole
or in part, at any time prior to or at the time of the sale,
exchange, or disposition by either the taxpayer or by a related
entity that was a taxpayer at any time during the related entity's
ownership or use of such property, unless the gain or loss has
been included in computing the federal taxable income before
operating loss deduction and special deductions of another
taxpayer with a more closely related ownership or use of such
intangible property. The amount of gain added or loss deducted
shall not exceed the product obtained by multiplying such gain or
loss by the taxpayer's proportionate share, directly, indirectly,
beneficially, or constructively, of the outstanding stock of the
related entity immediately prior to the direct or indirect sale,
exchange, or other disposition.

(c) As used in division (I)(12) of this section, "related
entity" means those entities described in divisions (I)(12)(c)(i)
to (iii) of this section:

(i) An individual stockholder, or a member of the
stockholder's family enumerated in section 318 of the Internal
Revenue Code, if the stockholder and the members of the
stockholder's family own, directly, indirectly, beneficially, or

constructively, in the aggregate, at least fifty per cent of the 1649
value of the taxpayer's outstanding stock; 1650

(ii) A stockholder, or a stockholder's partnership, estate, 1651
trust, or corporation, if the stockholder and the stockholder's 1652
partnerships, estates, trusts, and corporations own directly, 1653
indirectly, beneficially, or constructively, in the aggregate, at 1654
least fifty per cent of the value of the taxpayer's outstanding 1655
stock; 1656

(iii) A corporation, or a party related to the corporation in 1657
a manner that would require an attribution of stock from the 1658
corporation to the party or from the party to the corporation 1659
under division (I)(12)(c)(iv) of this section, if the taxpayer 1660
owns, directly, indirectly, beneficially, or constructively, at 1661
least fifty per cent of the value of the corporation's outstanding 1662
stock. 1663

(iv) The attribution rules of section 318 of the Internal 1664
Revenue Code apply for purposes of determining whether the 1665
ownership requirements in divisions (I)(12)(c)(i) to (iii) of this 1666
section have been met. 1667

(d) For purposes of the adjustments required by division 1668
(I)(12)(a) of this section, the term "investment in the stock or 1669
debt of another entity" means only those investments where the 1670
taxpayer and the taxpayer's related entities directly, indirectly, 1671
beneficially, or constructively own, in the aggregate, at any time 1672
during the twenty-four month period commencing one year prior to 1673
the direct or indirect sale, exchange, or other disposition of 1674
such investment at least fifty per cent or more of the value of 1675
either the outstanding stock or such debt of such other entity. 1676

(e) For purposes of the adjustments required by division 1677
(I)(12)(b) of this section, the term "related entity" excludes all 1678
of the following: 1679

(i) Foreign corporations as defined in section 7701 of the Internal Revenue Code;

(ii) Foreign partnerships as defined in section 7701 of the Internal Revenue Code;

(iii) Corporations, partnerships, estates, and trusts created or organized in or under the laws of the Commonwealth of Puerto Rico or any possession of the United States;

(iv) Foreign estates and foreign trusts as defined in section 7701 of the Internal Revenue Code.

The exclusions described in divisions (I)(12)(e)(i) to (iv) of this section do not apply if the corporation, partnership, estate, or trust is described in any one of divisions (C)(1) to (5) of section 5733.042 of the Revised Code.

(f) Nothing in division (I)(12) of this section shall require or permit a taxpayer to add any gains or deduct any losses described in divisions (I)(12)(f)(i) and (ii) of this section:

(i) Gains or losses recognized for federal income tax purposes by an individual, estate, or trust without regard to the attribution rules described in division (I)(12)(c) of this section;

(ii) A related entity's gains or losses described in division (I)(12)(b) of this section if the taxpayer's ownership of or use of such intangible property was limited to a period not exceeding nine months and was attributable to a transaction or a series of transactions executed in accordance with the election or elections made by the taxpayer or a related entity pursuant to section 338 of the Internal Revenue Code.

(13) Any adjustment required by section 5733.042 of the Revised Code.

(14) Add any amount claimed as a credit under section

5733.0611 of the Revised Code to the extent that such amount 1710
satisfies either of the following: 1711

(a) It was deducted or excluded from the computation of the 1712
corporation's taxable income before operating loss deduction and 1713
special deductions as required to be reported for the 1714
corporation's taxable year under the Internal Revenue Code; 1715

(b) It resulted in a reduction of the corporation's taxable 1716
income before operating loss deduction and special deductions as 1717
required to be reported for any of the corporation's taxable years 1718
under the Internal Revenue Code. 1719

(15) Deduct the amount contributed by the taxpayer to an 1720
individual development account program established by a county 1721
department of job and family services pursuant to sections 329.11 1722
to 329.14 of the Revised Code for the purpose of matching funds 1723
deposited by program participants. On request of the tax 1724
commissioner, the taxpayer shall provide any information that, in 1725
the tax commissioner's opinion, is necessary to establish the 1726
amount deducted under division (I)(15) of this section. 1727

(16) Any adjustment required by section 5733.0510 of the 1728
Revised Code. 1729

(17)(a) Add five-sixths of the amount of depreciation expense 1730
allowed under subsection (k) of section 168 of the Internal 1731
Revenue Code, including a person's proportionate or distributive 1732
share of the amount of depreciation expense allowed by that 1733
subsection to any pass-through entity in which the person has 1734
direct or indirect ownership. The tax commissioner, under 1735
procedures established by the commissioner, may waive the add-back 1736
related to a pass-through entity if the person owns, directly or 1737
indirectly, less than five per cent of the pass-through entity. 1738

(b) Nothing in division (I)(17) of this section shall be 1739
construed to adjust or modify the adjusted basis of any asset. 1740

(c) To the extent the add-back is attributable to property 1741
generating income or loss allocable under section 5733.051 of the 1742
Revised Code, the add-back shall be allocated to the same location 1743
as the income or loss generated by that property. Otherwise, the 1744
add-back shall be apportioned, subject to division (B)(2)(d) of 1745
section 5733.05 of the Revised Code. 1746

(18)(a) If a person is required to make the add-back under 1747
division (I)(17)(a) of this section for a tax year, the person 1748
shall deduct one-fifth of the amount added back for each of the 1749
succeeding five tax years. 1750

(b) If the amount deducted under division (I)(18)(a) of this 1751
section is attributable to an add-back allocated under division 1752
(I)(17)(c) of this section, the amount deducted shall be allocated 1753
to the same location. Otherwise, the amount shall be apportioned 1754
using the apportionment factors for the taxable year in which the 1755
deduction is taken, subject to division (B)(2)(d) of section 1756
5733.05 of the Revised Code. 1757

(J) Any term used in this chapter has the same meaning as 1758
when used in comparable context in the laws of the United States 1759
relating to federal income taxes unless a different meaning is 1760
clearly required. Any reference in this chapter to the Internal 1761
Revenue Code includes other laws of the United States relating to 1762
federal income taxes. 1763

(K) "Financial institution" has the meaning given by section 1764
5725.01 of the Revised Code but does not include a production 1765
credit association as described in 85 Stat. 597, 12 U.S.C.A. 2091. 1766

(L)(1) A "qualifying holding company" is any corporation 1767
satisfying all of the following requirements: 1768

(a) Subject to divisions (L)(2) and (3) of this section, the 1769
net book value of the corporation's intangible assets is greater 1770
than or equal to ninety per cent of the net book value of all of 1771

its assets and at least fifty per cent of the net book value of 1772
all of its assets represents direct or indirect investments in the 1773
equity of, loans and advances to, and accounts receivable due from 1774
related members; 1775

(b) At least ninety per cent of the corporation's gross 1776
income for the taxable year is attributable to the following: 1777

(i) The maintenance, management, ownership, acquisition, use, 1778
and disposition of its intangible property, its aircraft the use 1779
of which is not subject to regulation under 14 C.F.R. part 121 or 1780
part 135, and any real property described in division (L)(2)(c) of 1781
this section; 1782

(ii) The collection and distribution of income from such 1783
property. 1784

(c) The corporation is not a financial institution on the 1785
last day of the taxable year ending prior to the first day of the 1786
tax year; 1787

(d) The corporation's related members make a good faith and 1788
reasonable effort to make timely and fully the adjustments 1789
required by division (C)(2) of section 5733.05 of the Revised Code 1790
and to pay timely and fully all uncontested taxes, interest, 1791
penalties, and other fees and charges imposed under this chapter; 1792

(e) Subject to division (L)(4) of this section, the 1793
corporation elects to be treated as a qualifying holding company 1794
for the tax year. 1795

A corporation otherwise satisfying divisions (L)(1)(a) to (e) 1796
of this section that does not elect to be a qualifying holding 1797
company is not a qualifying holding company for the purposes of 1798
this chapter. 1799

(2)(a)(i) For purposes of making the ninety per cent 1800
computation under division (L)(1)(a) of this section, the net book 1801

value of the corporation's assets shall not include the net book 1802
value of aircraft or real property described in division 1803
(L)(1)(b)(i) of this section. 1804

(ii) For purposes of making the fifty per cent computation 1805
under division (L)(1)(a) of this section, the net book value of 1806
assets shall include the net book value of aircraft or real 1807
property described in division (L)(1)(b)(i) of this section. 1808

(b)(i) As used in division (L) of this section, "intangible 1809
asset" includes, but is not limited to, the corporation's direct 1810
interest in each pass-through entity only if at all times during 1811
the corporation's taxable year ending prior to the first day of 1812
the tax year the corporation's and the corporation's related 1813
members' combined direct and indirect interests in the capital or 1814
profits of such pass-through entity do not exceed fifty per cent. 1815
If the corporation's interest in the pass-through entity is an 1816
intangible asset for that taxable year, then the distributive 1817
share of any income from the pass-through entity shall be income 1818
from an intangible asset for that taxable year. 1819

(ii) If a corporation's and the corporation's related 1820
members' combined direct and indirect interests in the capital or 1821
profits of a pass-through entity exceed fifty per cent at any time 1822
during the corporation's taxable year ending prior to the first 1823
day of the tax year, "intangible asset" does not include the 1824
corporation's direct interest in the pass-through entity, and the 1825
corporation shall include in its assets its proportionate share of 1826
the assets of any such pass-through entity and shall include in 1827
its gross income its distributive share of the gross income of 1828
such pass-through entity in the same form as was earned by the 1829
pass-through entity. 1830

(iii) A pass-through entity's direct or indirect 1831
proportionate share of any other pass-through entity's assets 1832
shall be included for the purpose of computing the corporation's 1833

proportionate share of the pass-through entity's assets under
division (L)(2)(b)(ii) of this section, and such pass-through
entity's distributive share of any other pass-through entity's
gross income shall be included for purposes of computing the
corporation's distributive share of the pass-through entity's
gross income under division (L)(2)(b)(ii) of this section.

(c) For the purposes of divisions (L)(1)(b)(i), (1)(b)(ii),
(2)(a)(i), and (2)(a)(ii) of this section, real property is
described in division (L)(2)(c) of this section only if all of the
following conditions are present at all times during the taxable
year ending prior to the first day of the tax year:

(i) The real property serves as the headquarters of the
corporation's trade or business, or is the place from which the
corporation's trade or business is principally managed or
directed;

(ii) Not more than ten per cent of the value of the real
property and not more than ten per cent of the square footage of
the building or buildings that are part of the real property is
used, made available, or occupied for the purpose of providing,
acquiring, transferring, selling, or disposing of tangible
property or services in the normal course of business to persons
other than related members, the corporation's employees and their
families, and such related members' employees and their families.

(d) As used in division (L) of this section, "related member"
has the same meaning as in division (A)(6) of section 5733.042 of
the Revised Code without regard to division (B) of that section.

(3) The percentages described in division (L)(1)(a) of this
section shall be equal to the quarterly average of those
percentages as calculated during the corporation's taxable year
ending prior to the first day of the tax year.

(4) With respect to the election described in division 1865
(L)(1)(e) of this section: 1866

(a) The election need not accompany a timely filed report; 1867

(b) The election need not accompany the report; rather, the 1868
election may accompany a subsequently filed but timely application 1869
for refund and timely amended report, or a subsequently filed but 1870
timely petition for reassessment; 1871

(c) The election is not irrevocable; 1872

(d) The election applies only to the tax year specified by 1873
the corporation; 1874

(e) The corporation's related members comply with division 1875
(L)(1)(d) of this section. 1876

Nothing in division (L)(4) of this section shall be construed 1877
to extend any statute of limitations set forth in this chapter. 1878

(M) "Qualifying controlled group" means two or more 1879
corporations that satisfy the ownership and control requirements 1880
of division (A) of section 5733.052 of the Revised Code. 1881

(N) "Limited liability company" means any limited liability 1882
company formed under Chapter 1705. of the Revised Code or under 1883
the laws of any other state. 1884

(O) "Pass-through entity" means a corporation that has made 1885
an election under subchapter S of Chapter 1 of Subtitle A of the 1886
Internal Revenue Code for its taxable year under that code, or a 1887
partnership, limited liability company, or any other person, other 1888
than an individual, trust, or estate, if the partnership, limited 1889
liability company, or other person is not classified for federal 1890
income tax purposes as an association taxed as a corporation. 1891

(P) "Electric company" and "combined company" have the same 1892
meanings as in section 5727.01 of the Revised Code. 1893

Sec. 5733.40. As used in sections 5733.40 and 5733.41 and Chapter 5747. of the Revised Code:

(A)(1) "Adjusted qualifying amount" means either of the following:

(a) The ~~net~~ sum of a qualifying investor's distributive share of the income, gain, expense, or loss of a qualifying pass-through entity for the qualifying taxable year of the qualifying pass-through entity multiplied by the apportionment fraction defined in division (B) of this section, subject to section 5733.401 of the Revised Code and divisions (A)(2) to ~~(6)~~(7) of this section;

(b) The sum of a qualifying beneficiary's share of the qualifying net income and qualifying net gain distributed by a qualifying trust for the qualifying taxable year of the qualifying trust multiplied by the apportionment fraction defined in division (B) of this section, subject to section 5733.401 of the Revised Code and divisions (A)(2) to ~~(5)~~(6) of this section.

(2) The sum shall exclude any amount which, pursuant to the Constitution of the United States, the Constitution of Ohio, or any federal law is not subject to a tax on or measured by net income.

(3) The sum shall be increased by all amounts representing expenses other than amounts described in division (A)~~(6)~~(7) of this section that the ~~taxpayer~~ qualifying entity paid to or incurred with respect to direct or indirect transactions with one or more related members, excluding the cost of goods sold calculated in accordance with section 263A of the Internal Revenue Code and United States department of the treasury regulations issued thereunder. Nothing in division (A)(3) of this section shall be construed to limit solely to this chapter the application of section 263A of the Internal Revenue Code and United States

department of the treasury regulations issued thereunder. 1925

(4) The sum shall be increased by all recognized losses, 1926
other than losses from sales of inventory the cost of which is 1927
calculated in accordance with section 263A of the Internal Revenue 1928
Code and United States department of the treasury regulations 1929
issued thereunder, with respect to all direct or indirect 1930
transactions with one or more related members. Losses from the 1931
sales of such inventory shall be calculated in accordance with 1932
section 482 of the Internal Revenue Code and United States 1933
department of the treasury regulations issued thereunder. Nothing 1934
in division (A)(4) of this section shall be construed to limit 1935
solely to this section the application of section 263A and section 1936
482 of the Internal Revenue Code and United States department of 1937
the treasury regulations issued thereunder. 1938

(5) The sum shall be increased or decreased by an amount 1939
equal to the qualifying investor's or qualifying beneficiary's 1940
distributive or proportionate share of the amount that the 1941
qualifying entity would be required to add or deduct under 1942
divisions (A)(20) and (21) of section 5747.01 of the Revised Code 1943
if the qualifying entity were a taxpayer for the purposes of 1944
Chapter 5747. of the Revised Code, multiplied by the apportionment 1945
fraction for the qualifying entity's taxable year for which the 1946
addition or deduction would be required to be made. 1947

(6) The sum shall be computed without regard to section 1948
5733.051 or division (D) of section 5733.052 of the Revised Code. 1949

~~(6)(7)~~ For the purposes of Chapters 5733. and 5747. of the 1950
Revised Code, guaranteed payments ~~made~~ or compensation paid to 1951
investors by a ~~partnership or by a limited liability company~~ 1952
qualifying entity that is not subject to the tax imposed by 1953
section 5733.06 of the Revised Code, ~~and compensation paid by an S~~ 1954
~~corporation to its shareholders,~~ shall be considered a 1955
distributive share of income of the ~~partnership, limited liability~~ 1956

~~company, or S corporation~~ qualifying entity. Division (A)(~~6~~)(7) of 1957
this section applies only to such payments or such compensation 1958
~~made or~~ paid to an investor who at any time during the qualifying 1959
entity's taxable year holds at least a twenty per cent direct or 1960
indirect interest in the profits or capital of the qualifying 1961
entity. 1962

(B) "Apportionment fraction" means: 1963

(1) With respect to a qualifying pass-through entity other 1964
than a financial institution, the fraction calculated pursuant to 1965
division (B)(2) of section 5733.05 of the Revised Code as if the 1966
qualifying pass-through entity were a corporation subject to the 1967
tax imposed by section 5733.06 of the Revised Code; 1968

(2) With respect to a qualifying pass-through entity that is 1969
a financial institution, the fraction calculated pursuant to 1970
division (C) of section 5733.056 of the Revised Code as if the 1971
qualifying pass-through entity were a financial institution 1972
subject to the tax imposed by section 5733.06 of the Revised Code. 1973

(3) With respect to a qualifying trust, the fraction 1974
calculated pursuant to division (B)(2) of section 5733.05 of the 1975
Revised Code as if the qualifying trust were a corporation subject 1976
to the tax imposed by section 5733.06 of the Revised Code, except 1977
that the property, payroll, and sales fractions shall be 1978
calculated by including in the numerator and denominator of the 1979
fractions only the property, payroll, and sales, respectively, 1980
directly related to the production of income or gain from 1981
acquisition, ownership, use, maintenance, management, or 1982
disposition of tangible personal property located in this state at 1983
any time during the qualifying trust's qualifying taxable year or 1984
of real property located in this state. 1985

(C) "Qualifying beneficiary" means any individual that, 1986
during the qualifying taxable year of a qualifying trust, is a 1987
beneficiary of that trust, but does not include an individual who 1988

is a resident taxpayer for the purposes of Chapter 5747. of the 1989
Revised Code for the entire qualifying taxable year of the 1990
qualifying trust. 1991

(D) "Fiscal year" means an accounting period ending on any 1992
day other than the thirty-first day of December. 1993

(E) "Individual" means a natural person. 1994

(F) "Month" means a calendar month. 1995

(G) "Partnership" has the same meaning as in section 5747.01 1996
of the Revised Code. 1997

(H) "Investor" means any person that, during any portion of a 1998
taxable year of a qualifying pass-through entity, is a partner, 1999
member, shareholder, or investor in that qualifying pass-through 2000
entity. 2001

(I) Except as otherwise provided in section 5733.402 or 2002
5747.401 of the Revised Code, "qualifying investor" means any 2003
investor except those described in divisions (I)(1) to (9) of this 2004
section. 2005

(1) An investor satisfying one of the descriptions under 2006
section 501(a) or (c) of the Internal Revenue Code, an electing 2007
small business trust, a partnership with equity securities 2008
registered with the United States securities and exchange 2009
commission under section 12 of the "Securities Exchange Act of 2010
1934," as amended, or an investor described in division (F) of 2011
section 3334.01, or division (A) or (C) of section 5733.09 of the 2012
Revised Code for the entire qualifying taxable year of the 2013
qualifying pass-through entity. 2014

(2) An investor who is either an individual or an estate and 2015
is a resident taxpayer for the purposes of section 5747.01 of the 2016
Revised Code for the entire qualifying taxable year of the 2017
qualifying pass-through entity. 2018

(3) An investor who is an individual for whom the qualifying
pass-through entity makes a good faith and reasonable effort to
comply fully and timely with the filing and payment requirements
set forth in division (D) of section 5747.08 of the Revised Code
and section 5747.09 of the Revised Code with respect to the
individual's adjusted qualifying amount for the entire qualifying
taxable year of the qualifying pass-through entity.

(4) An investor that is another qualifying pass-through
entity having only investors described in division (I)(1), (2),
(3), or (6) of this section during the three-year period beginning
twelve months prior to the first day of the qualifying taxable
year of the qualifying pass-through entity.

(5) An investor that is another pass-through entity having no
investors other than individuals and estates during the qualifying
taxable year of the qualifying pass-through entity in which it is
an investor, and that makes a good faith and reasonable effort to
comply fully and timely with the filing and payment requirements
set forth in division (D) of section 5747.08 of the Revised Code
and section 5747.09 of the Revised Code with respect to investors
that are not resident taxpayers of this state for the purposes of
Chapter 5747. of the Revised Code for the entire qualifying
taxable year of the qualifying pass-through entity in which it is
an investor.

(6) An investor that is a financial institution required to
calculate the tax in accordance with division (D) of section
5733.06 of the Revised Code on the first day of January of the
calendar year immediately following the last day of the financial
institution's calendar or fiscal year in which ends the taxpayer's
taxable year.

(7) An investor other than an individual that satisfies all
the following:

(a) The investor submits a written statement to the 2050
qualifying pass-through entity stating that the investor 2051
irrevocably agrees that the investor has nexus with this state 2052
under the Constitution of the United States and is subject to and 2053
liable for the tax calculated under division (B) of section 2054
5733.06 of the Revised Code with respect to the investor's 2055
adjusted qualifying amount for the entire qualifying taxable year 2056
of the qualifying pass-through entity. The statement is subject to 2057
the penalties of perjury, shall be retained by the qualifying 2058
pass-through entity for no fewer than seven years, and shall be 2059
delivered to the tax commissioner upon request. 2060

(b) The investor makes a good faith and reasonable effort to 2061
comply timely and fully with all the reporting and payment 2062
requirements set forth in Chapter 5733. of the Revised Code with 2063
respect to the investor's adjusted qualifying amount for the 2064
entire qualifying taxable year of the qualifying pass-through 2065
entity. 2066

(c) Neither the investor nor the qualifying pass-through 2067
entity in which it is an investor, before, during, or after the 2068
qualifying pass-through entity's qualifying taxable year, carries 2069
out any transaction or transactions with one or more related 2070
members of the investor or the qualifying pass-through entity 2071
resulting in a reduction or deferral of tax imposed by Chapter 2072
5733. of the Revised Code with respect to all or any portion of 2073
the investor's adjusted qualifying amount for the qualifying 2074
pass-through entity's taxable year, or that constitute a sham, 2075
lack economic reality, or are part of a series of transactions the 2076
form of which constitutes a step transaction or transactions or 2077
does not reflect the substance of those transactions. 2078

(8) Any other investor that the tax commissioner may 2079
designate by rule. The tax commissioner may adopt rules including 2080
a rule defining "qualifying investor" or "qualifying beneficiary" 2081

and governing the imposition of the withholding tax imposed by 2082
section 5747.41 of the Revised Code with respect to an individual 2083
who is a resident taxpayer for the purposes of Chapter 5747. of 2084
the Revised Code for only a portion of the qualifying taxable year 2085
of the qualifying entity. 2086

(9) An investor that is a trust or fund the beneficiaries of 2087
which, during the qualifying taxable year of the qualifying 2088
pass-through entity, are limited to the following: 2089

(a) A person that is or may be the beneficiary of a trust 2090
subject to Subchapter D of Chapter 1 of Subtitle A of the Internal 2091
Revenue Code. 2092

(b) A person that is or may be the beneficiary of or the 2093
recipient of payments from a trust or fund that is a nuclear 2094
decommissioning reserve fund, a designated settlement fund, or any 2095
other trust or fund established to resolve and satisfy claims that 2096
may otherwise be asserted by the beneficiary or a member of the 2097
beneficiary's family. Sections 267(c)(4), 468A(e), and 468B(d)(2) 2098
of the Internal Revenue Code apply to the determination of whether 2099
such a person satisfies division (I)(9) of this section. 2100

(c) A person who is or may be the beneficiary of a trust 2101
that, under its governing instrument, is not required to 2102
distribute all of its income currently. Division (I)(9)(c) of this 2103
section applies only if the trust, prior to the due date for 2104
filing the qualifying pass-through entity's return for taxes 2105
imposed by section 5733.41 and sections 5747.41 to 5747.453 of the 2106
Revised Code, irrevocably agrees in writing that for the taxable 2107
year during or for which the trust distributes any of its income 2108
to any of its beneficiaries, the trust is a qualifying trust and 2109
will pay the estimated tax, and will withhold and pay the withheld 2110
tax, as required under sections 5747.40 to 5747.453 of the Revised 2111
Code. 2112

For the purposes of division (I)(9) of this section, a trust
or fund shall be considered to have a beneficiary other than
persons described under divisions (I)(9)(a) to (c) of this section
if a beneficiary would not qualify under those divisions under the
doctrines of "economic reality," "sham transaction," "step
doctrine," or "substance over form." A trust or fund described in
division (I)(9) of this section bears the burden of establishing
by a preponderance of the evidence that any transaction giving
rise to the tax benefits provided under division (I)(9) of this
section does not have as a principal purpose a claim of those tax
benefits. Nothing in this section shall be construed to limit
solely to this section the application of the doctrines referred
to in this paragraph.

(J) "Qualifying net gain" means any recognized net gain with
respect to the acquisition, ownership, use, maintenance,
management, or disposition of tangible personal property located
in this state at any time during a trust's qualifying taxable year
or real property located in this state.

(K) "Qualifying net income" means any recognized income, net
of related deductible expenses, other than distributions
deductions with respect to the acquisition, ownership, use,
maintenance, management, or disposition of tangible personal
property located in this state at any time during the trust's
qualifying taxable year or real property located in this state.

(L) "Qualifying entity" means a qualifying pass-through
entity or a qualifying trust.

(M) "Qualifying trust" means a trust subject to subchapter J
of the Internal Revenue Code that, during any portion of the
trust's qualifying taxable year, has income or gain from the
acquisition, management, ownership, use, or disposition of
tangible personal property located in this state at any time
during the trust's qualifying taxable year or real property

located in this state. "Qualifying trust" does not include a 2145
person described in section 501(c) of the Internal Revenue Code or 2146
a person described in division (C) of section 5733.09 of the 2147
Revised Code. 2148

(N) "Qualifying pass-through entity" means a pass-through 2149
entity as defined in section 5733.04 of the Revised Code, 2150
excluding a person described in section 501(c) of the Internal 2151
Revenue Code, a partnership with equity securities registered with 2152
the United States securities and exchange commission under section 2153
12 of the Securities Exchange Act of 1934, as amended, or a person 2154
described in division (C) of section 5733.09 of the Revised Code. 2155

(O) "Quarter" means the first three months, the second three 2156
months, the third three months, or the last three months of a 2157
qualifying entity's qualifying taxable year. 2158

(P) "Related member" has the same meaning as in division 2159
(A)(6) of section 5733.042 of the Revised Code without regard to 2160
division (B) of that section. However, for the purposes of 2161
divisions (A)(3) and (4) of this section only, "related member" 2162
has the same meaning as in division (A)(6) of section 5733.042 of 2163
the Revised Code without regard to division (B) of that section, 2164
but shall be applied by substituting "forty per cent" for "twenty 2165
per cent" wherever "twenty per cent" appears in division (A) of 2166
that section. 2167

(Q) "Return" or "report" means the notifications and reports 2168
required to be filed pursuant to sections 5747.42 to 5747.45 of 2169
the Revised Code for the purpose of reporting the tax imposed 2170
under section 5733.41 or 5747.41 of the Revised Code, and included 2171
declarations of estimated tax when so required. 2172

(R) "Qualifying taxable year" means the calendar year or the 2173
qualifying entity's fiscal year ending during the calendar year, 2174
or fractional part thereof, for which the adjusted qualifying 2175

amount is calculated pursuant to sections 5733.40 and 5733.41 or 2176
sections 5747.40 to 5747.453 of the Revised Code. 2177

(S) "Distributive share" includes the sum of the income, 2178
gain, expense, or loss of a disregarded entity. 2179

Sec. 5740.03. Subject to section 5740.05 of the Revised Code, 2180
the tax commissioner may enter into the agreement with one or more 2181
states, provided that the general assembly, by adoption of a 2182
concurrent resolution, first authorizes the tax commissioner to 2183
enter into the agreement. In furtherance of the agreement, the 2184
commissioner may act jointly with other member states to establish 2185
standards for certification of service providers and automated 2186
systems, establish performance standards for multi-state sellers, 2187
and procure goods and services. The commissioner may take other 2188
actions reasonably required to implement this chapter, including 2189
adopting rules. 2190

Sec. 5743.02. To provide revenues for the general revenue 2191
fund, an excise tax on sales of cigarettes is hereby levied at the 2192
rate of ~~eleven~~ twenty-seven and one-half mills on each cigarette. 2193

Only one sale of the same article shall be used in computing 2194
the amount of tax due. 2195

The treasurer of state shall place to the credit of the tax 2196
refund fund created by section 5703.052 of the Revised Code, out 2197
of receipts from the tax levied by this section, amounts equal to 2198
the refunds certified by the tax commissioner pursuant to section 2199
5743.05 of the Revised Code. The balance of taxes collected under 2200
such section, after the credits to the tax refund fund, shall be 2201
paid into the general revenue fund. 2202

Sec. 5743.03. Except as provided in section 5743.04 of the 2203
Revised Code, the taxes imposed under sections 5743.02, ~~5743.023,~~ 2204

5743.024, and 5743.026 of the Revised Code shall be paid by the 2205
purchase of stamps. A stamp shall be affixed to each package of an 2206
aggregate denomination not less than the amount of the tax upon 2207
the contents thereof. The stamp, so affixed, shall be prima-facie 2208
evidence of payment of the tax. Except as is provided in the rules 2209
prescribed by the tax commissioner under authority of sections 2210
5743.01 to 5743.20 of the Revised Code, and unless such stamps 2211
have been previously affixed, they shall be so affixed by each 2212
wholesale dealer, and canceled by writing or stamping across the 2213
face thereof the number assigned to such wholesale dealer by the 2214
tax commissioner for that purpose, prior to the delivery of any 2215
cigarettes to any person in this state, or in the case of a tax 2216
levied pursuant to section 5743.024 or 5743.026 of the Revised 2217
Code, prior to the delivery of cigarettes to any person in the 2218
county in which the tax is levied. 2219

Except as provided in the rules prescribed by the 2220
commissioner under authority of sections 5743.01 to 5743.20 of the 2221
Revised Code, and unless such stamps have been previously affixed, 2222
each retail dealer shall within twenty-four hours after the 2223
receipt of any cigarettes at the retail dealer's place of business 2224
and prior to the delivery thereof to any person in this state, or 2225
in the case of a tax levied pursuant to section 5743.024 or 2226
5743.026 of the Revised Code prior to the delivery thereof to any 2227
person in the county in which the tax is levied, so affix such 2228
stamps and cancel same by writing or stamping across the face 2229
thereof the number assigned to such retail dealer by the 2230
commissioner for that purpose. 2231

Whenever any cigarettes are found in the place of business of 2232
any retail dealer without proper tax stamps affixed thereto and 2233
canceled, it is presumed that such cigarettes are kept therein in 2234
violation of sections 5743.01 to 5743.20 of the Revised Code. 2235

Each wholesale dealer and each retail dealer who purchases 2236

cigarettes without proper tax stamps affixed thereto shall, on or 2237
before the thirty-first day of the month following the close of 2238
each semiannual period, which period shall end on the thirtieth 2239
day of June and the thirty-first day of December of each year, 2240
make and file a return of the preceding semiannual period, on such 2241
form as is prescribed by the tax commissioner, showing the 2242
dealer's entire purchases and sales of cigarettes and stamps or 2243
impressions for such semiannual period and accurate inventories as 2244
of the beginning and end of each semiannual period of cigarettes, 2245
stamped or unstamped; cigarette tax stamps affixed or unaffixed 2246
and unused meter impressions; and such other information as the 2247
commissioner finds necessary to the proper administration of 2248
sections 5743.01 to 5743.20 of the Revised Code. The commissioner 2249
may extend the time for making and filing returns and may remit 2250
all or any part of amounts of penalties which may become due under 2251
sections 5743.01 to 5743.20 of the Revised Code. The wholesale or 2252
retail dealer shall deliver the return together with a remittance 2253
of the tax deficiency reported thereon to the treasurer of state. 2254
The treasurer of state shall stamp or otherwise mark on the return 2255
the date it was received and shall also show thereon by stamp or 2256
otherwise a payment or nonpayment of the deficiency shown by the 2257
return. Thereafter, the treasurer of state shall immediately 2258
transmit all returns filed under this section to the commissioner. 2259
Any wholesale or retail dealer who fails to file a return under 2260
this section and the rules of the commissioner may be required, 2261
for each day the dealer so fails, to forfeit and pay into the 2262
state treasury the sum of one dollar as revenue arising from the 2263
tax imposed by sections 5743.01 to 5743.20 of the Revised Code and 2264
such sum may be collected by assessment in the manner provided in 2265
section 5743.081 of the Revised Code. If the commissioner finds it 2266
necessary in order to insure the payment of the tax imposed by 2267
sections 5743.01 to 5743.20 of the Revised Code, the commissioner 2268
may require returns and payments to be made other than 2269

semiannually. The returns shall be signed by the wholesale or
retail dealer or an authorized agent thereof.

Sec. 5743.04. The tax commissioner shall design and procure
the stamps provided for in section 5743.03 of the Revised Code and
shall enforce and administer sections 5743.01 to 5743.44 of the
Revised Code. With respect to packages containing any number of
cigarettes other than twenty, if the commissioner finds that it is
practicable to collect the taxes levied under sections 5743.02,
~~5743.023,~~ 5743.024, and 5743.026 of the Revised Code by any method
other than that provided in this section and section 5743.03 of
the Revised Code, ~~he~~ the commissioner may by rule prescribe such
other method for payment of the taxes upon such packages of
cigarettes as will adequately protect the revenue; provided, that
in any case where the commissioner prescribes that the taxes upon
such packages of cigarettes shall be paid on the basis of returns
filed by a wholesale or retail dealer, said returns, together with
a remittance of all taxes due as shown thereon, shall be filed
with the treasurer of state not later than the tenth day of the
month following the month in which such cigarettes are sold in
this state. The commissioner may promulgate rules in accordance
with sections 119.01 to 119.13 of the Revised Code as ~~he~~ the
commissioner deems necessary to carry out sections 5743.01 to
5743.44 of the Revised Code and may adopt different detailed rules
applicable to diverse methods and conditions of sale of
cigarettes, prescribing, in each class of cases, upon whom, as
between the wholesale dealer and the retail dealer, the primary
duty of affixing stamps shall rest, and the manner in which stamps
shall be affixed. A copy of such rules shall be furnished to every
licensed dealer as provided in sections 119.01 to 119.13 of the
Revised Code. Any such rule so furnished which excuses a wholesale
dealer from affixing stamps under the circumstances of the
particular case shall be a defense in the prosecution of such

dealer for violation of section 5743.03 of the Revised Code. 2302

The commissioner, ~~if he determines~~ after determining that it 2303
is practicable to evidence payment of the taxes levied under 2304
sections 5743.02, ~~5743.023~~, 5743.024, and 5743.026 of the Revised 2305
Code by impression made by a metering device, shall by resolution 2306
provide that such metering device may be used in lieu of the 2307
stamps otherwise provided for in section 5743.03 of the Revised 2308
Code. The commissioner may authorize any wholesale or retail 2309
dealer to use the metering device approved by ~~him~~ the 2310
commissioner. Such device before being used shall be sealed by the 2311
treasurer of state, and shall be used only in accordance with the 2312
rules prescribed by the commissioner. 2313

Wholesale and retail dealers authorized to use said device 2314
shall prepay the tax represented by meter impressions and shall 2315
deliver the metering device to the treasurer of state or county 2316
treasurer in the county in which the place of business of any 2317
wholesaler or retailer is located if such treasurer is designated 2318
by the treasurer of state, who shall seal the meter in accordance 2319
with the prepayments so made. 2320

Sec. 5743.08. Whenever the tax commissioner discovers any 2321
cigarettes, subject to the taxes levied under section 5743.02, 2322
~~5743.023~~, 5743.024, or 5743.026 of the Revised Code, and upon 2323
which the taxes have not been paid, the commissioner may seize and 2324
take possession of such cigarettes, which shall thereupon be 2325
forfeited to the state, and the commissioner may within a 2326
reasonable time thereafter sell the forfeited cigarettes. From the 2327
proceeds of the sale, the tax commissioner shall pay the costs 2328
incurred in such proceedings, and any proceeds remaining after the 2329
costs are paid shall be considered as revenue arising from the 2330
tax; provided that the seizure and sale shall not be deemed to 2331
relieve any person from the fine or imprisonment provided for 2332
violation of sections 5743.01 to 5743.20 of the Revised Code. The 2333

sale shall be made where it is most convenient and economical. The 2334
tax commissioner may order the destruction of the forfeited 2335
cigarettes if the quantity or quality of the cigarettes is not 2336
sufficient to warrant their sale. 2337

Sec. 5743.081. (A) If any wholesale dealer or retail dealer 2338
fails to pay the tax levied under ~~sections~~ section 5743.02, 2339
~~5743.023,~~ 5743.024, or 5743.026 of the Revised Code as required by 2340
sections 5743.01 to 5743.20 of the Revised Code, and by the rules 2341
of the tax commissioner, or fails to collect the tax from the 2342
purchaser or consumer, the commissioner may make an assessment 2343
against the wholesale or retail dealer based upon any information 2344
in the commissioner's possession. 2345

The commissioner may make an assessment against any wholesale 2346
or retail dealer who fails to file a return required by section 2347
5743.03 or 5743.025 of the Revised Code. 2348

No assessment shall be made against any wholesale or retail 2349
dealer for any taxes imposed under ~~sections~~ section 5743.02, 2350
~~5743.023,~~ 5743.024, or 5743.026 of the Revised Code more than 2351
three years after the last day of the calendar month which 2352
immediately follows the semiannual period prescribed in section 2353
5743.03 of the Revised Code in which the sale was made, or more 2354
than three years after the semiannual return for such period is 2355
filed, whichever is later. This section does not bar an assessment 2356
against any wholesale or retail dealer who fails to file a return 2357
as required by section 5743.03 or 5743.025 of the Revised Code, or 2358
who files a fraudulent return. 2359

A penalty of up to thirty per cent may be added to the amount 2360
of every assessment made under this section. The commissioner may 2361
adopt rules providing for the imposition and remission of 2362
penalties added to assessments made under this section. 2363

The commissioner shall give the party assessed written notice 2364

of the assessment as provided in section 5703.37 of the Revised
Code. The notice shall specify separately any portion of the
assessment that represents a county tax.

(B) Unless the party to whom the notice of assessment is
directed files with the commissioner within sixty days after
service of the notice of assessment, either personally or by
certified mail, a petition for reassessment in writing, signed by
the party assessed, or by the party's authorized agent having
knowledge of the facts, the assessment shall become final and the
amount of the assessment shall be due and payable from the party
assessed to the treasurer of state. The petition shall indicate
the objections of the party assessed, but additional objections
may be raised in writing if received prior to the date shown on
the final determination by the commissioner.

Unless the petitioner waives a hearing, the commissioner
shall assign a time and place for the hearing on the petition and
notify the petitioner of the time and place of the hearing by
personal service or certified mail, but the commissioner may
continue the hearing from time to time if necessary.

The commissioner may make such correction to an assessment as
the commissioner finds proper. The commissioner shall serve a copy
of the final determination on the petitioner by personal service
or certified mail, and the commissioner's decision in the matter
shall be final, subject to appeal as provided in section 5717.02
of the Revised Code. Only objections decided on the merits by the
board of tax appeals or a court shall be given collateral estoppel
or res judicata effect in considering an application for refund of
amounts paid pursuant to the assessment.

(C) After an assessment becomes final, if any portion of the
assessment remains unpaid, including accrued interest, a certified
copy of the commissioner's entry making the assessment final may
be filed in the office of the clerk of the court of common pleas

in the county in which the wholesale or retail dealer's place of
business is located or the county in which the party assessed
resides. If the party assessed maintains no place of business in
this state and is not a resident of this state, the certified copy
of the entry may be filed in the office of the clerk of the court
of common pleas of Franklin county.

The clerk, immediately upon the filing of the commissioner's
entry, shall enter a judgment for the state against the party
assessed in the amount shown on the entry. The judgment may be
filed by the clerk in a loose-leaf book entitled "special
judgments for state cigarette sales tax," and shall have the same
effect as other judgments. Execution shall issue upon the judgment
upon the request of the tax commissioner, and all laws applicable
to sales on execution shall apply to sales made under the judgment
except as otherwise provided in sections 5743.01 to 5743.20 of the
Revised Code.

The portion of the assessment not paid within sixty days
after the assessment was issued shall bear interest at the rate
per annum prescribed by section 5703.47 of the Revised Code from
the day the tax commissioner issues the assessment until it is
paid. Interest shall be paid in the same manner as the tax and may
be collected by the issuance of an assessment under this section.

(D) All money collected by the commissioner under this
section shall be paid to the treasurer of state, and when paid
shall be considered as revenue arising from the taxes imposed by
sections 5743.01 to 5743.20 of the Revised Code.

Sec. 5743.12. No person shall make a false entry upon an
invoice, package, or container of cigarettes upon which an entry
is required by sections 5743.01 to 5743.20 of the Revised Code,
nor shall any person present any such false entry for the

inspection of the tax commissioner with intent to evade the tax 2428
levied under section 5743.02, ~~5743.023~~, 5743.024, or 5743.026 of 2429
the Revised Code. 2430

Sec. 5743.13. No person shall falsely or fraudulently make, 2431
forge, alter, or counterfeit any stamp prescribed by the tax 2432
commissioner under section 5743.03 of the Revised Code, or cause 2433
to be falsely or fraudulently made, forged, altered, or 2434
counterfeited any such stamp, or possess any counterfeiting 2435
device, or knowingly and willfully utter, publish, pass, or tender 2436
as true, any such false, altered, forged, or counterfeited stamp, 2437
or use more than once any such stamp for the purpose of evading 2438
the tax levied under section 5743.02, ~~5743.023~~, 5743.024, or 2439
5743.026 of the Revised Code. 2440

Sec. 5743.14. (A) The tax commissioner may inspect any place 2441
where cigarettes subject to the tax levied under section 5743.02, 2442
~~5743.023~~, 5743.024, or 5743.026 of the Revised Code are sold or 2443
stored. 2444

(B) No person shall prevent or hinder the tax commissioner 2445
from making a full inspection of any place where cigarettes 2446
subject to the tax levied under section 5743.02, ~~5743.023~~, 2447
5743.024, or 5743.026 of the Revised Code are sold or stored, or 2448
prevent or hinder the full inspection of invoices, books, records, 2449
or papers required to be kept by sections 5743.01 to 5743.20 of 2450
the Revised Code. 2451

Sec. 5743.32. To provide revenue for the general revenue fund 2452
of the state, an excise tax is hereby levied on the use, 2453
consumption, or storage for consumption of cigarettes by consumers 2454
in this state at the rate of ~~eleven~~ twenty-seven and one-half 2455
mills on each cigarette. The tax shall not apply if the tax levied 2456
by section 5743.02 of the Revised Code has been paid. 2457

The money received into the state treasury from the excise 2458
tax levied by this section shall be credited to the general 2459
revenue fund. 2460

Sec. 5743.33. Every person who has acquired cigarettes for 2461
use, storage, or other consumption subject to the tax levied under 2462
section 5743.32, ~~5743.322~~, 5743.323, or 5743.324 of the Revised 2463
Code, shall, on or before the fifteenth day of the month following 2464
receipt of such cigarettes, file with the tax commissioner a 2465
return showing the amount of cigarettes acquired, together with 2466
remittance of the tax thereon. No such person shall transport 2467
within this state, cigarettes that have a wholesale value in 2468
excess of sixty dollars, unless ~~he~~ that person has obtained 2469
consent to transport the cigarettes from the department of 2470
taxation prior to such transportation. Such consent shall not be 2471
required if the applicable taxes levied under sections 5743.02, 2472
~~5743.023~~, 5743.024, and 5743.026 of the Revised Code have been 2473
paid. Application for the consent shall be in the form prescribed 2474
by the tax commissioner. 2475

Every person transporting such cigarettes shall possess the 2476
consent while transporting or possessing the cigarettes within 2477
this state and shall produce the consent upon request of any law 2478
enforcement officer or authorized agent of the tax commissioner. 2479

Any person transporting such cigarettes without the consent 2480
required by this section, shall be subject to the provisions of 2481
this chapter, including the applicable taxes imposed by sections 2482
5743.02, ~~5743.023~~, 5743.024, and 5743.026 of the Revised Code. 2483

Sec. 5743.34. If any person required to pay the tax levied 2484
under section 5743.32, ~~5743.322~~, 5743.323, or 5743.324 of the 2485
Revised Code, fails to make remittance, the tax commissioner may 2486
issue an assessment against that person based on any information 2487

in the commissioner's possession. 2488

Sections 5743.081 and 5743.082 of the Revised Code relating 2489
to the assessments or findings, appeals from assessments or 2490
findings, the effect of assessments or findings before or after 2491
hearing and before or after filing the same in the office of the 2492
clerk of the court of common pleas, and all sections relating to 2493
the procedure, authority, duties, liabilities, powers, and 2494
privileges of the person assessed, the commissioner, the clerk, 2495
and all other public officials, shall be applicable to assessments 2496
made pursuant to this section. 2497

Sec. 5743.35. No person required by section 5743.33 of the 2498
Revised Code to file a return with the tax commissioner shall fail 2499
to make such return, or fail to pay the applicable taxes levied 2500
under section 5743.32, ~~5743.322~~, 5743.323, or 5743.324 of the 2501
Revised Code, or fail to pay any lawful assessment issued by the 2502
commissioner. 2503

Sec. 5747.01. Except as otherwise expressly provided or 2504
clearly appearing from the context, any term used in this chapter 2505
has the same meaning as when used in a comparable context in the 2506
Internal Revenue Code, and all other statutes of the United States 2507
relating to federal income taxes. 2508

As used in this chapter: 2509

(A) "Adjusted gross income" or "Ohio adjusted gross income" 2510
means adjusted gross income as defined and used in the Internal 2511
Revenue Code, adjusted as provided in this section: 2512

(1) Add interest or dividends on obligations or securities of 2513
any state or of any political subdivision or authority of any 2514
state, other than this state and its subdivisions and authorities. 2515

(2) Add interest or dividends on obligations of any 2516
authority, commission, instrumentality, territory, or possession 2517

of the United States that are exempt from federal income taxes but 2518
not from state income taxes. 2519

(3) Deduct interest or dividends on obligations of the United 2520
States and its territories and possessions or of any authority, 2521
commission, or instrumentality of the United States to the extent 2522
included in federal adjusted gross income but exempt from state 2523
income taxes under the laws of the United States. 2524

(4) Deduct disability and survivor's benefits to the extent 2525
included in federal adjusted gross income. 2526

(5) Deduct benefits under Title II of the Social Security Act 2527
and tier 1 railroad retirement benefits to the extent included in 2528
federal adjusted gross income under section 86 of the Internal 2529
Revenue Code. 2530

(6) ~~Add, in~~ In the case of a taxpayer who is a beneficiary of 2531
a trust that makes an accumulation distribution as defined in 2532
section 665 of the Internal Revenue Code, add, for the 2533
beneficiary's taxable years beginning before 2002 or after 2004, 2534
the portion, if any, of such distribution that does not exceed the 2535
undistributed net income of the trust for the three taxable years 2536
preceding the taxable year in which the distribution is made to 2537
the extent that the portion was not included in the trust's 2538
taxable income for any of the trust's taxable years beginning in 2539
2002, 2003, or 2004. "Undistributed net income of a trust" means 2540
the taxable income of the trust increased by (a)(i) the additions 2541
to adjusted gross income required under division (A) of this 2542
section and (ii) the personal exemptions allowed to the trust 2543
pursuant to section 642(b) of the Internal Revenue Code, and 2544
decreased by (b)(i) the deductions to adjusted gross income 2545
required under division (A) of this section, (ii) the amount of 2546
federal income taxes attributable to such income, and (iii) the 2547
amount of taxable income that has been included in the adjusted 2548
gross income of a beneficiary by reason of a prior accumulation 2549

distribution. Any undistributed net income included in the 2550
adjusted gross income of a beneficiary shall reduce the 2551
undistributed net income of the trust commencing with the earliest 2552
years of the accumulation period. 2553

(7) Deduct the amount of wages and salaries, if any, not 2554
otherwise allowable as a deduction but that would have been 2555
allowable as a deduction in computing federal adjusted gross 2556
income for the taxable year, had the targeted jobs credit allowed 2557
and determined under sections 38, 51, and 52 of the Internal 2558
Revenue Code not been in effect. 2559

(8) Deduct any interest or interest equivalent on public 2560
obligations and purchase obligations to the extent included in 2561
federal adjusted gross income. 2562

(9) Add any loss or deduct any gain resulting from the sale, 2563
exchange, or other disposition of public obligations to the extent 2564
included in federal adjusted gross income. 2565

(10) Deduct or add amounts, as provided under section 5747.70 2566
of the Revised Code, related to contributions to variable college 2567
savings program accounts made or tuition credits purchased 2568
pursuant to Chapter 3334. of the Revised Code. 2569

(11)(a) Deduct, to the extent not otherwise allowable as a 2570
deduction or exclusion in computing federal or Ohio adjusted gross 2571
income for the taxable year, the amount the taxpayer paid during 2572
the taxable year for medical care insurance and qualified 2573
long-term care insurance for the taxpayer, the taxpayer's spouse, 2574
and dependents. No deduction for medical care insurance under 2575
division (A)(11) of this section shall be allowed either to any 2576
taxpayer who is eligible to participate in any subsidized health 2577
plan maintained by any employer of the taxpayer or of the 2578
taxpayer's spouse, or to any taxpayer who is entitled to, or on 2579
application would be entitled to, benefits under part A of Title 2580
XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 2581

301, as amended. For the purposes of division (A)(11)(a) of this
section, "subsidized health plan" means a health plan for which
the employer pays any portion of the plan's cost. The deduction
allowed under division (A)(11)(a) of this section shall be the net
of any related premium refunds, related premium reimbursements, or
related insurance premium dividends received during the taxable
year.

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

(c) For purposes of division (A)(11) of this section,
"medical care" has the meaning given in section 213 of the
Internal Revenue Code, subject to the special rules, limitations,
and exclusions set forth therein, and "qualified long-term care"
has the same meaning given in section 7702(B)(b) of the Internal
Revenue Code.

(12)(a) Deduct any amount included in federal adjusted gross
income solely because the amount represents a reimbursement or
refund of expenses that in any year the taxpayer had deducted as
an itemized deduction pursuant to section 63 of the Internal
Revenue Code and applicable United States department of the
treasury regulations. The deduction otherwise allowed under
division (A)(12)(a) of this section shall be reduced to the extent
the reimbursement is attributable to an amount the taxpayer
deducted under this section in any taxable year.

(b) Add any amount not otherwise included in Ohio adjusted
gross income for any taxable year to the extent that the amount is
attributable to the recovery during the taxable year of any amount

deducted or excluded in computing federal or Ohio adjusted gross 2614
income in any taxable year. 2615

(13) Deduct any portion of the deduction described in section 2616
1341(a)(2) of the Internal Revenue Code, for repaying previously 2617
reported income received under a claim of right, that meets both 2618
of the following requirements: 2619

(a) It is allowable for repayment of an item that was 2620
included in the taxpayer's adjusted gross income for a prior 2621
taxable year and did not qualify for a credit under division (A) 2622
or (B) of section 5747.05 of the Revised Code for that year; 2623

(b) It does not otherwise reduce the taxpayer's adjusted 2624
gross income for the current or any other taxable year. 2625

(14) Deduct an amount equal to the deposits made to, and net 2626
investment earnings of, a medical savings account during the 2627
taxable year, in accordance with section 3924.66 of the Revised 2628
Code. The deduction allowed by division (A)(14) of this section 2629
does not apply to medical savings account deposits and earnings 2630
otherwise deducted or excluded for the current or any other 2631
taxable year from the taxpayer's federal adjusted gross income. 2632

(15)(a) Add an amount equal to the funds withdrawn from a 2633
medical savings account during the taxable year, and the net 2634
investment earnings on those funds, when the funds withdrawn were 2635
used for any purpose other than to reimburse an account holder 2636
for, or to pay, eligible medical expenses, in accordance with 2637
section 3924.66 of the Revised Code; 2638

(b) Add the amounts distributed from a medical savings 2639
account under division (A)(2) of section 3924.68 of the Revised 2640
Code during the taxable year. 2641

(16) Add any amount claimed as a credit under section 2642
5747.059 of the Revised Code to the extent that such amount 2643
satisfies either of the following: 2644

(a) The amount was deducted or excluded from the computation 2645
of the taxpayer's federal adjusted gross income as required to be 2646
reported for the taxpayer's taxable year under the Internal 2647
Revenue Code; 2648

(b) The amount resulted in a reduction of the taxpayer's 2649
federal adjusted gross income as required to be reported for any 2650
of the taxpayer's taxable years under the Internal Revenue Code. 2651

(17) Deduct the amount contributed by the taxpayer to an 2652
individual development account program established by a county 2653
department of job and family services pursuant to sections 329.11 2654
to 329.14 of the Revised Code for the purpose of matching funds 2655
deposited by program participants. On request of the tax 2656
commissioner, the taxpayer shall provide any information that, in 2657
the tax commissioner's opinion, is necessary to establish the 2658
amount deducted under division (A)(17) of this section. 2659

(18) Beginning in taxable year 2001, if the taxpayer is 2660
married and files a joint return and the combined federal adjusted 2661
gross income of the taxpayer and the taxpayer's spouse for the 2662
taxable year does not exceed one hundred thousand dollars, or if 2663
the taxpayer is single and has a federal adjusted gross income for 2664
the taxable year not exceeding fifty thousand dollars, deduct 2665
amounts paid during the taxable year for qualified tuition and 2666
fees paid to an eligible institution for the taxpayer, the 2667
taxpayer's spouse, or any dependent of the taxpayer, who is a 2668
resident of this state and is enrolled in or attending a program 2669
that culminates in a degree or diploma at an eligible institution. 2670
The deduction may be claimed only to the extent that qualified 2671
tuition and fees are not otherwise deducted or excluded for any 2672
taxable year from federal or Ohio adjusted gross income. The 2673
deduction may not be claimed for educational expenses for which 2674
the taxpayer claims a credit under section 5747.27 of the Revised 2675
Code. 2676

(19) Add any reimbursement received during the taxable year 2677
of any amount the taxpayer deducted under division (A)(18) of this 2678
section in any previous taxable year to the extent the amount is 2679
not otherwise included in Ohio adjusted gross income. 2680

(20)(a) Add five-sixths of the amount of depreciation expense 2681
allowed by subsection (k) of section 168 of the Internal Revenue 2682
Code, including the taxpayer's proportionate or distributive share 2683
of the amount of depreciation expense allowed by that subsection 2684
to a pass-through entity in which the taxpayer has a direct or 2685
indirect ownership interest. The tax commissioner, under 2686
procedures established by the commissioner, may waive the add-back 2687
related to a pass-through entity if the taxpayer owns, directly or 2688
indirectly, less than five per cent of the pass-through entity. 2689
2690

(b) Nothing in division (A)(20) of this section shall be 2691
construed to adjust or modify the adjusted basis of any asset. 2692

(c) To the extent the add-back required under division 2693
(A)(20)(a) of this section is attributable to property generating 2694
nonbusiness income or loss allocated under section 5747.20 of the 2695
Revised Code, the add-back shall be situated to the same location 2696
as the nonbusiness income or loss generated by the property for 2697
the purpose of determining the credit under division (A) of 2698
section 5747.05 of the Revised Code. Otherwise, the add-back shall 2699
be apportioned, subject to one or more of the four alternative 2700
methods of apportionment enumerated in section 5747.21 of the 2701
Revised Code. 2702

(21)(a) If the taxpayer was required to add an amount under 2703
division (A)(20)(a) of this section for a taxable year, deduct 2704
one-fifth of the amount so added for each of the five succeeding 2705
taxable years. 2706

(b) If the amount deducted under division (A)(21)(a) of this 2707

section is attributable to an add-back allocated under division 2708
(A)(20)(c) of this section, the amount deducted shall be sitused 2709
to the same location. Otherwise, the add-back shall be apportioned 2710
using the apportionment factors for the taxable year in which the 2711
deduction is taken, subject to one or more of the four alternative 2712
methods of apportionment enumerated in section 5747.21 of the 2713
Revised Code. 2714

(B) "Business income" means income arising from transactions, 2715
activities, and sources in the regular course of a trade or 2716
business and includes income from real property, tangible 2717
property, and intangible property if the acquisition, rental, 2718
management, and disposition of the property constitute integral 2719
parts of the regular course of a trade or business operation. 2720
"Business income" includes income, including gain or loss, from a 2721
partial or complete liquidation of a business, including, but not 2722
limited to, gain or loss from the sale or other disposition of 2723
goodwill. 2724

(C) "Nonbusiness income" means all income other than business 2725
income and may include, but is not limited to, compensation, rents 2726
and royalties from real or tangible personal property, capital 2727
gains, interest, dividends and distributions, patent or copyright 2728
royalties, or lottery winnings, prizes, and awards. 2729
2730

(D) "Compensation" means any form of remuneration paid to an 2731
employee for personal services. 2732

(E) "Fiduciary" means a guardian, trustee, executor, 2733
administrator, receiver, conservator, or any other person acting 2734
in any fiduciary capacity for any individual, trust, or estate. 2735

(F) "Fiscal year" means an accounting period of twelve months 2736
ending on the last day of any month other than December. 2737

(G) "Individual" means any natural person. 2738

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

(I) "Resident" means:

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

(2) The estate of a decedent who at the time of death was domiciled in this state. The domicile tests of section 5747.24 of the Revised Code and any election under section 5747.25 of the Revised Code are not controlling for purposes of division (I)(2) of this section.

(3) Division (I)(3) of this section applies only to taxable years of a trust beginning in 2002, 2003, or 2004.

A trust that, in whole or part, resides in this state. If only part of a trust resides in this state, the trust is a resident only with respect to that part. For the purposes of division (I)(3) of this section, a trust resides in this state to the extent that it consists, directly or indirectly, in whole or in part, of the net current value, adjusted for any profits, gains, or losses, of assets or liabilities that were transferred to the trust by any of the following:

(a) The will of a decedent who was domiciled in this state at the time of the decedent's death;

(b) A person who is domiciled in this state if the trust or part of the trust is not irrevocable;

(c) A person who was domiciled in this state when the trust or part of the trust became irrevocable, but only if, for all or some portion of the current taxable year of the trust, at least one beneficiary of the trust is a resident for the purposes of this chapter.

For the purpose of divisions (I)(3)(b) and (c) of this

section, the transfer of net assets to a trust is irrevocable to 2769
the extent that the transferor is not considered to be the owner 2770
of the net assets of the trust under sections 671 to 678 of the 2771
Internal Revenue Code. 2772

The tax commissioner may adopt rules to ascertain the part of 2773
a trust residing in this state under this division. 2774

(J) "Nonresident" means an individual or estate that is not a 2775
resident. An individual who is a resident for only part of a 2776
taxable year is a nonresident for the remainder of that taxable 2777
year. 2778

(K) "Pass-through entity" has the same meaning as in section 2779
5733.04 of the Revised Code. 2780

(L) "Return" means the notifications and reports required to 2781
be filed pursuant to this chapter for the purpose of reporting the 2782
tax due and includes declarations of estimated tax when so 2783
required. 2784

(M) "Taxable year" means the calendar year or the taxpayer's 2785
fiscal year ending during the calendar year, or fractional part 2786
thereof, upon which the adjusted gross income is calculated 2787
pursuant to this chapter. 2788

(N) "Taxpayer" means any person subject to the tax imposed by 2789
section 5747.02 of the Revised Code or any pass-through entity 2790
that makes the election under division (D) of section 5747.08 of 2791
the Revised Code. 2792

(O) "Dependents" means dependents as defined in the Internal 2793
Revenue Code and as claimed in the taxpayer's federal income tax 2794
return for the taxable year or which the taxpayer would have been 2795
permitted to claim had the taxpayer filed a federal income tax 2796
return. 2797

(P) "Principal county of employment" means, in the case of a 2798

nonresident, the county within the state in which a taxpayer
performs services for an employer or, if those services are
performed in more than one county, the county in which the major
portion of the services are performed.

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

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

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

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

(S) "Taxable income" applies only to estates ~~only~~ and trusts,
and means taxable income as defined and used in the Internal
Revenue Code adjusted as follows:

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

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

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

(4) Deduct interest or dividends on obligations of the United
States and its territories and possessions or of any authority,
commission, or instrumentality of the United States that are
exempt from state taxes under the laws of the United States;

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(5) Deduct the amount of wages and salaries, if any, not 2830
otherwise allowable as a deduction but that would have been 2831
allowable as a deduction in computing federal taxable income for 2832
the taxable year, had the targeted jobs credit allowed under 2833
sections 38, 51, and 52 of the Internal Revenue Code not been in 2834
effect; 2835

(6) Deduct any interest or interest equivalent on public 2836
obligations and purchase obligations to the extent included in 2837
federal taxable income; 2838

(7) Add any loss or deduct any gain resulting from sale, 2839
exchange, or other disposition of public obligations to the extent 2840
included in federal taxable income; 2841

(8) Except in the case of the final return of an estate, add 2842
any amount deducted by the taxpayer on both its Ohio estate tax 2843
return pursuant to section 5731.14 of the Revised Code, and on its 2844
federal income tax return in determining either federal adjusted 2845
gross income or federal taxable income; 2846

(9)(a) Deduct any amount included in federal taxable income 2847
solely because the amount represents a reimbursement or refund of 2848
expenses that in a previous year the decedent had deducted as an 2849
itemized deduction pursuant to section 63 of the Internal Revenue 2850
Code and applicable treasury regulations. The deduction otherwise 2851
allowed under division (S)(9)(a) of this section shall be reduced 2852
to the extent the reimbursement is attributable to an amount the 2853
taxpayer or decedent deducted under this section in any taxable 2854
year. 2855

(b) Add any amount not otherwise included in Ohio taxable 2856
income for any taxable year to the extent that the amount is 2857
attributable to the recovery during the taxable year of any amount 2858
deducted or excluded in computing federal or Ohio taxable income 2859

in any taxable year. 2860

(10) Deduct any portion of the deduction described in section 2861
1341(a)(2) of the Internal Revenue Code, for repaying previously 2862
reported income received under a claim of right, that meets both 2863
of the following requirements: 2864

(a) It is allowable for repayment of an item that was 2865
included in the taxpayer's taxable income or the decedent's 2866
adjusted gross income for a prior taxable year and did not qualify 2867
for a credit under division (A) or (B) of section 5747.05 of the 2868
Revised Code for that year. 2869

(b) It does not otherwise reduce the taxpayer's taxable 2870
income or the decedent's adjusted gross income for the current or 2871
any other taxable year. 2872

(11) Add any amount claimed as a credit under section 2873
5747.059 of the Revised Code to the extent that the amount 2874
satisfies either of the following: 2875

(a) The amount was deducted or excluded from the computation 2876
of the taxpayer's federal taxable income as required to be 2877
reported for the taxpayer's taxable year under the Internal 2878
Revenue Code; 2879

(b) The amount resulted in a reduction in the taxpayer's 2880
federal taxable income as required to be reported for any of the 2881
taxpayer's taxable years under the Internal Revenue Code. 2882

(12) Deduct any amount that a trust is required to report as 2883
farm income on its federal income tax return, but only if the 2884
assets of the trust include at least ten acres of land satisfying 2885
the definition of "land devoted exclusively to agricultural use" 2886
under section 5713.30 of the Revised Code, regardless of whether 2887
the land is valued for tax purposes as such land under sections 2888
5713.30 to 5713.38 of the Revised Code. Division (S)(12) of this 2889
section applies only to taxable years of a trust beginning in 2890

<u>2002, 2003, or 2004.</u>	2891
<u>(13) Add the net amount of income described in section 641(c)</u>	2892
<u>of the Internal Revenue Code to the extent that amount is not</u>	2893
<u>included in federal taxable income.</u>	2894
<u>(14) Add or deduct the amount the taxpayer would be required</u>	2895
<u>to add or deduct under division (A)(20) or (21) of this section if</u>	2896
<u>the taxpayer's taxable income were computed in the same manner as</u>	2897
<u>an individual's adjusted gross income is computed under this</u>	2898
<u>section. In the case of a trust, division (S)(14) of this section</u>	2899
<u>applies only to any of the trust's taxable years beginning in</u>	2900
<u>2002, 2003, or 2004.</u>	2901
(T) "School district income" and "school district income tax"	2902
have the same meanings as in section 5748.01 of the Revised Code.	2903
	2904
(U) As used in divisions (A)(8), (A)(9), (S)(6), and (S)(7)	2905
of this section, "public obligations," "purchase obligations," and	2906
"interest or interest equivalent" have the same meanings as in	2907
section 5709.76 of the Revised Code.	2908
(V) "Limited liability company" means any limited liability	2909
company formed under Chapter 1705. of the Revised Code or under	2910
the laws of any other state.	2911
(W) "Pass-through entity investor" means any person who,	2912
during any portion of a taxable year of a pass-through entity, is	2913
a partner, member, shareholder, or investor in that pass-through	2914
entity.	2915
(X) "Banking day" has the same meaning as in section 1304.01	2916
of the Revised Code.	2917
(Y) "Month" means a calendar month.	2918
(Z) "Quarter" means the first three months, the second three	2919
months, the third three months, or the last three months of the	2920

taxpayer's taxable year. 2921

(AA)(1) "Eligible institution" means a state university or 2922
state institution of higher education as defined in section 2923
3345.011 of the Revised Code, or a private, nonprofit college, 2924
university, or other post-secondary institution located in this 2925
state that possesses a certificate of authorization issued by the 2926
Ohio board of regents pursuant to Chapter 1713. of the Revised 2927
Code or a certificate of registration issued by the state board of 2928
proprietary school registration under Chapter 3332. of the Revised 2929
Code. 2930

(2) "Qualified tuition and fees" means tuition and fees 2931
imposed by an eligible institution as a condition of enrollment or 2932
attendance, not exceeding two thousand five hundred dollars in 2933
each of the individual's first two years of post-secondary 2934
education. If the individual is a part-time student, "qualified 2935
tuition and fees" includes tuition and fees paid for the academic 2936
equivalent of the first two years of post-secondary education 2937
during a maximum of five taxable years, not exceeding a total of 2938
five thousand dollars. "Qualified tuition and fees" does not 2939
include: 2940

(a) Expenses for any course or activity involving sports, 2941
games, or hobbies unless the course or activity is part of the 2942
individual's degree or diploma program; 2943

(b) The cost of books, room and board, student activity fees, 2944
athletic fees, insurance expenses, or other expenses unrelated to 2945
the individual's academic course of instruction; 2946

(c) Tuition, fees, or other expenses paid or reimbursed 2947
through an employer, scholarship, grant in aid, or other 2948
educational benefit program. 2949

(BB)(1) "Modified business income" means the business income 2950
included in a trust's taxable income after such taxable income is 2951

first reduced by the qualifying amount, if any. 2952

(2) "Qualifying amount" of a trust means capital gains and 2953
losses from the sale, exchange, or other disposition of equity or 2954
ownership interest in, or debt obligations of, a qualifying 2955
investee to the extent included in the trust's taxable income, but 2956
only if the location of the physical assets of the qualifying 2957
investee is available to the trust. 2958

(3) "Modified nonbusiness income" means a trust's taxable 2959
income other than modified business income and other than the 2960
qualifying amount. 2961

(4) "Modified taxable income" applies only to trusts and 2962
means the sum of the following: 2963

(a) Modified business income multiplied by the fraction 2964
calculated under division (B)(2) of section 5733.05, and applying 2965
section 5733.057 of the Revised Code, as if the trust were a 2966
corporation subject to the tax imposed by section 5733.06 of the 2967
Revised Code; 2968

(b) The qualifying amount multiplied by the ratio of the book 2969
value of the physical assets in this state of the qualifying 2970
investee to the book value of the total physical assets everywhere 2971
of the qualifying investee. If, for a taxable year, the trust 2972
recognizes a qualifying amount with respect to more than one 2973
qualifying investee, the amount described in division (BB)(4)(b) 2974
of this section shall equal the sum of the products so computed 2975
for each such qualifying investee. 2976

(c) Modified nonbusiness income to the extent produced by 2977
assets held by a trust or portion of a trust that is a resident 2978
for the purposes of this chapter. 2979

If the allocation and apportionment of a trust's income under 2980
divisions (BB)(4)(a) and (c) of this section do not fairly 2981
represent the modified taxable income of the trust in this state, 2982

the alternative methods described in division (C) of section 2983
5747.21 of the Revised Code may be applied in the manner and to 2984
the same extent provided in that section. 2985

(5) "Qualifying investee" means a person in which a trust has 2986
an equity or ownership interest, or a person or unit of government 2987
the debt obligations of either of which are owned by a trust. 2988
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(CC) Any term used in this chapter that is not otherwise 2990
defined in this section and that is not used in a comparable 2991
context in the Internal Revenue Code and other statutes of the 2992
United States relating to federal income taxes has the same 2993
meaning as in section 5733.40 of the Revised Code. 2994

Sec. 5747.02. (A) For the purpose of providing revenue for 2995
the support of schools and local government functions, to provide 2996
relief to property taxpayers, to provide revenue for the general 2997
revenue fund, and to meet the expenses of administering the tax 2998
levied by this chapter, there is hereby levied on every 2999
individual, trust, and ~~every~~ estate residing in or earning or 3000
receiving income in this state, on every individual, trust, and 3001
estate earning or receiving lottery winnings, prizes, or awards 3002
pursuant to Chapter 3770. of the Revised Code, and on every 3003
individual, trust, and estate otherwise having nexus with or in 3004
this state under the Constitution of the United States, an annual 3005
tax measured in the case of individuals by adjusted gross income 3006
less an exemption for the taxpayer, the taxpayer's spouse, and 3007
each dependent as provided in section 5747.025 of the Revised 3008
Code; measured in the case of trusts by modified taxable income 3009
under division (D) of this section; and measured in the case of 3010
estates by taxable income. The tax imposed by this section on the 3011
balance thus obtained is hereby levied as follows: 3012

ADJUSTED GROSS INCOME LESS 3013

EXEMPTIONS (INDIVIDUALS)

<u>OR</u>	3014
<u>MODIFIED</u>	3015
<u>TAXABLE INCOME (TRUSTS)</u>	3016
<u>OR</u>	3017
<u>TAXABLE INCOME (ESTATES)</u>	3018
<u>TAX</u>	3018
\$5,000 or less .743%	3019
More than \$5,000 but not more than \$10,000 \$37.15 plus 1.486% of the amount in excess of \$5,000	3020
More than \$10,000 but not more than \$15,000 \$111.45 plus 2.972% of the amount in excess of \$10,000	3021
More than \$15,000 but not more than \$20,000 \$260.05 plus 3.715% of the amount in excess of \$15,000	3022
More than \$20,000 but not more than \$40,000 \$445.80 plus 4.457% of the amount in excess of \$20,000	3023
More than \$40,000 but not more than \$80,000 \$1,337.20 plus 5.201% of the amount in excess of \$40,000	3024
More than \$80,000 but not more than \$100,000 \$3,417.60 plus 5.943% of the amount in excess of \$80,000	3025
More than \$100,000 but not more than \$200,000 \$4,606.20 plus 6.9% of the amount in excess of \$100,000	3026
More than \$200,000 \$11,506.20 plus 7.5% of the amount in excess of \$200,000	3027
<u>In July of each year, beginning in 2005, the tax commissioner shall adjust the income amounts prescribed in this division by multiplying the percentage increase in the gross domestic product deflator computed that year under section 5747.025 of the Revised Code by each of the income amounts resulting from the adjustment under this division in the preceding year, adding the resulting product to the corresponding income amount resulting from the adjustment in the preceding year, and rounding the resulting sum to the nearest multiple of fifty dollars. The tax commissioner also shall recompute each of the tax dollar amounts to the extent necessary to reflect the adjustment of the income amounts. The</u>	3028 3029 3030 3031 3032 3033 3034 3035 3036 3037 3038

rates of taxation shall not be adjusted.

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The adjusted amounts apply to taxable years beginning in the
calendar year in which the adjustments are made. The tax
commissioner shall not make such adjustments in any year in which
the amount resulting from the adjustment would be less than the
amount resulting from the adjustment in the preceding year.

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

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(C) The levy of this tax on income does not prevent a
municipal corporation, a joint economic development zone created
under section 715.691, or a joint economic development district
created under section 715.70 or 715.71 or sections 715.72 to
715.81 of the Revised Code from levying a tax on income.

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(D) Division (D) of this section applies only to taxable
years of a trust beginning in 2002, 2003, or 2004.

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

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A credit is allowed against the tax computed under division
(D) of this section equal to the lesser of (1) the tax paid to
another state or the District of Columbia on modified nonbusiness
income of a trust, or (2) the effective tax rate, based on
modified taxable income, multiplied by the modified nonbusiness
income of the trust. The credit applies before any other
applicable credits. The credits enumerated in divisions (A)(1) to
(13) of section 5747.98 of the Revised Code do not apply to a

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trust subject to this division. 3070

(E) For the purposes of this section, "trust" means any trust 3071
described in Subchapter J of the Internal Revenue Code, excluding 3072
a trust exempted from taxation under section 501(c)(3) of Internal 3073
Revenue Code. 3074

Sec. 5747.05. As used in this section, "income tax" includes 3075
both a tax on net income and a tax measured by net income. 3076

The following credits shall be allowed against the income tax 3077
imposed by section 5747.02 of the Revised Code on individuals and 3078
estates: 3079

(A)(1) The amount of tax otherwise due under section 5747.02 3080
of the Revised Code on such portion of the adjusted gross income 3081
of any nonresident taxpayer that is not allocable to this state 3082
pursuant to sections 5747.20 to 5747.23 of the Revised Code; 3083

(2) The credit provided under this division shall not exceed 3084
the portion of the total tax due under section 5747.02 of the 3085
Revised Code that the amount of the nonresident taxpayer's 3086
adjusted gross income not allocated to this state pursuant to 3087
sections 5747.20 to 5747.23 of the Revised Code bears to the total 3088
adjusted gross income of the nonresident taxpayer derived from all 3089
sources everywhere. 3090

(3) The tax commissioner may enter into an agreement with the 3091
taxing authorities of any state or of the District of Columbia 3092
that imposes an income tax to provide that compensation paid in 3093
this state to a nonresident taxpayer shall not be subject to the 3094
tax levied in section 5747.02 of the Revised Code so long as 3095
compensation paid in such other state or in the District of 3096
Columbia to a resident taxpayer shall likewise not be subject to 3097
the income tax of such other state or of the District of Columbia. 3098

(B) The lesser of division (B)(1) or (2) of this section: 3099

(1) The amount of tax otherwise due under section 5747.02 of the Revised Code on such portion of the adjusted gross income of a resident taxpayer that in another state or in the District of Columbia is subjected to an income tax. The credit provided under division (B)(1) of this section shall not exceed the portion of the total tax due under section 5747.02 of the Revised Code that the amount of the resident taxpayer's adjusted gross income subjected to an income tax in the other state or in the District of Columbia bears to the total adjusted gross income of the resident taxpayer derived from all sources everywhere.

(2) The amount of income tax liability to another state or the District of Columbia on the portion of the adjusted gross income of a resident taxpayer that in another state or in the District of Columbia is subjected to an income tax. The credit provided under division (B)(2) of this section shall not exceed the amount of tax otherwise due under section 5747.02 of the Revised Code.

(3) If the credit provided under division (B) of this section is affected by a change in either the portion of adjusted gross income of a resident taxpayer subjected to an income tax in another state or the District of Columbia or the amount of income tax liability that has been paid to another state or the District of Columbia, the taxpayer shall report the change to the tax commissioner within sixty days of the change in such form as the commissioner requires.

(a) In the case of an underpayment, the report shall be accompanied by payment of any additional tax due as a result of the reduction in credit together with interest on the additional tax and is a return subject to assessment under section 5747.13 of the Revised Code solely for the purpose of assessing any additional tax due under this division, together with any applicable penalty and interest. It shall not reopen the

computation of the taxpayer's tax liability under this chapter 3132
from a previously filed return no longer subject to assessment 3133
except to the extent that such liability is affected by an 3134
adjustment to the credit allowed by division (B) of this section. 3135

(b) In the case of an overpayment, an application for refund 3136
may be filed under this division within the sixty day period 3137
prescribed for filing the report even if it is beyond the period 3138
prescribed in section 5747.11 of the Revised Code if it otherwise 3139
conforms to the requirements of such section. An application filed 3140
under this division shall only claim refund of overpayments 3141
resulting from an adjustment to the credit allowed by division (B) 3142
of this section unless it is also filed within the time prescribed 3143
in section 5747.11 of the Revised Code. It shall not reopen the 3144
computation of the taxpayer's tax liability except to the extent 3145
that such liability is affected by an adjustment to the credit 3146
allowed by division (B) of this section. 3147

(C) For a taxpayer sixty-five years of age or older during 3148
the taxable year, a credit for such year equal to fifty dollars 3149
for each return required to be filed under section 5747.08 of the 3150
Revised Code. 3151

(D) A taxpayer sixty-five years of age or older during the 3152
taxable year who has received a lump-sum distribution from a 3153
pension, retirement, or profit-sharing plan in the taxable year 3154
may elect to receive a credit under this division in lieu of the 3155
credit to which ~~he~~ the taxpayer is entitled under division (C) of 3156
this section. A taxpayer making such election shall receive a 3157
credit for the taxable year equal to fifty dollars times the 3158
taxpayer's expected remaining life as shown by annuity tables 3159
issued under the provisions of the Internal Revenue Code and in 3160
effect for the calendar year which includes the last day of the 3161
taxable year. A taxpayer making an election under this division is 3162
not entitled to the credit authorized under division (C) of this 3163

section in subsequent taxable years except that if such election 3164
was made prior to July 1, 1983, the taxpayer is entitled to 3165
one-half the credit authorized under such division in subsequent 3166
taxable years but may not make another election under this 3167
division. 3168

(E) A taxpayer who is not sixty-five years of age or older 3169
during the taxable year who has received a lump-sum distribution 3170
from a pension, retirement, or profit-sharing plan in a taxable 3171
year ending on or before July 31, 1991, may elect to take a credit 3172
against the tax otherwise due under this chapter for such year 3173
equal to fifty dollars times the expected remaining life of a 3174
taxpayer sixty-five years of age as shown by annuity tables issued 3175
under the provisions of the Internal Revenue Code and in effect 3176
for the calendar year which includes the last day of the taxable 3177
year. A taxpayer making an election under this division is not 3178
entitled to a credit under division (C) or (D) of this section in 3179
any subsequent year except that if such election was made prior to 3180
July 1, 1983, the taxpayer is entitled to one-half the credit 3181
authorized under division (C) of this section in subsequent years 3182
but may not make another election under this division. No taxpayer 3183
may make an election under this division for a taxable year ending 3184
on or after August 1, 1991. 3185

(F) A taxpayer making an election under either division (D) 3186
or (E) of this section may make only one such election in the 3187
taxpayer's lifetime. 3188

(G)(1) On a joint return filed by a husband and wife, each of 3189
whom had adjusted gross income of at least five hundred dollars, 3190
exclusive of interest, dividends and distributions, royalties, 3191
rent, and capital gains, a credit equal to the percentage shown in 3192
the table contained in this division of the amount of tax due 3193
after allowing for any other credit that precedes the credit under 3194
this division in the order required under section 5747.98 of the 3195

Revised Code. 3196

(2) The credit to which a taxpayer is entitled under this 3197
division in any taxable year is the percentage shown in column B 3198
that corresponds with the taxpayer's adjusted gross income, less 3199
exemptions for the taxable year: 3200

A.	B.	
IF THE ADJUSTED GROSS INCOME, LESS	THE CREDIT FOR THE TAXABLE	3202
EXEMPTIONS, FOR THE TAX YEAR IS:	YEAR IS:	
\$25,000 or less	20%	3203
More than \$25,000 but not more	15%	3204
than \$50,000		
More than \$50,000 but not more	10%	3205
than \$75,000		
More than \$75,000	5%	3206

(3) The credit allowed under this division shall not exceed 3207
six hundred fifty dollars in any taxable year. 3208

(H) No claim for credit under this section shall be allowed 3209
unless the claimant furnishes such supporting information as the 3210
tax commissioner prescribes by rules. Each credit under this 3211
section shall be claimed in the order required under section 3212
5747.98 of the Revised Code. 3213

(I) An individual who is a resident for part of a taxable 3214
year and a nonresident for the remainder of the taxable year is 3215
allowed the credits under divisions (A) and (B) of this section in 3216
accordance with rules prescribed by the tax commissioner. In no 3217
event shall the same income be subject to both credits. 3218

(J) The credit allowed under division (A) of this section 3219
shall be calculated based upon the amount of tax due under section 3220
5747.02 of the Revised Code after subtracting any other credits 3221
that precede the credit under that division in the order required 3222
under section 5747.98 of the Revised Code. The credit allowed 3223

under division (B) of this section shall be calculated based upon 3224
the amount of tax due under section 5747.02 of the Revised Code 3225
after subtracting any other credits that precede the credit under 3226
that division in the order required under section 5747.98 of the 3227
Revised Code. 3228

(K) No credit shall be allowed under division (B) of this 3229
section unless the taxpayer furnishes such proof as the tax 3230
commissioner shall require that the income tax liability has been 3231
paid to another state or the District of Columbia. 3232

(L) No credit shall be allowed under division (B) of this 3233
section for compensation that is not subject to the income tax of 3234
another state or the District of Columbia as the result of an 3235
agreement entered into by the tax commissioner under division 3236
(A)(3) of this section. 3237

Sec. 5747.21. (A) This section applies solely for the 3238
purposes of computing the credit allowed under division (A) of 3239
section 5747.05 of the Revised Code, computing income taxable in 3240
this state under division (D) of section 5747.08 of the Revised 3241
Code, and computing the credit allowed under section 5747.057 of 3242
the Revised Code. ~~Except~~ 3243

(B) ~~Except~~ as otherwise provided under ~~section~~ sections 3244
5747.211 and 5747.212 of the Revised Code, all items of business 3245
income and business deduction shall be apportioned to this state 3246
by multiplying the adjusted gross income by the fraction 3247
calculated under division (B)(2) of section 5733.05 and section 3248
5733.057 of the Revised Code as if the taxpayer's business were a 3249
corporation subject to the tax imposed by section 5733.06 of the 3250
Revised Code. 3251

(C) If the allocation and apportionment provisions of 3252
sections 5747.20 to 5747.23 of the Revised Code or of any rule 3253
adopted by the tax commissioner, do not fairly represent the 3254

extent of business activity in this state of a taxpayer or 3255
pass-through entity, the taxpayer or pass-through entity may 3256
request, which request must be in writing accompanying the return 3257
or amended return, or the tax commissioner may require, in respect 3258
of all or any part of the business activity, if reasonable, any 3259
one or more of the following: 3260

(1) Separate accounting; 3261

(2) The exclusion of one or more factors; 3262

(3) The inclusion of one or more additional factors which 3263
will fairly represent the business activity in this state; 3264

(4) The employment of any other method to effectuate an 3265
equitable allocation of such business in this state. An 3266
alternative method will be effective only with approval of the tax 3267
commissioner. 3268

The tax commissioner may adopt rules in the manner provided 3269
by sections 5703.14 and 5747.18 of the Revised Code providing for 3270
alternative methods of calculating business income and nonbusiness 3271
income applicable to all taxpayers and pass-through entities, to 3272
classes of taxpayers and pass-through entities, or only to 3273
taxpayers and pass-through entities within a certain industry. 3274

Sec. 5747.212. This section applies solely for the purpose of 3275
computing the credit allowed under division (A) of section 5747.05 3276
of the Revised Code, computing income taxable in this state under 3277
division (D) of section 5747.08 of the Revised Code, and computing 3278
the credit allowed under section 5747.057 of the Revised Code. 3279

A pass-through entity investor that owns, directly or 3281
indirectly, at least twenty per cent of the pass-through entity at 3282
any time during the current taxable year or either of the two 3283
preceding taxable years shall apportion any income, including gain 3284

or loss, realized from the sale, exchange, or other disposition of 3285
a debt or equity interest in the entity as prescribed in this 3286
section. For such purposes, in lieu of using the method prescribed 3287
by sections 5747.20 and 5747.21 of the Revised Code, the investor 3288
shall apportion the income using the average of the pass-through 3289
entity's apportionment fractions otherwise applicable under 3290
section 5747.21 of the Revised Code for the current and two 3291
preceding taxable years. If the pass-through entity was not in 3292
business for one or more of those years, each year that the entity 3293
was not in business shall be excluded in determining the average. 3294

Sec. 5901.02. In each county there shall be a commission 3295
known as "the veterans service commission." Except as provided in 3296
section 5901.021 of the Revised Code, the commission shall be 3297
composed of five ~~persons. Those persons shall be~~ residents of the 3298
county ~~and shall be~~ appointed to five-year terms by a judge of the 3299
court of common pleas. At the time of appointment or reappointment 3300
to the commission, no commission member appointed under this 3301
section shall be an employee of the commission or hold an elective 3302
or other appointive office of the county served by the commission. 3303
3304

Each member of the commission appointed under this section 3305
shall be an honorably discharged or honorably separated veteran. 3306
Within sixty days after the date of appointment, each such member 3307
~~of the commission~~ shall file the member's form DD214 with the 3308
governor's office of veterans affairs in accordance with 3309
guidelines established by the director of that office. 3310
~~Appointments to the commission~~ Such appointments shall be made 3311
from lists of recommended persons, in the manner specified in the 3312
following paragraph. One person shall be a representative 3313
recommended by the American Legion; one person shall be a 3314
representative recommended by the Veterans of Foreign Wars; one 3315
person shall be a representative recommended by the Disabled 3316

American Veterans; one person shall be a representative 3317
recommended by the AMVETS; and one person shall be a 3318
representative recommended by the Military Order of the Purple 3319
Heart of the U.S.A., the Vietnam Veterans of America, or the 3320
Korean War Veterans Association. If any such organization has no 3321
post or chapter located in the county, the appointment shall be 3322
made from lists of recommended persons submitted by posts or 3323
chapters of any other congressionally chartered veterans 3324
organizations located in the county. If no such other 3325
organizations have posts or chapters located in the county, the 3326
judge ~~described in the following paragraph~~ responsible for making 3327
appointments under this section may appoint any qualified veteran 3328
to represent the veteran community. 3329

On or before the fifteenth day of October of each year, the 3330
~~appointing judge of the court of common pleas who is responsible~~ 3331
~~for making appointments to the commission~~ shall notify each post 3332
or chapter of each organization within the county from which the 3333
member may or must be appointed that it may submit a list 3334
containing three recommendations of persons who are eligible for 3335
appointment. If the judge does not receive any recommendations 3336
within sixty days after providing the required notification, the 3337
judge may appoint any qualified veteran to represent the veteran 3338
community. The judge shall make the appointment on or before the 3339
fifteenth day of January of each year. ~~Vacancies occurring on the~~ 3340
~~commission~~ Any vacancy in a membership appointed under this 3341
section shall be filled in the same manner as the original 3342
appointments. 3343

Beginning in the year 2000, ~~appointments~~ appointment of 3344
members to the commission under this section shall be made as 3345
follows: 3346

(A) Appointments for members to represent the American Legion 3347
shall be made for terms to commence in years ending in zero and 3348

five. 3349

(B) Appointments for members to represent the Veterans of 3350
Foreign Wars shall be made for terms to commence in years ending 3351
in one and six. 3352

(C) Appointments for members to represent the Disabled 3353
American Veterans shall be made for terms to commence in years 3354
ending in two and seven. 3355

(D) Appointments for members to represent the AMVETS shall be 3356
made for terms to commence in years ending in three and eight. 3357

(E) Appointments for members to represent the Military Order 3358
of the Purple Heart of the U.S.A., the Vietnam Veterans of 3359
America, or the Korean War Veterans Association shall be made for 3360
terms to commence in years ending in four and nine. 3361

The terms immediately preceding the initial appointments made 3362
under divisions (A) to (E) of this section may be for periods of 3363
less than five years. 3364

Sec. 5901.021. This section applies only to counties having a 3365
population, according to the most recent decennial census, of more 3366
than four hundred thousand. In any such county in which the 3367
veterans service commission submits a budget request under section 3368
5901.11 of the Revised Code for the ensuing fiscal year that 3369
exceeds (1) twenty-five-thousandths of one per cent of the 3370
assessed value of property in the county or (2) the amount 3371
appropriated to the commission from the county general fund in the 3372
current fiscal year by more than ten per cent of that 3373
appropriation, the board of county commissioners, by resolution, 3374
may create not more than six memberships on the veterans service 3375
commission in addition to the memberships provided for by section 3376
5901.02 of the Revised Code. The board shall prescribe the number 3377
of years such memberships shall exist, which shall not exceed five 3378

years. Once a board of county commissioners creates such
memberships, it may not create additional memberships under this
section if the total number of such memberships would exceed six.
The board shall appoint residents of the county to each of the
additional memberships for terms prescribed by the board and
commencing on a date fixed by the board.

If the board of county commissioners appoints such additional
members, the board may permit the commission to submit an original
or revised budget request for the ensuing fiscal year later than
the last Monday in May, as otherwise required under section
5901.11 of the Revised Code.

The board of county commissioners may remove, for cause, any
member appointed under this section; shall provide for whether
such members may be reappointed upon the expiration of their
terms; and shall fill any vacancy in a membership appointed under
this section for the unexpired term in the manner provided for the
original appointment.

Sec. 5901.03. The veterans service commission shall select
one of its members as president, one as vice-president, and one as
secretary. The commission shall meet at least once each month. A
judge of the court of common pleas may remove, for cause, any
member of the commission ~~for cause~~ appointed under section 5901.02
of the Revised Code, and shall fill vacancies ~~occurring on the~~
~~commission~~ occurring among memberships appointed under that
section for the unexpired terms, ~~in the manner provided in section~~
~~5901.02 of the Revised Code~~ for the original appointments.

The commission's duties shall include but are not limited to
the following:

(A) Employing such staff as are necessary to carry out the
commission's duties, and fixing their compensation;

(B) Establishing policies and procedures for the	3409
administration of the commission and the veterans service office;	3410
(C) Establishing policies and procedures for the	3411
administration of assistance as provided under this chapter;	3412
(D) Causing the budgets of the veterans service commission	3413
and veterans service office to be presented to the board of county	3414
commissioners for approval;	3415
(E) Establishing programs of outreach and coordination with	3416
other agencies to enhance available services to veterans within	3417
the county;	3418
(F) Promoting, monitoring, and providing funding for ongoing	3419
education and training for veterans service commissioners and	3420
staff;	3421
(G) Making reports to the organizations represented on the	3422
commission, as provided in section 5901.02 of the Revised Code,	3423
and to others, upon request;	3424
(H) Establishing regularly scheduled transportation for	3425
veterans to and from veterans administration medical centers whose	3426
districts the county is within, through contractual agreements or	3427
through other arrangements determined by the commission to be most	3428
cost-effective;	3429
(I) Participating in appropriate memorial and commemorative	3430
activities to help promote patriotism and veterans services;	3431
(J) Taking any other actions required by this chapter.	3432
Sec. 5919.34. (A) As used in this section:	3433
(1) "Academic term" means any one of the following:	3434
(a) Fall term, which consists of fall semester or fall	3435
quarter, as appropriate;	3436

(b) Winter term, which consists of winter semester, winter
quarter, or spring semester, as appropriate; 3437
3438

(c) Spring term, which consists of spring quarter; 3439

(d) Summer term, which consists of summer semester or summer
quarter, as appropriate. 3440
3441

(2) "Eligible applicant" means any individual to whom all of
the following apply: 3442
3443

(a) The individual does not possess a baccalaureate degree. 3444

(b) The individual has enlisted, re-enlisted, or extended
current enlistment in the Ohio national guard or is an individual
to which division (F) of this section applies. 3445
3446
3447

(c) The individual is actively enrolled as a full-time or
part-time student for at least six credit hours of course work in
a semester or quarter in a two-year or four-year degree-granting
program at an institution of higher education or in a
diploma-granting program at an institution of higher education
that is a school of nursing. 3448
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(d) The individual has not accumulated ninety-six eligibility
units under division (E) of this section. 3454
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(3) "Institution of higher education" means an Ohio
institution of higher education that is state-assisted, that is
nonprofit and has received a certificate of authorization from the
Ohio board of regents pursuant to Chapter 1713. of the Revised
Code, that is a private institution exempt from regulation under
Chapter 3332. of the Revised Code as prescribed in section
3333.046 of the Revised Code, or that holds a certificate of
registration and program authorization issued by the state board
of proprietary school registration pursuant to section 3332.05 of
the Revised Code. 3456
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(4) "State university" has the same meaning as in section 3466

3345.011 of the Revised Code.

(B)(1) There is hereby created a scholarship program to be known as the Ohio national guard scholarship program. For the fiscal year 2000, the number of participants in the program for the fall term is limited to the equivalent of two thousand five hundred full-time participants; the number of participants in the program for the winter term is limited to the equivalent of two thousand five hundred full-time participants; the number of participants in the program for the spring term is limited to the equivalent of one thousand six hundred seventy-five full-time participants; and the number of participants in the program for the summer term is limited to the equivalent of six hundred full-time participants. Except as provided in division (B)(2) of this section for the fiscal year 2001 and succeeding fiscal years, the number of participants in the program for the fall term is limited to the equivalent of three thousand five hundred full-time participants; the number of participants in the program for the winter term is limited to the equivalent of three thousand five hundred full-time participants; the number of participants in the program for the spring term is limited to the equivalent of two thousand three hundred forty-five full-time participants; and the number of participants in the program for the summer term is limited to the equivalent of eight hundred full-time participants.

(2) After the application deadline for any academic term in fiscal year 2001, the adjutant general may request the controlling board, if sufficient appropriated funds are available, to approve the following number of additional participants for that term:

(a) For the fall or winter academic term, up to the equivalent of five hundred additional full-time participants;

(b) For the spring academic term, up to the equivalent of three hundred seventy-five additional full-time participants;

(c) For the summer academic term, up to the equivalent of one 3498
hundred twenty-five additional full-time participants. 3499

(C) If the adjutant general estimates that appropriations for 3500
all scholarships applied for under this section and likely to be 3501
used during an academic term are inadequate for all eligible 3502
applicants for that academic term to receive scholarships, the 3503
adjutant general shall promptly inform all applicants not 3504
receiving scholarships for that academic term of the next academic 3505
term that appropriations will be adequate for the scholarships. 3506
Any such eligible applicant may again apply for a scholarship 3507
beginning that academic term if the applicant is in compliance 3508
with all requirements established by this section and the adjutant 3509
general for the program. The adjutant general shall process all 3510
applications for scholarships for each academic term in the order 3511
in which they are received. The scholarships shall be made without 3512
regard to financial need. At no time shall one person be placed in 3513
priority over another because of sex, race, or religion. 3514

(D)(1) Except as provided in division ~~(H)~~(I) of this section, 3515
for each academic term that an eligible applicant is approved for 3516
a scholarship under this section and either remains a current 3517
member in good standing of the Ohio national guard or is eligible 3518
for a scholarship under division (F)(1) of this section, the 3519
institution of higher education in which the applicant is enrolled 3520
shall, if the applicant's enlistment obligation extends beyond the 3521
end of that academic term or if division (F)(1) of this section 3522
applies, be paid on the applicant's behalf the applicable one of 3523
the following amounts: 3524

~~(1)~~(a) If the institution is state-assisted, an amount equal 3525
to one hundred per cent of the institution's tuition charges; 3526

~~(2)~~(b) If the institution is a nonprofit private institution 3527
or a private institution exempt from regulation under Chapter 3528
3332. of the Revised Code as prescribed in section 3333.046 of the 3529

Revised Code, an amount equal to one hundred per cent of the 3530
average tuition charges of all state universities; 3531

~~(3)~~(c) If the institution is an institution that holds a 3532
certificate of registration from the state board of proprietary 3533
school registration, the lesser of the following: 3534

~~(a)~~(i) An amount equal to one hundred per cent of the total 3535
instructional and general charges of the institution; 3536

~~(b)~~(ii) An amount equal to one hundred per cent of the 3537
average tuition charges of all state universities. 3538

~~(4)~~(2) An eligible applicant's scholarship shall not be 3539
reduced by the amount of that applicant's benefits under "the 3540
Montgomery G.I. Bill Act of 1984," Pub. L. No. 98-525, 98 Stat. 3541
2553 (1984). 3542

(E) A scholarship recipient under this section shall be 3543
entitled to receive scholarships under this section for the number 3544
of quarters or semesters it takes the recipient to accumulate 3545
ninety-six eligibility units as determined under divisions (E)(1) 3546
to (3) of this section. 3547

(1) To determine the maximum number of semesters or quarters 3548
for which a recipient is entitled to a scholarship under this 3549
section, the adjutant general shall convert a recipient's credit 3550
hours of enrollment for each academic term into eligibility units 3551
in accordance with the following table: 3552

Number of	The following	The following	
credit hours	number of	number of	
of enrollment	eligibility	eligibility	
in an academic	units if a	units if a	
term	semester	quarter	
	equals	or	
12 or more hours	12 units	8 units	3558
9 but less than 12	9 units	6 units	3559
6 but less than 9	6 units	4 units	3560

(2) A scholarship recipient under this section may continue 3561
to apply for scholarships under this section until the recipient 3562
has accumulated ninety-six eligibility units. 3563

(3) If a scholarship recipient withdraws from courses prior 3564
to the end of an academic term so that the recipient's enrollment 3565
for that academic term is less than six credit hours, no 3566
scholarship shall be paid on behalf of that person for that 3567
academic term ~~except that~~. Except as provided in division (F)(3) 3568
of this section, if a scholarship has already been paid on behalf 3569
of the person for that academic term, the adjutant general shall 3570
add to that person's accumulated eligibility units the number of 3571
eligibility units for which the scholarship was paid. 3572

(F) This division applies to any eligible applicant called 3573
into active duty on or after September 11, 2001. As used in this 3574
division, "active duty" means active duty pursuant to an executive 3575
order of the president of the United States, an act of the 3576
congress of the United States, or section 5919.29 or 5923.21 of 3577
the Revised Code. 3578

(1) An individual to whom this division applies is eligible 3579
for scholarships under this section for those academic terms that 3580
were missed or could have been missed as a result of the 3581
individual's call into active duty. Scholarships shall not be paid 3582
for the academic term in which an eligible applicant's enlistment 3583
obligation ends unless an applicant is eligible under this 3584
division for a scholarship for such academic term due to previous 3585
active duty. 3586

(2) When an individual to whom this division applies 3587
withdraws or otherwise fails to complete courses, for which 3588
scholarships have been awarded under this section, because the 3589
individual was called into active duty, the institution of higher 3590
education shall grant the individual a leave of absence from the 3591
individual's education program and shall not impose any academic 3592

penalty for such withdrawal or failure to complete courses. 3593
Division (F)(2) of this section applies regardless of whether or 3594
not the scholarship amount was paid to the institution of higher 3595
education. 3596

(3) If an individual to whom this division applies withdraws 3597
or otherwise fails to complete courses because the individual was 3598
called into active duty, and if scholarships for those courses 3599
have already been paid, either: 3600

(a) The adjutant general shall not add to that person's 3601
accumulated eligibility units calculated under division (E) of 3602
this section the number of eligibility units for the academic 3603
courses or term for which the scholarship was paid and the 3604
institution of higher education shall repay the scholarship amount 3605
to the state. 3606

(b) The adjutant general shall add to that individual's 3607
accumulated eligibility units calculated under division (E) of 3608
this section the number of eligibility units for the academic 3609
courses or term for which the scholarship was paid if the 3610
institution of higher education agrees to permit the individual to 3611
complete the remainder of the academic courses in which the 3612
individual was enrolled at the time the individual was called into 3613
active duty. 3614

(G) A scholarship recipient under this section who fails to 3615
complete the term of enlistment, re-enlistment, or extension of 3616
current enlistment the recipient was serving at the time a 3617
scholarship was paid on behalf of the recipient under this section 3618
is liable to the state for repayment of a percentage of all Ohio 3619
national guard scholarships paid on behalf of the recipient under 3620
this section, plus interest at the rate of ten per cent per annum 3621
calculated from the dates the scholarships were paid. This 3622
percentage shall equal the percentage of the current term of 3623
enlistment, re-enlistment, or extension of enlistment a recipient 3624

has not completed as of the date the recipient is discharged from 3625
the Ohio national guard. 3626

The attorney general may commence a civil action on behalf of 3627
the adjutant general to recover the amount of the scholarships and 3628
the interest provided for in this division and the expenses 3629
incurred in prosecuting the action, including court costs and 3630
reasonable attorney's fees. A scholarship recipient is not liable 3631
under this division if the recipient's failure to complete the 3632
term of enlistment being served at the time a scholarship was paid 3633
on behalf of the recipient under this section is due to the 3634
recipient's death; discharge from the national guard due to 3635
disability; or the recipient's enlistment, for a term not less 3636
than the recipient's remaining term in the national guard, in the 3637
active component of the United States armed forces or the active 3638
reserve component of the United States armed forces. 3639

~~(G)~~(H) On or before the first day of each academic term, the 3640
adjutant general shall provide an eligibility roster to each 3641
institution of higher education at which one or more scholarship 3642
recipients have applied for enrollment. The institution shall use 3643
the roster to certify the actual full-time or part-time enrollment 3644
of each scholarship recipient listed as enrolled at the 3645
institution and return the roster to the adjutant general within 3646
thirty days after the first day of the academic term. The adjutant 3647
general shall report to the Ohio board of regents the number of 3648
students in the Ohio national guard scholarship program at each 3649
institution of higher education. The Ohio board of regents shall 3650
provide for payment of the appropriate number and amount of 3651
scholarships to each institution of higher education pursuant to 3652
division (D) of this section. The adjutant general shall report on 3653
a quarterly basis to the director of budget and management, the 3654
speaker of the house of representatives, and the president of the 3655
senate the number of Ohio national guard scholarship recipients 3656

and a projection of the cost of the program for the remainder of 3657
the biennium. 3658

~~(H)~~(I) The chancellor of the Ohio board of regents and the 3659
adjutant general may adopt rules pursuant to Chapter 119. of the 3660
Revised Code governing the administration and fiscal management of 3661
the Ohio national guard scholarship program and the procedure by 3662
which the Ohio board of regents and the department of the adjutant 3663
general may modify the amount of scholarships a member receives 3664
based on the amount of other state financial aid a member 3665
receives. 3666

~~(I)~~(J) Notwithstanding division (A) of section 127.14 of the 3667
Revised Code, the controlling board shall not transfer all or part 3668
of any appropriation for the Ohio national guard scholarship 3669
program. 3670

Section 2. That existing sections 124.151, 131.44, 173.06, 3671
173.40, 2913.40, 3721.51, 3721.56, 5101.11, 5111.02, 5111.10, 3672
5111.86, 5111.871, 5112.01, 5112.06, 5112.07, 5112.11, 5123.041, 3673
5126.053, 5126.17, 5733.01, 5733.04, 5733.40, 5740.03, 5743.02, 3674
5743.03, 5743.04, 5743.08, 5743.081, 5743.12, 5743.13, 5743.14, 3675
5743.32, 5743.33, 5743.34, 5743.35, 5747.01, 5747.02, 5747.05, 3676
5747.21, 5901.02, 5901.03, and 5919.34 and sections 5126.16, 3677
5126.18, 5743.023, and 5743.322 of the Revised Code are hereby 3678
repealed. 3679

Section 3. (A) As used in this section, "net additional tax" 3680
means the net additional amount of tax due on all packages of Ohio 3681
stamped cigarettes and on all unaffixed Ohio cigarette tax stamps 3682
that a wholesale or retail dealer has on hand as of the beginning 3683
of business on July 1, 2002, as a result of the amendment of 3684
section 5743.02 and the repeal of section 5743.023 of the Revised 3685
Code by this act. 3686

(B) The amendment by this act of sections 5743.02, 5743.03, 3687
5743.04, 5743.08, 5743.081, 5743.12, 5743.13, 5743.14, 5743.32, 3688
5743.33, 5743.34, and 5743.35 and the repeal by this act of 3689
sections 5743.023 and 5743.322 of the Revised Code take effect 3690
July 1, 2002. 3691

(C) In addition to the return required by section 5743.03 of 3692
the Revised Code, each wholesale dealer and each retail dealer 3693
shall make and file a return on forms prescribed by the Tax 3694
Commissioner, showing the net additional tax due and any other 3695
information that the Commissioner considers necessary for the 3696
administration of sections 5743.01 to 5743.20 of the Revised Code. 3697
Not later than July 31, 2002, each wholesale dealer and each 3698
retail dealer shall deliver the return to the Treasurer of State, 3699
together with a remittance of an amount equal to one-third of the 3700
net additional tax. The Treasurer of State shall stamp or 3701
otherwise mark on the return the date it was received and also 3702
shall show on the return by stamp or otherwise the tax payment 3703
remitted with the return. The Treasurer of State immediately shall 3704
transmit all returns filed under this section to the Tax 3705
Commissioner. Not later than August 31, 2002, and also not later 3706
than September 30, 2002, each such dealer shall remit to the 3707
Treasurer of State an amount equal to one-third of the net 3708
additional tax. Any wholesale or retail dealer who fails to file a 3709
return or remit the net additional tax as prescribed by this 3710
section, for each day the dealer fails to do so, shall forfeit and 3711
pay into the state treasury, as revenue arising from the tax 3712
imposed by section 5743.02 of the Revised Code, a late charge 3713
equal to the greater of fifty dollars or ten per cent of the tax 3714
due. Any unpaid or unreported tax liability or late charge levied 3715
by this section may be collected by assessment in the manner 3716
provided in section 5743.081 or 5743.082 of the Revised Code. 3717

(D) Notwithstanding section 5743.05 of the Revised Code, for 3718

cigarette tax stamps and meter impressions sold on or after July 3719
1, 2002, and before May 1, 2003, to licensed dealers in good 3720
standing as of July 1, 2002, the Treasurer of State may sell and 3721
account for such stamps and meter impressions at their face value 3722
in effect on June 30, 2002, with the remainder due within thirty 3723
days, provided that if a wholesale or retail dealer does not pay 3724
the remainder within such thirty days, the Treasurer of State 3725
shall not thereafter sell stamps or meter impressions to that 3726
dealer until the dealer pays the outstanding amount, including 3727
penalty and interest on that amount as prescribed by Chapter 5743. 3728
of the Revised Code. In cases where such a dealer is permitted to 3729
purchase stamps or meter impressions on credit under this 3730
division, the bond shall not be required to secure payment of any 3731
amount in excess of the face value of stamps or meter impressions 3732
in effect on June 30, 2002, and otherwise payable as provided in 3733
this division, provided that if the dealer defaults on the 3734
obligation to pay any amount due, the Treasurer of State shall not 3735
thereafter sell stamps or meter impressions to that dealer until 3736
the dealer pays the outstanding amount, including penalty and 3737
interest on that amount as prescribed by Chapter 5743. of the 3738
Revised Code. 3739

Section 4. (A) Except as provided in division (B) of this 3740
section, the amendment or enactment by this act of sections 3741
5733.01, 5733.04, 5747.01, 5747.02, 5747.05, 5747.21, and 5747.212 3742
of the Revised Code apply to taxable years ending on or after the 3743
effective date of this section. 3744

(B)(1) The amendment by this act of divisions (A)(6), (I)(3), 3745
and (S)(12) of section 5747.01 and division (D) of section 5747.02 3746
of the Revised Code apply to such taxable years as provided in 3747
those divisions. 3748

(2) To ease taxpayer compliance burdens, each taxpayer having 3749

a taxable year ending after September 10, 2001, and before the
effective date of this section, may elect to apply to that taxable
year the amendment by this act of section 5733.04 of the Revised
Code, by the addition of divisions (I)(17) and (18) of that
section, of section 5733.40, and of section 5747.01 of the Revised
Code by the addition of divisions (A)(20) and (21) and (S)(14) of
that section. If the taxpayer has more than one taxable year
ending during that period and makes that election, the election
applies to all those taxable years. The election shall accompany
or be reflected in the report or return when filed, or shall
accompany or be reflected in an amended report. The election is
revocable at the option of the person making the election, but no
revocation is effective if it is made after the ninetieth day
before the last day of the applicable period of time described in
division (B) of section 5733.12 or division (B) of section 5747.11
of the Revised Code, as applicable.

(C) Notwithstanding division (A) of section 5747.02 of the
Revised Code, as amended by this act, the adjustment of the income
amounts required to be made by that amendment in 2005 shall be
made by multiplying the percentage increase in the gross domestic
product deflator by each of the income amounts applicable to
taxable years beginning in 2004, adding the resulting product to
the corresponding income amount applicable to taxable years
beginning in 2004, and rounding the resulting sum to the nearest
multiple of fifty dollars.

Section 5. (A) The Committee to Study State and Local Taxes
is hereby created. The committee shall consist of nine members.
The Speaker of the House of Representatives shall appoint three
members of the House of Representatives to the committee, not more
than two of whom shall be from the majority party. The President
of the Senate shall appoint three members of the Senate to the
committee, not more than two of whom shall be from the majority

party. One member shall be the Tax Commissioner, one shall be the 3782
Director of Budget and Management, and one shall be the Director 3783
of Development. Vacancies shall be filled in the same manner as 3784
original appointments. The members of the committee shall be 3785
appointed within thirty days after the effective date of this 3786
section. The members shall select a chairperson of the committee 3787
from among themselves. A majority of the committee constitutes a 3788
quorum for the conduct of official business. 3789

(B) The committee may request staff assistance from the 3790
Legislative Service Commission as well as the participating 3791
agencies. The committee may meet during periods when the General 3792
Assembly has adjourned, and may solicit and take testimony from 3793
experts on public finance and taxation as well as from interested 3794
parties. All state agencies and local governments shall comply 3795
promptly with any requests by the committee for data or other 3796
information the committee requires to properly complete its 3797
research. 3798

(C) The committee shall: 3799

(1) Make a study of the current state and local tax 3800
structure, including a determination of how the current tax 3801
structure affects various sectors of the economy, such as 3802
business, industry, and individuals; 3803

(2) Examine the current state and local tax structure with 3804
attention to its equity, simplicity, stability, neutrality, and 3805
competitiveness. The committee shall take ease of administration 3806
and compliance into consideration as an aspect of "simplicity." 3807
The committee shall take long term revenues into consideration as 3808
an aspect of "stability." 3809

(3) Identify aspects of the tax structure that present 3810
particular obstacles to equity, simplicity, stability, neutrality, 3811
and competitiveness; 3812

(4) Analyze who bears the ultimate tax burden with respect to 3813
any particular tax; 3814

(5) Evaluate priorities in the tax structure. 3815

(D) On or before March 1, 2003, the committee shall prepare 3816
and submit to the Governor, Speaker of the House of 3817
Representatives, and President of the Senate, and to the Minority 3818
Leaders of the House and Senate, a report summarizing the 3819
committee's review of the state and local tax structure. The 3820
report shall include recommendations for improvements in the tax 3821
structure, which recommendations shall be revenue neutral in the 3822
aggregate. 3823

Section 6. That Section 8 of Am. Sub. S.B. 172 of the 123rd 3824
General Assembly be amended to read as follows: 3825

"**Sec. 8.** Sections 6 and 7 of this act shall take effect July 3826
1, ~~2002~~ 2003." 3827

Section 7. That existing Section 8 of Am. Sub. S.B. 172 of 3828
the 123rd General Assembly is hereby repealed. 3829

Section 8. That Section 5.02 of Sub. H.B. 73 of the 124th 3830
General Assembly, as amended by Am. Sub. H.B. 405 of the 124th 3831
General Assembly, be amended to read as follows: 3832

"**Sec. 5.02. ENFORCEMENT** 3833

State Highway Safety Fund Group 3834

036 764-033	Minor Capital Projects	\$	2,531,302	\$	1,732,358	3835
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036 764-321	Operating Expense -	\$	185,264,130	\$	195,245,402	3836
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Highway Patrol

036 764-605	Motor Carrier	\$	189,309	\$	192,411	3837
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	Enforcement Expense				<u>2,454,232</u>	
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83C 764-630	Contraband,	\$	603,296	\$	622,894	3838
	Forfeiture, Other					
83F 764-657	Law Enforcement Auto.	\$	5,050,151	\$	5,277,569	3839
	Data System					
83G 764-633	OMVI Fines	\$	781,051	\$	820,927	3840
831 764-610	Patrol/Federal	\$	2,210,831	\$	2,336,609	3841
831 764-659	Transportation	\$	3,919,153	\$	4,087,361	3842
	Enforcement - Federal					
837 764-602	Turnpike Policing	\$	8,803,786	\$	9,306,325	3843
838 764-606	Patrol Reimbursement	\$	216,690	\$	222,108	3844
840 764-607	State Fair Security	\$	1,306,015	\$	1,384,660	3845
840 764-617	Security and	\$	4,484,313	\$	4,749,103	3846
	Investigations					
840 764-626	State Fairgrounds	\$	783,175	\$	829,631	3847
	Police Force					
840 764-667	Security Assessment	\$	152,324	\$	160,982	3848
841 764-603	Salvage and Exchange -	\$	1,243,025	\$	1,274,101	3849
	Highway Patrol					
TOTAL HSF State Highway Safety						3850
Fund Group		\$	217,538,551	\$	228,242,441	3851
						<u>230,504,262</u>
						3852
General Services Fund Group						3853
4S2 764-660	MARCS Maintenance	\$	241,811	\$	227,222	3854
TOTAL GSF General Services						3855
Fund Group		\$	241,811	\$	227,222	3856
TOTAL ALL BUDGET FUND GROUPS -						3857
Enforcement		\$	217,780,362	\$	228,469,663	3858
						<u>230,731,484</u>
						3859
COLLECTIVE BARGAINING INCREASES						3860
Notwithstanding division (D) of section 127.14 and division						3861
(B) of section 131.35 of the Revised Code, except for the General						3862
Revenue Fund, the Controlling Board may, upon the request of						3863

either the Director of Budget and Management, or the Department of
Public Safety with the approval of the Director of Budget and
Management, increase appropriations for any fund, as necessary for
the Department of Public Safety, to assist in paying the costs of
increases in employee compensation that have occurred pursuant to
collective bargaining agreements under Chapter 4117. of the
Revised Code and, for exempt employees, under section 124.152 of
the Revised Code.

PATROL REIMBURSEMENT FUND CASH TRANSFER

On the effective date of this ~~amendment~~ section as amended by
Am. Sub. H.B. 405 of the 124th General Assembly or as soon as
possible thereafter, the Director of Budget and Management shall
transfer \$551,150.59 in cash from the Patrol Reimbursement Fund
(Fund 838) to the Turnpike Policing Fund (Fund 837). This transfer
will correct an inaccurate deposit made at the end of fiscal year
2001.

On the effective date of this ~~amendment~~ section as amended by
Am. Sub. H.B. 405 of the 124th General Assembly or as soon as
possible thereafter, the Director of Budget and Management shall
transfer up to \$189,309 in cash in fiscal year 2002 and shall
transfer up to ~~\$192,411~~ \$2,454,232 in cash in fiscal year 2003
from the Financial Responsibility Compliance (Fund 835) to the
State Highway Safety Fund (Fund 036)."

Section 9. That existing Section 5.02 of Sub. H.B. 73 of the
124th General Assembly, as amended by Am. Sub. H.B. 405 of the
124th General Assembly, is hereby repealed.

Section 10. That Sections 16, 16.02, 44, 44.19, 63.07, 63.35,
75.02, 94, 94.02, 94.06, 94.07, and 125 of Am. Sub. H.B. 94 of the
124th General Assembly be amended to read as follows:

"Sec. 16. AGE DEPARTMENT OF AGING				3893
General Revenue Fund				3894
GRF 490-321	Operating Expenses	\$ 2,896,946	\$ 2,877,346	3895
GRF 490-403	PASSPORT	\$ 60,630,444	\$ 62,563,924	3896
			<u>70,363,924</u>	
GRF 490-405	Golden Buckeye Card	\$ 377,560	\$ 377,560	3897
GRF 490-406	Senior Olympics	\$ 39,862	\$ 39,862	3898
GRF 490-407	Long-Term Care	\$ 622,799	\$ 622,799	3899
Consumer Guide				
GRF 490-409	Ohio Community Service	\$ 311,640	\$ 311,640	3900
Council Operations				
GRF 490-410	Long-Term Care	\$ 1,412,058	\$ 1,412,058	3901
Ombudsman				
GRF 490-411	Senior Community	\$ 13,784,750	\$ 13,784,750	3902
Services				
GRF 490-412	Residential State	\$ 12,534,591	\$ 12,290,915	3903
Supplement				
GRF 490-414	Alzheimers Respite	\$ 4,436,673	\$ 4,436,673	3904
GRF 490-416	Transportation For	\$ 183,000	\$ 183,000	3905
Elderly				
<u>GRF 490-419</u>	<u>Prescription Drug</u>	<u>\$ 0</u>	<u>\$ 177,000</u>	3906
<u>Discount Program</u>				
GRF 490-499	Senior Employment	\$ 15,574	\$ 15,574	3907
Program				
GRF 490-504	Senior Facilities	\$ 130,000	\$ 100,000	3908
GRF 490-506	Senior Volunteers	\$ 491,614	\$ 496,580	3909
TOTAL GRF General Revenue Fund		\$ 97,867,511	\$ 99,512,681	3910
			<u>107,489,681</u>	3911
General Services Fund Group				3912
480 490-606	Senior Citizens	\$ 363,587	\$ 372,677	3913
Services Special				
Events				

TOTAL GSF General Services Fund					3914				
Group			\$	363,587	\$	372,677	3915		
Federal Special Revenue Fund Group							3916		
3C4	490-607	PASSPORT	\$	129,645,833	\$	144,875,065	3917		
3M3	490-611	Federal Aging	\$	22,943,588	\$	23,517,178	3918		
		Nutrition							
3M4	490-612	Federal Supportive	\$	21,025,940	\$	21,545,338	3919		
		Services							
3R7	490-617	Ohio Community Service	\$	7,350,920	\$	7,350,920	3920		
		Council Programs							
322	490-618	Older Americans	\$	10,873,661	\$	11,144,778	3921		
		Support Services							
TOTAL FED Federal Special Revenue							3922		
Fund Group			\$	191,839,942	\$	208,433,279	3923		
State Special Revenue Fund Group							3924		
4C4	490-609	Regional Long-Term	\$	440,185	\$	451,190	3925		
		Care Ombudsman Program							
4J4	490-610	PASSPORT/Residential	\$	24,000,000	\$	24,000,000	3926		
		State Supplement							
4U9	490-602	PASSPORT Fund	\$	5,000,000	\$	5,000,000	3927		
5K9	490-613	Nursing Home Consumer	\$	400,000	\$	400,000	3928		
		Guide							
624	490-604	OCSC Community Support	\$	2,500	\$	2,500	3929		
TOTAL SSR State Special Revenue							3930		
Fund Group			\$	29,842,685	\$	29,853,690	3931		
TOTAL ALL BUDGET FUND GROUPS					\$	319,913,725	\$	338,172,327	3932
								346,149,327	3933

Sec. 16.02. PASSPORT 3935

Appropriation item 490-403, PASSPORT, and the amounts set 3936
aside for the PASSPORT Waiver Program in appropriation item 3937
490-610, PASSPORT/Residential State Supplement, may be used to 3938

assess clients regardless of Medicaid eligibility. 3939

The Director of Aging shall adopt rules under section 111.15 3940
of the Revised Code governing the nonwaiver funded PASSPORT 3941
program, including client eligibility. 3942

The Department of Aging shall administer the Medicaid Waiver 3943
funded PASSPORT Home Care program as delegated by the Department 3944
of Job and Family Services in an interagency agreement. The 3945
foregoing appropriation item 490-403, PASSPORT, and the amounts 3946
set aside for the PASSPORT Waiver Program in appropriation item 3947
490-610, PASSPORT/Residential State Supplement, shall be used to 3948
provide the required state match for federal Medicaid funds 3949
supporting the Medicaid Waiver funded PASSPORT Home Care program. 3950
Appropriation item 490-403, PASSPORT, and the amounts set aside 3951
for the PASSPORT Waiver Program in appropriation item 490-610, 3952
PASSPORT/Residential State Supplement, may also be used to support 3953
the Department of Aging's administrative costs associated with 3954
operating the PASSPORT program. 3955

The foregoing appropriation item 490-607, PASSPORT, shall be 3956
used to provide the federal matching share for all PASSPORT 3957
program costs determined by the Department of Job and Family 3958
Services to be eligible for Medicaid reimbursement. 3959

SENIOR COMMUNITY SERVICES 3960

The foregoing appropriation item 490-411, Senior Community 3961
Services, shall be used for services designated by the Department 3962
of Aging, including, but not limited to, home-delivered meals, 3963
transportation services, personal care services, respite services, 3964
home repair, and care coordination. Service priority shall be 3965
given to low income, frail, and cognitively impaired persons 60 3966
years of age and over. The department shall promote cost sharing 3967
by service recipients for those services funded with block grant 3968
funds, including, where possible, sliding-fee scale payment 3969

systems based on the income of service recipients. 3970

ALZHEIMERS RESPITE 3971

The foregoing appropriation item 490-414, Alzheimers Respite, 3972
shall be used only to fund Alzheimer's disease services under 3973
section 173.04 of the Revised Code. 3974

TRANSPORTATION FOR ELDERLY 3975

The foregoing appropriation item 490-416, Transportation for 3976
Elderly, shall be used for non-capital expenses related to 3977
transportation services for the elderly that provide access to 3978
such things as healthcare services, congregate meals, 3979
socialization programs, and grocery shopping. The appropriation 3980
shall be allocated to the following agencies: 3981

(A) \$45,000 per fiscal year to the Cincinnati Jewish 3982
Vocational Services; 3983

(B) \$45,000 per fiscal year to the Cleveland Jewish Community 3984
Center; 3985

(C) \$45,000 per fiscal year to the Columbus Jewish 3986
Federation; 3987

(D) \$20,000 per fiscal year to the Dayton Jewish Family 3988
Services; 3989

(E) \$10,000 per fiscal year to the Akron Jewish Community 3990
Center; 3991

(F) \$5,000 per fiscal year to the Youngstown Jewish 3992
Federation; 3993

(G) \$3,000 per fiscal year to the Canton Jewish Federation; 3994

(H) \$10,000 per fiscal year to the Toledo Jewish Federation. 3995

Agencies receiving funding from appropriation item 490-416, 3996
Transportation for Elderly, shall coordinate services with other 3997
local service agencies. 3998

RESIDENTIAL STATE SUPPLEMENT 3999

Under the Residential State Supplement Program, the amount 4000
used to determine whether a resident is eligible for payment and 4001
for determining the amount per month the eligible resident will 4002
receive shall be as follows: 4003

(A) \$900 for a residential care facility, as defined in 4004
section 3721.01 of the Revised Code; 4005

(B) \$900 for an adult group home, as defined in Chapter 3722. 4006
of the Revised Code; 4007

(C) \$800 for an adult foster home, as defined in Chapter 173. 4008
of the Revised Code; 4009

(D) \$800 for an adult family home, as defined in Chapter 4010
3722. of the Revised Code; 4011

(E) \$800 for an adult community alternative home, as defined 4012
in Chapter 3724. of the Revised Code; 4013

(F) \$800 for an adult residential facility, as defined in 4014
Chapter 5119. of the Revised Code; 4015

(G) \$600 for adult community mental health housing services, 4016
as defined in division (B)(5) of section 173.35 of the Revised 4017
Code. 4018

The Departments of Aging and Job and Family Services shall 4019
reflect this amount in any applicable rules the departments adopt 4020
under section 173.35 of the Revised Code. 4021

TRANSFER OF RESIDENTIAL STATE SUPPLEMENT APPROPRIATIONS 4022

The Department of Aging may transfer cash by intrastate 4023
transfer vouchers from the foregoing appropriation items 490-412, 4024
Residential State Supplement, and 490-610, PASSPORT/Residential 4025
State Supplement, to the Department of Job and Family Services' 4026
Fund 4J5, Home and Community-Based Services for the Aged Fund. The 4027

funds shall be used to make benefit payments to Residential State Supplement recipients. 4028
4029

LONG-TERM CARE OMBUDSMAN 4030

The foregoing appropriation item 490-410, Long-Term Care Ombudsman, shall be used for a program to fund ombudsman program activities in nursing homes, adult care facilities, boarding homes, and home and community care services. 4031
4032
4033
4034

PRESCRIPTION DRUG DISCOUNT PROGRAM 4035

The foregoing appropriation item 490-419, Prescription Drug Discount Program, shall be used to administer a prescription drug discount program. 4036
4037
4038

SENIOR FACILITIES 4039

Of the foregoing appropriation item 490-504, Senior Facilities, in fiscal year 2002, \$10,000 shall be for the Tri-city Senior Center, \$10,000 shall be for the Westlake Senior Center, and \$10,000 shall be for the Rocky River Senior Center. 4040
4041
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Of the foregoing appropriation item 490-504, Senior Facilities, \$10,000 shall be for the Jilliard Senior Center, \$10,000 shall be for the Northwest Stark County Senior Center, and \$10,000 shall be for the North Ridgeville Senior Center. 4044
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REGIONAL LONG-TERM CARE OMBUDSMAN PROGRAMS 4048

The foregoing appropriation item 490-609, Regional Long-Term Care Ombudsman Programs, shall be used solely to pay the costs of operating the regional long-term care ombudsman programs. 4049
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4051

PASSPORT/RESIDENTIAL STATE SUPPLEMENT 4052

Of the foregoing appropriation item 490-610, PASSPORT/Residential State Supplement, up to \$2,835,000 each fiscal year shall be used to fund the Residential State Supplement Program. The remaining available funds shall be used to fund the 4053
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4055
4056

PASSPORT program. 4057

Sec. 44. EDU DEPARTMENT OF EDUCATION 4058

General Revenue Fund 4059

GRF 200-100 Personal Services \$ 11,819,828 \$ 12,113,828 4060

GRF 200-320 Maintenance and \$ 5,052,866 \$ 5,185,051 4061
Equipment

GRF 200-406 Head Start \$ 98,843,825 \$ 98,843,825 4062

GRF 200-408 Public Preschool \$ 19,506,206 \$ 19,506,206 4063

GRF 200-410 Professional \$ 23,463,829 \$ 34,810,579 4064
Development

GRF 200-411 Family and Children \$ 3,550,000 \$ 3,550,000 4065
First

GRF 200-416 Vocational Education \$ 2,381,738 \$ 2,381,738 4066
Match

GRF 200-420 Technical Systems \$ 6,000,000 \$ 6,500,000 4067
Development

GRF 200-421 Alternative Education \$ 18,000,000 \$ 18,000,000 4068
Programs

GRF 200-422 School Management \$ 2,185,675 \$ 1,971,219 4069
Assistance

GRF 200-424 Policy Analysis \$ 642,756 \$ 674,894 4070

GRF 200-425 Tech Prep \$ 2,431,012 \$ 2,431,012 4071
Administration

GRF 200-426 Ohio Educational \$ 39,871,927 \$ 39,871,927 4072
Computer Network

GRF 200-427 Academic Standards \$ 8,474,999 \$ 8,862,500 4073

GRF 200-431 School Improvement \$ 15,850,000 \$ 14,625,000 4074
Initiatives

GRF 200-432 School Conflict \$ 626,496 \$ 657,821 4075
Management

GRF 200-433 Reading/Writing \$ 18,962,948 \$ 19,276,694 4076
Improvement

GRF	200-437	Student Assessment	\$	23,692,045	\$	25,942,045	4077
GRF	200-438	Safe Schools	\$	2,050,000	\$	2,050,000	4078
GRF	200-441	American Sign Language	\$	232,073	\$	236,715	4079
GRF	200-442	Child Care Licensing	\$	1,517,751	\$	1,548,107	4080
GRF	200-444	Professional Recruitment	\$	1,917,000	\$	1,705,800	4081
GRF	200-445	OhioReads Admin/Volunteer Support	\$	5,485,440	\$	5,485,440	4082
GRF	200-446	Education Management Information System	\$	16,479,636	\$	17,573,430	4083
GRF	200-447	GED Testing/Adult High School	\$	2,038,678	\$	2,079,451	4084
GRF	200-455	Community Schools	\$	4,728,935	\$	4,824,517	4085
GRF	200-500	School Finance Equity	\$	23,560,125	\$	19,975,864	4086
GRF	200-501	Base Cost Funding	\$	4,273,654,781	\$	4,441,014,505	4087
GRF	200-502	Pupil Transportation	\$	334,183,786	\$	377,305,465	4088
GRF	200-503	Bus Purchase Allowance	\$	36,735,279	\$	36,799,984	4089
GRF	200-505	School Lunch Match	\$	9,639,000	\$	9,831,780	4090
GRF	200-509	Adult Literacy Education	\$	8,628,000	\$	8,628,000	4091
GRF	200-511	Auxiliary Services	\$	122,782,475	\$	127,650,709	4092
GRF	200-513	Student Intervention Services	\$	31,900,000	\$	38,280,000	4093
GRF	200-514	Post-Secondary/Adult Career-Technical Education	\$	23,240,243	\$	23,240,243	4094
GRF	200-520	Disadvantaged Pupil Impact Aid	\$	360,149,743	\$	360,149,743	4095
GRF	200-521	Gifted Pupil Program	\$	45,930,131	\$	47,983,321	4096
GRF	200-525	Parity Aid	\$	99,813,832	\$	210,305,911	4097
GRF	200-532	Nonpublic Administrative Cost	\$	53,533,703	\$	55,675,051	4098

Reimbursement					
GRF	200-534	Desegregation Costs	\$	500,000	\$ 500,000 4099
GRF	200-540	Special Education	\$	139,006,701	\$ 141,950,428 4100
Enhancements					
GRF	200-545	Career-Technical	\$	21,673,574	\$ 22,406,349 4101
Education Enhancements					
GRF	200-546	Charge-Off Supplement	\$	39,191,433	\$ 28,684,104 4102
GRF	200-552	County MR/DD Boards	\$	1,666,204	\$ 1,666,204 4103
Vehicle Purchases					
GRF	200-553	County MR/DD Boards	\$	9,575,910	\$ 9,575,910 4104
Transportation					
Operating					
GRF	200-558	Emergency Loan	\$	4,500,000	\$ 3,300,000 4105
Interest Subsidy					
GRF	200-566	OhioReads Grants	\$	27,148,000	\$ 27,148,000 4106
GRF	200-570	School Improvement	\$	837,500	\$ 987,500 4107
Incentive Grants					
GRF	200-574	Substance Abuse	\$	1,948,200	\$ 1,948,200 4108
Prevention					
GRF	200-580	Bethel School Cleanup	\$	65,000	\$ 65,000 4109
GRF	200-901	Property Tax	\$	707,700,000	\$ 743,000,000 4110
Allocation - Education					
GRF	200-906	Tangible Tax Exemption	\$	73,500,000	\$ 75,700,000 4111
- Education					
TOTAL	GRF	General Revenue Fund	\$	6,786,869,283	\$ 7,164,480,070 4112
General Services Fund Group					4113
138	200-606	Information Technology	\$	6,629,469	\$ 6,761,034 4114
4D1	200-602	Ohio	\$	345,000	\$ 345,000 4115
Prevention/Education					
Resource Center					
4L2	200-681	Teacher Certification	\$	4,684,143	\$ 4,856,290 4116
and Licensure					
452	200-638	Miscellaneous Revenue	\$	1,045,000	\$ 1,045,000 4117

5H3	200-687	School District Solvency Assistance	\$	24,000,000	\$	24,000,000	4118
596	200-656	Ohio Career Information System	\$	743,217	\$	769,230	4119
TOTAL GSF General Services							4120
Fund Group			\$	37,446,829	\$	37,776,554	4121
Federal Special Revenue Fund Group							4122
3C5	200-661	Federal Dependent Care Programs	\$	18,189,907	\$	18,233,488	4123
3D1	200-664	Drug Free Schools	\$	20,621,375	\$	20,660,570	4124
3D2	200-667	Honors Scholarship Program	\$	2,454,688	\$	2,540,602	4125
3H9	200-605	Head Start Collaboration Project	\$	250,000	\$	250,000	4126
3M0	200-623	ESEA Chapter One	\$	320,505,063	\$	330,172,277	4127
3M1	200-678	ESEA Chapter Two	\$	13,595,978	\$	14,059,555	4128
3M2	200-680	Ind W/Disab Education Act	\$	186,000,000	\$	206,000,000	4129
3L6	200-617	Federal School Lunch	\$	175,274,000	\$	180,181,672	4130
3L7	200-618	Federal School Breakfast	\$	45,746,000	\$	47,026,888	4131
3L8	200-619	Child and Adult Care Programs	\$	60,257,639	\$	61,966,125	4132
3L9	200-621	Vocational Education Basic Grant	\$	43,613,582	\$	45,142,330	4133
3S2	200-641	Tech Literacy Transfer	\$	15,183,430	\$	15,183,430	4134
3T4	200-613	Public Charter Schools	\$	4,887,260	\$	5,055,185	4135
3T6	200-611	Class Size Reduction	\$	63,000,000	\$	65,000,000	4136
3U2	200-662	Teacher Quality Enhancement Grants	\$	1,300,501	\$	1,352,000	4137
3U3	200-665	Reading Excellence Grant Program	\$	10,018,756	\$	0	4138
3U6	200-675	Provision 2 & 3 Grant	\$	191,050	\$	0	4139

309	200-601	Educationally Disadvantaged	\$	20,759,222	\$	21,425,345	4140
366	200-604	Adult Basic Education	\$	17,527,286	\$	18,140,740	4141
367	200-607	School Food Services	\$	10,089,884	\$	10,408,199	4142
368	200-614	Veterans' Training	\$	648,514	\$	671,212	4143
369	200-616	Vocational Education	\$	8,000,000	\$	8,000,000	4144
370	200-624	Education of All Handicapped Children	\$	1,364,246	\$	1,410,908	4145
371	200-631	EEO Title IV	\$	1,155,361	\$	1,213,894	4146
374	200-647	E.S.E.A. Consolidated	\$	110,094	\$	110,094	4147
378	200-660	Math/Science Technology Investments	\$	12,696,055	\$	13,036,530	4148
TOTAL FED Federal Special							4149
Revenue Fund Group			\$	1,053,439,891	\$	1,087,241,044	4150
State Special Revenue Fund Group							4151
4R7	200-695	Indirect Cost Recovery	\$	3,942,779	\$	4,168,947	4152
4V7	200-633	Interagency Vocational Support	\$	695,197	\$	731,674	4153
053	200-900	School District Property Tax Replacement	\$	102,000,000	\$	115,911,593	4154
454	200-610	Guidance and Testing	\$	940,636	\$	956,761	4155
455	200-608	Commodity Foods	\$	10,000,000	\$	11,000,000	4156
598	200-659	Auxiliary Services Mobile Units	\$	1,328,910	\$	1,328,910	4157
620	200-615	Educational Grants	\$	1,525,000	\$	1,525,000	4158
TOTAL SSR State Special Revenue							4159
Fund Group			\$	120,432,522	\$	135,622,885	4160
Lottery Profits Education Fund Group							4161
017	200-612	Base Cost Funding	\$	604,000,000	\$	596,000,000	4162
017	200-682	Lease Rental Payment Reimbursement	\$	29,722,100	\$	25,722,600 35,722,600	4163

TOTAL LPE Lottery Profits			4164
Education Fund Group	\$ 633,722,100	\$ 621,722,600	4165
		<u>631,722,600</u>	4166
TOTAL ALL BUDGET FUND GROUPS	\$ 8,631,910,625	\$ 9,046,843,153	4167
		<u>9,056,843,153</u>	4168

Sec. 44.19. LOTTERY PROFITS EDUCATION FUND 4170

Appropriation item 200-612, Base Cost Funding (Fund 017), 4171
shall be used in conjunction with appropriation item 200-501, Base 4172
Cost Funding (GRF), to provide payments to school districts 4173
pursuant to Chapter 3317. of the Revised Code. 4174

Of the foregoing appropriation item 200-612, Base Cost 4175
Funding (Fund 017), \$25,000,000 in each fiscal year shall be used 4176
from the funds transferred from the Unclaimed Prizes Trust Fund 4177
pursuant to the section entitled "Transfers from the Unclaimed 4178
Prizes Fund" of ~~this act~~ Am. Sub. H.B. 94 of the 124th General 4179
Assembly. 4180

The Department of Education, with the approval of the 4181
Director of Budget and Management, shall determine the monthly 4182
distribution schedules of appropriation item 200-501, Base Cost 4183
Funding (GRF), and appropriation item 200-612, Base Cost Funding 4184
(Fund 017). If adjustments to the monthly distribution schedule 4185
are necessary, the Department of Education shall make such 4186
adjustments with the approval of the Director of Budget and 4187
Management. 4188

Of the foregoing appropriation item 200-682, Lease Rental 4189
Payment Reimbursement (Fund 017), \$10,000,000 in fiscal year 2003 4190
shall be used from the funds transferred from the Unclaimed Prizes 4191
Trust Fund pursuant to the paragraph with the heading "Transfers 4192
from the Unclaimed Prizes Fund" in Am. Sub. H.B. 94 of the 124th 4193
General Assembly. 4194

The Director of Budget and Management shall transfer via 4195

intrastate transfer voucher the amount appropriated under the 4196
Lottery Profits Education Fund for appropriation item 200-682, 4197
Lease Rental Payment Reimbursement, to the General Revenue Fund on 4198
a schedule determined by the director. These funds shall support 4199
the appropriation item 230-428, Lease Rental Payments (GRF), of 4200
the School Facilities Commission. 4201

LOTTERY PROFITS TRANSFERS* 4202

On the fifteenth day of May of each fiscal year, the Director 4203
of Budget and Management shall determine if lottery profits 4204
transfers will meet the appropriation amounts from the Lottery 4205
Profits Education Fund. 4206

On or after the date specified in each fiscal year, if the 4207
director determines that lottery profits will not meet 4208
appropriations and if other funds are not available to meet the 4209
shortfall, the Superintendent of Public Instruction shall take the 4210
actions specified under the "Reallocation of Funds" section of 4211
~~this act~~ Am. Sub. H.B. 94 of the 124th General Assembly. 4212

TRANSFERS FROM THE UNCLAIMED PRIZES FUND 4213

By the fifteenth day of January, or as soon as possible 4214
thereafter, of fiscal year 2002 and fiscal year 2003, the Director 4215
of Budget and Management shall respectively transfer \$25,000,000 4216
for fiscal year 2002 and \$35,000,000 for fiscal year 2003 from the 4217
State Lottery Commission's Unclaimed Prizes Fund to the Lottery 4218
Profits Education Fund, to be used solely for purposes specified 4219
in the Department of Education's budget. Transfers of unclaimed 4220
prizes under this provision shall not count as lottery profits in 4221
the determination made concerning excess profits titled "Lottery 4222
Profits" under the Department of Education in ~~this act~~ Am. Sub. 4223
H.B. 94 of the 124th General Assembly. 4224

TEACHER CERTIFICATION AND LICENSURE 4225

The foregoing appropriation item 200-681, Teacher 4226

Certification and Licensure, shall be used by the Department of
Education in each year of the biennium to administer teacher
certification and licensure functions pursuant to sections
3301.071, 3301.074, 3301.50, 3301.51, 3319.088, 3319.22, 3319.24
to 3319.28, 3319.281, 3319.282, 3319.29, 3319.301, 3319.31, and
3319.51 of the Revised Code.

Sec. 63.07. MEDICAID PROGRAM SUPPORT FUND - STATE

The foregoing appropriation item 600-671, Medicaid Program
Support, shall be used by the Department of Job and Family
Services to pay for Medicaid services and contracts.

HEALTH CARE SERVICES ADMINISTRATION

The foregoing appropriation item 600-654, Health Care
Services Administration, shall be used by the Department of Job
and Family Services for costs associated with the administration
of the Medicaid program.

HEALTH CARE SERVICES ADMINISTRATION FUND

For fiscal year 2003, the Director of Job and Family Services
may deposit revenue received from federal reimbursement for
allowable Title XIX administrative expenditures made by state or
local entities into the Health Care Services Administration Fund
(Fund 5U3).

Of the amount received by the Department of Job and Family
Services during fiscal year 2003 from the first installment of
assessments paid under section 5112.06 of the Revised Code and
intergovernmental transfers made under section 5112.07 of the
Revised Code, the Director of Job and Family Services shall
deposit \$175,000 into the state treasury to the credit of the
Health Care Services Administration Fund (Fund 5U3).

Sec. 63.35. (A) As used in this section:

(1) "Medicaid days" means all days during which a resident 4256
who is a Medicaid recipient occupies a bed in a nursing facility 4257
that is included in the facility's certified capacity under Title 4258
XIX of the "Social Security Act," 79 Stat. 286 (1965), 42 U.S.C.A. 4259
1396, as amended. Therapeutic or hospital leave days for which 4260
payment is made under section 5111.33 of the Revised Code are 4261
considered Medicaid days proportionate to the percentage of the 4262
nursing facility's per resident per day rate paid for those days. 4263

(2) "Nursing facility" has the same meaning as in section 4264
5111.20 of the Revised Code. 4265

(3) "Total per diem rate" includes the payments made to 4266
nursing facilities under division (B) of the section of ~~this act~~ 4267
Am. Sub. H.B. 94 of the 124th General Assembly titled "Nursing 4268
Facility Stabilization Fund." 4269

(B) Notwithstanding sections 5111.20 to 5111.32 of the 4270
Revised Code, rates paid to nursing facilities under the Medicaid 4271
program shall be subject to the following limitations: 4272

(1) For fiscal year 2002, the mean total per diem rate for 4273
all nursing facilities in the state, weighted by Medicaid days and 4274
calculated as of July 1, 2001, under sections 5111.20 to 5111.32 4275
of the Revised Code, shall not exceed \$143.92. 4276

(2) For fiscal year 2003, the mean total per diem rate for 4277
all nursing facilities in the state, weighted by Medicaid days and 4278
calculated as of July 1, 2002, under sections 5111.20 to 5111.32 4279
of the Revised Code, shall not exceed ~~\$152.66~~ \$153.41, plus any 4280
difference between \$143.92 and the mean total per diem rate for 4281
all nursing facilities in the state for fiscal year 2002, weighted 4282
by Medicaid days and calculated as of July 1, 2001, under sections 4283
5111.20 to 5111.32 of the Revised Code. 4284

(3) If the mean total per diem rate for all nursing 4285
facilities in the state for fiscal year 2002 or 2003, weighted by 4286

Medicaid days and calculated under sections 5111.20 to 5111.32 of
the Revised Code as of the first day of July of the calendar year
in which the fiscal year begins, exceeds the amount specified for
that fiscal year in division (B)(1) or (2) of this section, the
Department of Job and Family Services shall reduce the total per
diem rate for each nursing facility in the state by a percentage
that is equal to the percentage by which the mean total per diem
rate exceeds the amount specified in division (B)(1) or (2) of
this section for that fiscal year.

(4) Subsequent to any reduction required by division (B)(1),
(2), or (3) of this section, a nursing facility's rate shall be
subject to any adjustments required or authorized by sections
5111.20 to 5111.32 of the Revised Code during the remainder of the
fiscal year.

(C) Except as follows, the Department of Job and Family
Services shall continue to implement rules adopted under sections
5111.02 and 5111.20 to 5111.32 of the Revised Code regarding
Medicaid payments to nursing facilities that are in effect on the
effective date of this section:

(1) The Department shall not continue to implement a rule
that is inconsistent with ~~this act~~ Am. Sub. H.B. 94 of the 124th
General Assembly, but shall instead implement this act.

(2) The Department may adopt, amend, or rescind rules under
sections 5111.02 and 5111.20 to 5111.32 of the Revised Code as
provided by those sections to the extent those sections are
consistent with ~~this act~~ Am. Sub. H.B. 94 of the 124th General
Assembly.

Sec. 75.02. COMMUNITY SERVICES

General Revenue Fund

GRF 322-405 State Use Program \$ 264,685 \$ 264,685

GRF 322-413	Residential and Support Services	\$ 154,418,317	\$ 164,539,811	4317
				4318
GRF 322-451	Family Support Services	\$ 7,975,870	\$ 7,975,870	4319
GRF 322-452	Case Management	\$ 8,984,491	\$ 9,874,628	4320
GRF 322-501	County Boards Subsidies	\$ 45,366,297	\$ 46,817,644	4321
TOTAL GRF General Revenue Fund		\$ 217,009,660	\$ 229,722,638	4322
General Services Fund Group				4323
4J6 322-645	Intersystem Services for Children	\$ 5,000,000	\$ 5,000,000	4324
				4325
4U4 322-606	Community MR and DD Trust	\$ 125,000	\$ 131,250	4326
4V1 322-611	Program Support	\$ 2,000,000	\$ 2,000,000	4327
488 322-603	Residential Services Refund	\$ 2,499,188	\$ 2,499,188	4328
				4329
TOTAL GSF General Services Fund Group		\$ 9,624,188	\$ 9,630,438	4330
				4331
Federal Special Revenue Fund Group				4332
3A4 322-605	Community Program Support	\$ 3,024,047	\$ 3,326,452	4333
3A4 322-610	Community Residential Support	\$ 5,924,858	\$ 5,924,858	4334
				4335
3A5 322-613	DD Council Grants	\$ 3,358,290	\$ 3,358,290	4336
3G6 322-639	Medicaid Waiver	\$ 148,304,949	\$ 151,754,169	4337
3M7 322-650	CAFS Medicaid	\$ 163,747,903	\$ 172,568,939	4338
325 322-608	Federal Grants - Operating Expenses	\$ 1,360,000	\$ 1,360,000	4339
				4340
325 322-612	Social Service Block Grant	\$ 11,500,000	\$ 11,500,000	4341
				4342

325 322-617 Education Grants -	\$	115,000	\$	115,000	4343
Operating					4344
TOTAL FED Federal Special Revenue					4345
Fund Group	\$	337,335,047	\$	349,907,708	4346
State Special Revenue Fund Group					4347
4K8 322-604 Waiver - Match	\$	13,783,463	\$	14,039,133	4348
5H0 322-619 Medicaid Repayment	\$	562,080	\$	576,132	4349
TOTAL SSR State Special Revenue					4350
Fund Group	\$	14,345,543	\$	14,615,265	4351
TOTAL ALL COMMUNITY SERVICES					4352
BUDGET FUND GROUPS	\$	578,314,438	\$	603,626,049	4353
RESIDENTIAL AND SUPPORT SERVICES					4354
The foregoing appropriation item 322-413, Residential and					4355
Support Services, shall be used for any of the following:					4356
(A) Home and community-based waiver services pursuant to					4357
Title XIX of the "Social Security Act," 49 Stat. 620 (1935), 42					4358
U.S.C. 301, as amended;					4359
(B) Services contracted by county boards of mental					4360
retardation and developmental disabilities;					4361
(C) Supported living services contracted by county boards of					4362
mental retardation and developmental disabilities in accordance					4363
with sections 5126.40 to 5126.47 of the Revised Code;					4364
(D) Sermak Class Services used to implement the requirements					4365
of the consent decree in <i>Sermak v. Manuel</i> , Case No. c-2-80-220,					4366
United States District Court for the Southern District of Ohio,					4367
Eastern Division;					4368
(E) Other Medicaid-reimbursed programs, in an amount not to					4369
exceed \$1,000,000 in each fiscal year, that enable persons with					4370
mental retardation and developmental disabilities to live in the					4371
community.					4372

Notwithstanding Chapters 5123. and 5126. of the Revised Code, 4373
the Department of Mental Retardation and Developmental 4374
Disabilities may develop residential and support service programs 4375
that enable persons with mental retardation and developmental 4376
disabilities to live in the community. Notwithstanding Chapter 4377
5121. and section 5123.122 of the Revised Code, the department may 4378
waive the support collection requirements of those statutes for 4379
persons in community programs developed by the department under 4380
this section. The department shall adopt rules under Chapter 119. 4381
of the Revised Code or may use existing rules for the 4382
implementation of these programs. 4383

The Department of Mental Retardation and Developmental 4384
Disabilities may designate a portion of appropriation item 4385
332-413, Residential and Support Services, to county boards of 4386
mental retardation and developmental disabilities that have 4387
greater need for various residential and support services due to a 4388
low percentage of residential and support services development in 4389
comparison to the number of individuals with mental retardation or 4390
developmental disabilities in the county. 4391

Not later than 30 days after the effective date of this 4392
section, the Director of Budget and Management shall transfer up 4393
to \$5,000,000 from appropriation item 322-413, Residential and 4394
Support Services, to appropriation item 322-501, County Boards 4395
Subsidies. The total amount that is transferred from appropriation 4396
item 322-413 to appropriation item 322-501 shall be used for the 4397
tax equalization program ~~created under sections 5126.16 to section~~ 4398
5126.18 of the Revised Code, as amended and renumbered by S.B. 261 4399
of the 124th General Assembly, and is subject to all statutes and 4400
rules established for the tax equalization program. 4401

Not later than July 30, 2002, the Director of Budget and 4402
Management shall transfer up to \$11,500,000 from appropriation 4403
item 322-413, Residential and Support Services, to appropriation 4404

item 322-501, County Boards Subsidies. The total amount that is
transferred from appropriation item 322-413 to appropriation item
322-501 shall be used for the tax equalization program ~~created~~
under ~~sections 5126.16 to section~~ 5126.18 of the Revised Code, as
amended and renumbered by S.B. 261 of the 124th General Assembly,
and is subject to all statutes and rules established for the tax
equalization program.

Of the foregoing appropriation item 322-413, Residential and
Support Services, \$9,700,000 in fiscal year 2002 and \$9,850,000 in
fiscal year 2003 shall be distributed by the Department to county
boards of mental retardation and developmental disabilities to
support existing residential facilities waiver and individual
options waiver related Medicaid activities provided for in the
component of a county board's plan developed under division (A)(2)
of section 5126.054 of the Revised Code and approved under section
5123.046 of the Revised Code. Up to \$3,000,000 of these funds in
each fiscal year may be used to implement day-to-day program
management services under division (A)(2) of section 5126.054 of
the Revised Code. Up to \$4,200,000 in each fiscal year may be used
to implement the program and health and welfare requirements of
division (A)(2) of section 5126.054 of the Revised Code.

In fiscal years 2002 and 2003, not less than \$2,500,000 and
\$2,650,000, respectively, of these funds shall be used to recruit
and retain, under division (A)(2) of section 5126.054 of the
Revised Code, the direct care staff necessary to implement the
services included in an individualized service plan in a manner
that ensures the health and welfare of the individuals being
served.

FAMILY SUPPORT SERVICES

Notwithstanding sections 5123.171, 5123.19, 5123.20, and
5126.11 of the Revised Code, the Department of Mental Retardation
and Developmental Disabilities may implement programs funded by

appropriation item 322-451, Family Support Services, to provide 4437
assistance to persons with mental retardation or developmental 4438
disabilities and their families who are living in the community. 4439
The department shall adopt rules to implement these programs. 4440

CASE MANAGEMENT 4441

The foregoing appropriation item 322-452, Case Management, 4442
shall be allocated to county boards of mental retardation and 4443
developmental disabilities for the purpose of providing case 4444
management services and to assist in bringing state funding for 4445
all department-approved case managers within county boards of 4446
mental retardation and developmental disabilities to the level 4447
authorized in division (C) of section 5126.15 of the Revised Code. 4448
The department may request approval from the Controlling Board to 4449
transfer any unobligated appropriation authority from other state 4450
General Revenue Fund appropriation items within the department's 4451
budget to appropriation item 322-452, Case Management, to be used 4452
to meet the statutory funding level in division (C) of section 4453
5126.15 of the Revised Code. 4454

Notwithstanding division (C) of section 5126.15 of the 4455
Revised Code and subject to funding in appropriation item 322-452, 4456
Case Management, no county may receive less than its allocation in 4457
fiscal year 1995. 4458

STATE SUBSIDIES TO MR/DD BOARDS 4459

Of the foregoing appropriation item 322-501, County Boards 4460
Subsidies, \$6,500,000 in fiscal year 2002 and \$13,000,000 in 4461
fiscal year 2003 shall be used to fund the tax equalization 4462
program ~~created under sections 5126.16 to section~~ 5126.18 of the 4463
Revised Code, as amended and renumbered by S.B. 261 of the 124th 4464
General Assembly, for county boards of mental retardation and 4465
developmental disabilities. ~~The tax equalization program shall~~ 4466
~~utilize the average daily membership of adults 22 years of age and~~ 4467

~~older in habilitation, vocational, and community employment~~ 4468
~~services only for the yield on 1/2 mills.~~ 4469

After funding the tax equalization program, the Department of 4470
Mental Retardation and Developmental Disabilities shall distribute 4471
the any remaining appropriation authority in appropriation item 4472
322-501, County Boards Subsidies, to county boards of mental 4473
retardation and developmental disabilities for subsidies 4474
distributed pursuant to section 5126.12 of the Revised Code to the 4475
limit of the lesser of the amount required by that section or the 4476
remaining balance of the appropriation authority in appropriation 4477
item 322-501 prorated to all county boards of mental retardation 4478
and developmental disabilities. 4479

INTERSYSTEM SERVICES FOR CHILDREN 4480

The foregoing appropriation item 322-645, Intersystem 4481
Services for Children, shall be used to support direct grants to 4482
county family and children first councils created under section 4483
121.37 of the Revised Code. The funds shall be used as partial 4484
support payment and reimbursement for locally coordinated 4485
treatment plans for multi-needs children that come to the 4486
attention of the Family and Children First Cabinet Council 4487
pursuant to section 121.37 of the Revised Code. The Department of 4488
Mental Retardation and Developmental Disabilities may use up to 4489
five per cent of this amount for administrative expenses 4490
associated with the distribution of funds to the county councils. 4491

WAIVER - MATCH 4492

The foregoing appropriation item 322-604, Waiver-Match (Fund 4493
4K8), shall be used as state matching funds for the home and 4494
community-based waivers. 4495

The Department of Job and Family Services may enter into an 4496
interagency agreement with the Department of Mental Retardation 4497
and Developmental Disabilities providing for the Department of 4498

Mental Retardation and Developmental Disabilities to operate the 4499
program. 4500

Sec. 94. BOR BOARD OF REGENTS 4501

General Revenue Fund 4502

GRF 235-321 Operating Expenses \$ 3,137,394 \$ 3,137,394 4503

GRF 235-401 Lease-Rental Payments \$ 295,058,500 \$ 268,910,500 4504

GRF 235-402 Sea Grants \$ 299,940 \$ 299,940 4505

GRF 235-403 Math/Science Teaching \$ 1,984,000 \$ 2,018,680 4506
Improvement

GRF 235-404 College Readiness \$ 2,500,000 \$ 2,500,000 4507
Initiatives

GRF 235-406 Articulation and \$ 800,000 \$ 800,000 4508
Transfer

GRF 235-408 Midwest Higher \$ 75,000 \$ 75,000 4509
Education Compact

GRF 235-409 Information System \$ 1,362,023 \$ 1,362,023 4510

GRF 235-414 State Grants and \$ 1,373,420 \$ 1,373,420 4511
Scholarship
Administration

GRF 235-415 Jobs Challenge \$ 10,100,000 \$ 10,200,000 4512

GRF 235-417 Ohio Learning Network \$ 3,920,000 \$ 3,920,000 4513

GRF 235-418 Access Challenge \$ 62,268,000 \$ 62,268,000 4514

GRF 235-420 Success Challenge \$ 47,041,000 \$ 47,041,000 4515

GRF 235-428 Appalachian New \$ 1,000,000 \$ 1,500,000 4516
Economy Partnership

GRF 235-451 Eminent Scholars \$ 0 \$ 3,000,000 4517

GRF 235-454 Research Challenge \$ 20,000,000 \$ 20,000,000 4518

GRF 235-455 Productivity \$ 1,694,947 \$ 1,728,845 4519
Improvement Challenge

GRF 235-474 Area Health Education \$ 2,093,727 \$ 2,135,601 4520
Centers Program
Support

GRF 235-477	Access Improvement Projects	\$ 1,110,879	\$ 1,110,879	4521
GRF 235-501	State Share of Instruction	\$ 1,659,011,727	\$ 1,668,611,581	4522
GRF 235-502	Student Support Services	\$ 1,000,000	\$ 1,000,000	4523
GRF 235-503	Ohio Instructional Grants	\$ 98,000,000	\$ 111,500,000	4524
GRF 235-504	War Orphans Scholarships	\$ 4,652,548	\$ 4,792,124	4525
GRF 235-507	OhioLINK	\$ 7,668,731	\$ 7,668,731	4526
GRF 235-508	Air Force Institute of Technology	\$ 2,000,000	\$ 2,000,000	4527
GRF 235-509	Displaced Homemakers	\$ 240,096	\$ 240,096	4528
GRF 235-510	Ohio Supercomputer Center	\$ 4,833,574	\$ 4,833,574	4529
GRF 235-511	Cooperative Extension Service	\$ 27,708,525	\$ 27,708,525	4530
GRF 235-513	OU Voinovich Center	\$ 367,500	\$ 367,500	4531
GRF 235-514	Central State Supplement	\$ 12,044,956	\$ 12,044,956	4532
GRF 235-515	Case Western Reserve University School of Medicine	\$ 4,280,224	\$ 4,281,936	4533
GRF 235-519	Family Practice	\$ 6,538,471	\$ 6,541,087	4534
GRF 235-520	Shawnee State Supplement	\$ 2,272,000	\$ 2,272,000	4535
GRF 235-521	OSU Glenn Institute	\$ 367,500	\$ 367,500	4536
GRF 235-524	Police and Fire Protection	\$ 240,096	\$ 240,096	4537
GRF 235-525	Geriatric Medicine	\$ 1,087,195	\$ 1,108,939	4538
GRF 235-526	Primary Care Residencies	\$ 3,166,168	\$ 3,229,491	4539

GRF 235-527	Ohio Aerospace Institute	\$	2,383,334	\$	2,383,334	4540
GRF 235-530	Academic Scholarships	\$	8,000,000	\$	8,000,000	4541
GRF 235-531	Student Choice Grants	\$	52,428,000	\$	53,476,560	4542
GRF 235-534	Student Workforce Development Grants	\$	1,200,000	\$	1,200,000	4543
GRF 235-535	Ohio Agricultural Research and Development Center	\$	38,730,884	\$	38,730,884	4544
GRF 235-536	Ohio State University Clinical Teaching	\$	15,989,883	\$	15,996,281	4545
GRF 235-537	University of Cincinnati Clinical Teaching	\$	13,151,461	\$	13,156,724	4546
GRF 235-538	Medical College of Ohio at Toledo Clinical Teaching	\$	10,250,851	\$	10,254,953	4547
GRF 235-539	Wright State University Clinical Teaching	\$	4,980,064	\$	4,982,057	4548
GRF 235-540	Ohio University Clinical Teaching	\$	4,814,378	\$	4,816,305	4549
GRF 235-541	Northeastern Ohio Universities College of Medicine Clinical Teaching	\$	4,951,583	\$	4,953,565	4550
GRF 235-543	Ohio College of Podiatric Medicine Clinical Subsidy	\$	499,800	\$	500,000	4551
GRF 235-547	School of International Business	\$	1,708,764	\$	1,708,764	4552
GRF 235-549	Part-time Student Instructional Grants	\$	13,311,638	\$	13,977,219	4553

GRF 235-552	Capital Component	\$	14,537,639	\$	14,537,639	4554
GRF 235-553	Dayton Area Graduate Studies Institute	\$	3,779,088	\$	3,779,088	4555
GRF 235-554	Computer Science Graduate Education	\$	3,482,368	\$	3,482,368	4556
GRF 235-555	Library Depositories	\$	1,999,200	\$	2,039,184	4557
GRF 235-556	Ohio Academic Resources Network	\$	3,510,777	\$	3,580,993	4558
GRF 235-558	Long-term Care Research	\$	312,004	\$	312,004	4559
GRF 235-561	Bowling Green State University Canadian Studies Center	\$	164,289	\$	164,289	4560
GRF 235-572	Ohio State University Clinic Support	\$	2,061,138	\$	2,061,138	4561
GRF 235-583	Urban University Programs	\$	6,503,559	\$	6,503,559	4562
GRF 235-585	Ohio University Innovation Center	\$	48,750	\$	48,750	4563
GRF 235-587	Rural University Projects	\$	1,375,552	\$	1,375,552	4564
GRF 235-588	Ohio Resource Center for Mathematics, Science, and Reading	\$	980,000	\$	980,000	4565
GRF 235-595	International Center for Water Resources Development	\$	185,593	\$	185,593	4566
GRF 235-596	Hazardous Materials Program	\$	390,096	\$	390,096	4567
GRF 235-599	National Guard Scholarship Program	\$	12,048,106	\$	12,048,106	4568
GRF 235-909	Higher Education General Obligation	\$	50,055,100	\$	74,344,100	4569

Debt Service					
TOTAL GRF General Revenue Fund			\$ 2,565,132,040	\$ 2,589,158,523	4570
			<u>2,565,132,040</u>	<u>2,592,158,523</u>	
General Services Fund Group					4571
456	235-603	Publications	\$ 43,050	\$ 44,342	4572
456	235-613	Job Preparation	\$ 144,383	\$ 144,383	4573
Initiative					
TOTAL GSF General Services					4574
Fund Group			\$ 187,433	\$ 188,725	4575
Federal Special Revenue Fund Group					4576
3H2	235-608	Human Services Project	\$ 1,500,000	\$ 1,500,000	4577
3N6	235-605	State Student	\$ 2,000,000	\$ 2,000,000	4578
Incentive Grants					
3T0	235-610	NHSC Ohio Loan	\$ 100,000	\$ 100,000	4579
Repayment					
312	235-609	Tech Prep	\$ 183,852	\$ 183,852	4580
312	235-611	Gear-up Grant	\$ 1,590,986	\$ 1,690,434	4581
312	235-612	Carl D. Perkins	\$ 112,960	\$ 112,960	4582
Grant/Plan					
Administration					
312	235-631	Federal Grants	\$ 2,055,511	\$ 0	4583
TOTAL FED Federal Special Revenue					4584
Fund Group			\$ 7,543,309	\$ 5,587,246	4585
State Special Revenue Fund Group					4586
4E8	235-602	HEFC Administration	\$ 13,080	\$ 13,900	4587
4P4	235-604	Physician Loan	\$ 416,067	\$ 436,870	4588
Repayment					
649	235-607	Ohio State University	\$ 855,021	\$ 760,000	4589
Highway/Transportation					
Research					
682	235-606	Nursing Loan Program	\$ 870,000	\$ 893,000	4590
TOTAL SSR State Special Revenue					4591

Fund Group	\$	2,154,168	\$	2,103,770	4592
TOTAL ALL BUDGET FUND GROUPS	\$	2,575,016,950	\$	2,597,038,264	4593
				<u>2,600,038,264</u>	

Sec. 94.02. MISSION-BASED CORE FUNDING FOR HIGHER EDUCATION 4595

JOBS CHALLENGE 4596

Funds appropriated to appropriation item 235-415, Jobs 4597
Challenge, shall be distributed to state-assisted community and 4598
technical colleges, regional campuses of state-assisted 4599
universities, and other organizationally distinct and identifiable 4600
member campuses of the EnterpriseOhio Network in support of 4601
noncredit job-related training. In fiscal years 2002 and 2003, 4602
\$2,114,673 and \$1,981,841, respectively, shall be distributed as 4603
performance grants to EnterpriseOhio Network campuses based upon 4604
each campus's documented performance according to criteria 4605
established by the Board of Regents for increasing training and 4606
related services to businesses, industries, and public sector 4607
organizations. 4608

Of the foregoing appropriation item 235-415, Jobs Challenge, 4609
\$3,130,087 in fiscal year 2002 and \$2,875,953 in fiscal year 2003 4610
shall be allocated to the Targeted Industries Training Grant 4611
Program to attract, develop, and retain business and industry 4612
strategically important to the state's economy. 4613

Also, in fiscal years 2002 and 2003, \$2,991,513 and 4614
\$3,629,797, respectively, shall be allocated to the Non-credit 4615
Incentives Grant Program to reward two-year campuses for 4616
increasing the amount of non-credit skill upgrading services 4617
provided to Ohio employers and employees. The funds shall be 4618
distributed to campuses in proportion to each campus's share of 4619
noncredit job-related training revenues received by all campuses 4620
for the previous fiscal year. It is the intent of the General 4621
Assembly that this workforce development incentive component of 4622

the Jobs Challenge Program reward campus noncredit job-related
training efforts in the same manner that the Research Challenge
Program rewards campuses for their ability to obtain sponsored
research revenues.

Of the foregoing appropriation item 235-415, Jobs Challenge,
\$1,863,726 in fiscal year 2002 and \$1,712,409 in fiscal year 2003
shall be allocated as an incentive to support local EnterpriseOhio
Network Campus/Adult Workforce Education Center Partnerships. The
purpose of the partnerships is to promote and deliver coordinated,
comprehensive training to local employers. Each partnership shall
include a formal agreement between one or more EnterpriseOhio
Network campus and one or more adult workforce education center
for the delivery of training services.

ACCESS CHALLENGE

In each fiscal year, the foregoing appropriation item
235-418, Access Challenge, shall be distributed to Ohio's
state-assisted access colleges and universities. For the purposes
of this allocation, "access campuses" includes state-assisted
community colleges, state community colleges, technical colleges,
Shawnee State University, Central State University, Cleveland
State University, the regional campuses of state-assisted
universities, and, where they are organizationally distinct and
identifiable, the community-technical colleges located at the
University of Cincinnati, Youngstown State University, and the
University of Akron.

In fiscal years 2002 and 2003, Access Challenge subsidies
shall be distributed by the Board of Regents to eligible access
campuses on the basis of each campus's share of fiscal year 1999
all-terms subsidy eligible General Studies FTEs. For the purpose
of these calculations, the average all-terms subsidy eligible
General Studies FTEs for Youngstown State University's eligible
Comm-Tech enrollments shall equal 348.

For the purposes of this calculation, Cleveland State 4655
University's enrollments shall be adjusted by the ratio of the sum 4656
of subsidy-eligible lower-division FTE student enrollments 4657
eligible for access funding to the sum of subsidy-eligible General 4658
Studies FTE student enrollments at Central State University and 4659
Shawnee State University, and for the following universities and 4660
their regional campuses: Ohio State University, Ohio University, 4661
Kent State University, Bowling Green State University, Miami 4662
University, the University of Cincinnati, the University of Akron, 4663
and Wright State University. 4664

SUCCESS CHALLENGE 4665

The foregoing appropriation item 235-420, Success Challenge, 4666
shall be used by the Board of Regents to promote degree completion 4667
by students enrolled at a main campus of a state-assisted 4668
university. 4669

In each fiscal year, two-thirds of the appropriations shall 4670
be distributed to state-assisted university main campuses in 4671
proportion to each campus's share of the total statewide 4672
bachelor's degrees granted by university main campuses to 4673
"at-risk" students. In fiscal years 2002 and 2003, an "at-risk" 4674
student means any undergraduate student who has received an Ohio 4675
Instructional Grant during the past ten years. An eligible 4676
institution shall not receive its share of this distribution until 4677
it has submitted a plan that addresses how the subsidy will be 4678
used to better serve at-risk students and increase their 4679
likelihood of successful completion of a bachelor's degree 4680
program. The Board of Regents shall disseminate to all 4681
state-supported institutions of higher education all such plans 4682
submitted by institutions that received Success Challenge funds. 4683

In each fiscal year, one-third of the appropriations shall be 4684
distributed to university main campuses in proportion to each 4685
campus's share of the total bachelor's degrees granted by 4686

university main campuses to undergraduate students who completed
their bachelor's degrees in a "timely manner" in the previous
fiscal year. For the purposes of this section, "timely manner"
means the normal time it would take for a full-time degree-seeking
undergraduate student to complete the student's degree. Generally,
for such students pursuing a bachelor's degree, "timely manner"
means four years. Exceptions to this general rule shall be
permitted for students enrolled in programs specifically designed
to be completed in a longer time period. The Board of Regents
shall collect base-line data beginning with the 1998-99 academic
year to assess the timely completion statistics by university main
campuses.

EMINENT SCHOLARS

The foregoing appropriation item 235-451, Eminent Scholars,
shall be used by the Ohio Board of Regents to establish an Ohio
Eminent Scholars Program, the purpose of which is to invest
educational resources to address problems that are of vital
statewide significance while fostering the growth in eminence of
Ohio's academic programs. Endowment grants of \$750,000 to state
colleges and universities and nonprofit Ohio institutions of
higher education holding certificates of authorization issued
under section 1713.02 of the Revised Code to match endowment gifts
from nonstate sources may be made in accordance with a plan
established by the Ohio Board of Regents. Matching gifts in
science and technology programs shall be \$750,000, and in all
other program areas, \$500,000. The grants shall have as their
purpose attracting and sustaining in Ohio scholar-leaders of
national or international prominence, each of whom will assist the
state in one of the following three areas: (1) improving the
state's economic development; (2) strengthening the state's system
of K-12 education; or (3) improving public health and safety. Such
scholar-leaders shall, among their duties, share broadly the

benefits and knowledge unique to their fields of scholarship to 4719
the betterment of Ohio and its people. 4720

RESEARCH CHALLENGE 4721

The foregoing appropriation item 235-454, Research Challenge, 4722
shall be used to enhance the basic research capabilities of public 4723
colleges and universities and accredited Ohio institutions of 4724
higher education holding certificates of authorization issued 4725
pursuant to section 1713.02 of the Revised Code, in order to 4726
strengthen academic research for pursuing Ohio's economic 4727
redevelopment goals. The Board of Regents, in consultation with 4728
the colleges and universities, shall administer the Research 4729
Challenge Program and utilize a means of matching, on a fractional 4730
basis, external funds attracted in the previous year by 4731
institutions for basic research. The program may include 4732
incentives for increasing the amount of external research funds 4733
coming to eligible institutions and for focusing research efforts 4734
upon critical state needs. Colleges and universities shall submit 4735
for review and approval to the Board of Regents plans for the 4736
institutional allocation of state dollars received through the 4737
program. The institutional plans shall provide the rationale for 4738
the allocation in terms of the strategic targeting of funds for 4739
academic and state purposes, for strengthening research programs, 4740
and for increasing the amount of external research funds, and 4741
shall include an evaluation process to provide results of the 4742
increased support. 4743

The Board of Regents shall submit a biennial report of 4744
progress to the General Assembly. 4745

COMPUTER SCIENCE GRADUATE EDUCATION 4746

The foregoing appropriation item 235-554, Computer Science 4747
Graduate Education, shall be used by the Board of Regents to 4748
support improvements in graduate programs in computer science at 4749

state-assisted universities. In each fiscal year, up to \$200,000 4750
may be used to support collaborative efforts in graduate education 4751
in this program area. 4752

Sec. 94.06. PLEDGE OF FEES* 4753

Any new pledge of fees, or new agreement for adjustment of 4754
fees, made in the 2001-2003 biennium to secure bonds or notes of a 4755
state-assisted institution of higher education for a project for 4756
which bonds or notes were not outstanding on the effective date of 4757
this section shall be effective only after approval by the Board 4758
of Regents, unless approved in a previous biennium. 4759

HIGHER EDUCATION GENERAL OBLIGATION DEBT SERVICE 4760

The foregoing appropriation item 235-909, Higher Education 4761
General Obligation Debt Service, shall be used to pay all debt 4762
service and financing costs at the times they are required to be 4763
made pursuant to sections 151.01 and 151.04 of the Revised Code 4764
during the period from July 1, 2001, to June 30, 2003. The Office 4765
of the Sinking Fund or the Director of Budget and Management shall 4766
effectuate the required payments by an interstate transfer 4767
voucher. 4768

~~Of the foregoing appropriation item 235-909, Higher Education 4769~~
~~General Obligation Debt Service, surplus funds net of encumbrances 4770~~
~~from the appropriation for fiscal year 2002 shall be 4771~~
~~reappropriated to appropriation item 235-501, State Share of 4772~~
~~Instruction, for fiscal year 2003. 4773~~

LEASE RENTAL PAYMENTS 4774

The foregoing appropriation item 235-401, Lease Rental 4775
Payments, shall be used to meet all payments at the times they are 4776
required to be made during the period from July 1, 2001, to June 4777
30, 2003, by the Board of Regents pursuant to leases and 4778
agreements made under section 154.21 of the Revised Code, but 4779

limited to the aggregate amount of \$563,969,000. Nothing in ~~this~~ 4780
~~act~~ Am. Sub. H.B. 94 of the 124th General Assembly shall be deemed 4781
to contravene the obligation of the state to pay, without 4782
necessity for further appropriation, from the sources pledged 4783
thereto, the bond service charges on obligations issued pursuant 4784
to section 154.21 of the Revised Code. 4785

~~Of the forgoing appropriation item 235-401, Lease-Rental~~ 4786
~~Payments, surplus funds net of encumbrances from the appropriation~~ 4787
~~for fiscal year 2002 shall be reappropriated to appropriation item~~ 4788
~~235-501, State Share of Instruction, for fiscal year 2003.~~ 4789

Sec. 94.07. OHIO INSTRUCTIONAL GRANTS 4790

Notwithstanding section 3333.12 of the Revised Code, in lieu 4791
of the tables in that section, instructional grants for all 4792
full-time students shall be made for fiscal year 2002 using the 4793
tables under this heading. 4794

The tables under this heading prescribe the maximum grant 4795
amounts covering two semesters, three quarters, or a comparable 4796
portion of one academic year. The grant amount for a full-time 4797
student enrolled in an eligible institution for a semester or 4798
quarter in addition to the portion of the academic year covered by 4799
a grant determined under these tables shall be a percentage of the 4800
maximum prescribed in the applicable table. The maximum grant for 4801
a fourth quarter shall be one-third of the maximum amount 4802
prescribed under the table. The maximum grant for a third semester 4803
shall be one-half of the maximum amount prescribed under the 4804
table. 4805

For a full-time student who is a dependent and enrolled in a 4806
nonprofit educational institution that is not a state-assisted 4807
institution and that has a certificate of authorization issued 4808
pursuant to Chapter 1713. of the Revised Code, the amount of the 4809
instructional grant for two semesters, three quarters, or a 4810

comparable portion of the academic year shall be determined in 4811
accordance with the following table: 4812

Private Institution 4813

Table of Grants 4814

Maximum Grant \$5,160 4815

Gross Income Number of Dependents 4816

	1	2	3	4	5 or more	
Under \$14,000	\$5,160	\$5,160	\$5,160	\$5,160	\$5,160	4818
\$14,001 - \$15,000	4,644	5,160	5,160	5,160	5,160	4819
\$15,001 - \$16,000	4,116	4,644	5,160	5,160	5,160	4820
\$16,001 - \$17,000	3,612	4,116	4,644	5,160	5,160	4821
\$17,001 - \$18,000	3,102	3,612	4,116	4,644	5,160	4822
\$18,001 - \$21,000	2,586	3,102	3,612	4,116	4,644	4823
\$21,001 - \$24,000	2,058	2,586	3,102	3,612	4,116	4824
\$24,001 - \$27,000	1,536	2,058	2,586	3,102	3,612	4825
\$27,001 - \$30,000	1,272	1,536	2,058	2,586	3,102	4826
\$30,001 - \$31,000	1,020	1,272	1,536	2,058	2,586	4827
\$31,001 - \$32,000	930	1,020	1,272	1,536	2,058	4828
\$32,001 - \$33,000	840	930	1,020	1,272	1,536	4829
\$33,001 - \$34,000	420	840	930	1,020	1,272	4830
\$34,001 - \$35,000	--	420	840	930	1,020	4831
\$35,001 - \$36,000	--	--	420	840	930	4832
\$36,001 - \$37,000	--	--	--	420	840	4833
\$37,001 - \$38,000	--	--	--	--	420	4834

For a full-time student who is financially independent and 4835
enrolled in a nonprofit educational institution that is not a 4836
state-assisted institution and that has a certificate of 4837
authorization issued pursuant to Chapter 1713. of the Revised 4838
Code, the amount of the instructional grant for two semesters, 4839
three quarters, or a comparable portion of the academic year shall 4840
be determined in accordance with the following table: 4841

	Private Institution						4842
	Table of Grants						4843
	Maximum Grant \$5,160						4844
Gross Income	Number of Dependents						4845
	0	1	2	3	4	5 or more	4846
Under \$4,500	\$5,160	\$5,160	\$5,160	\$5,160	\$5,160	\$5,160	4847
\$4,501 - \$5,000	4,644	5,160	5,160	5,160	5,160	5,160	4848
\$5,001 - \$5,500	4,116	4,644	5,160	5,160	5,160	5,160	4849
\$5,501 - \$6,000	3,612	4,116	4,644	5,160	5,160	5,160	4850
\$6,001 - \$6,500	3,102	3,612	4,116	4,644	5,160	5,160	4851
\$6,501 - \$7,000	2,586	3,102	3,612	4,116	4,644	5,160	4852
\$7,001 - \$8,000	2,058	2,586	3,102	3,612	4,116	4,644	4853
\$8,001 - \$9,000	1,536	2,058	2,586	3,102	3,612	4,116	4854
\$9,001 - \$10,000	1,272	1,536	2,058	2,586	3,102	3,612	4855
\$10,001 - \$11,500	1,020	1,272	1,536	2,058	2,586	3,102	4856
\$11,501 - \$13,000	930	1,020	1,272	1,536	2,058	2,586	4857
\$13,001 - \$14,500	840	930	1,020	1,272	1,536	2,058	4858
\$14,501 - \$16,000	420	840	930	1,020	1,272	1,536	4859
\$16,001 - \$19,000	--	420	840	930	1,020	1,272	4860
\$19,001 - \$22,000	--	--	420	840	930	1,020	4861
\$22,001 - \$25,000	--	--	--	420	840	930	4862
\$25,001 - \$30,000	--	--	--	--	420	840	4863
\$30,001 - \$35,000	--	--	--	--	--	420	4864

For a full-time student who is a dependent and enrolled in an
educational institution that holds a certificate of registration
from the state board of proprietary school registration, the
amount of the instructional grant for two semesters, three
quarters, or a comparable portion of the academic year shall be
determined in accordance with the following table:

Proprietary Institution	4871
Table of Grants	4872
Maximum Grant \$4,374	4873

\$4,501 - \$5,000	3,948	4,374	4,374	4,374	4,374	4,374	4905
\$5,001 - \$5,500	3,480	3,948	4,374	4,374	4,374	4,374	4906
\$5,501 - \$6,000	3,042	3,480	3,948	4,374	4,374	4,374	4907
\$6,001 - \$6,500	2,634	3,042	3,480	3,948	4,374	4,374	4908
\$6,501 - \$7,000	2,166	2,634	3,042	3,480	3,948	4,374	4909
\$7,001 - \$8,000	1,752	2,166	2,634	3,042	3,480	3,948	4910
\$8,001 - \$9,000	1,338	1,752	2,166	2,634	3,042	3,480	4911
\$9,001 - \$10,000	1,074	1,338	1,752	2,166	2,634	3,042	4912
\$10,001 - \$11,500	858	1,074	1,338	1,752	2,166	2,634	4913
\$11,501 - \$13,000	804	858	1,074	1,338	1,752	2,166	4914
\$13,001 - \$14,500	708	804	858	1,074	1,338	1,752	4915
\$14,501 - \$16,000	354	708	804	858	1,074	1,338	4916
\$16,001 - \$19,000	--	354	708	804	858	1,074	4917
\$19,001 - \$22,000	--	--	354	708	804	858	4918
\$22,001 - \$25,000	--	--	--	354	708	804	4919
\$25,001 - \$30,000	--	--	--	--	354	708	4920
\$30,001 - \$35,000	--	--	--	--	--	354	4921

For a full-time student who is a dependent and enrolled in a
state-assisted educational institution, the amount of the
instructional grant for two semesters, three quarters, or a
comparable portion of the academic year shall be determined in
accordance with the following table:

Public Institution						4922
Table of Grants						4923
Maximum Grant \$2,070						4924
Number of Dependents						4925
Gross Income	1	2	3	4	5 or more	4926
Under \$14,000	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	4927
\$14,001 - \$15,000	1,866	2,070	2,070	2,070	2,070	4928
\$15,001 - \$16,000	1,644	1,866	2,070	2,070	2,070	4929
\$16,001 - \$17,000	1,458	1,644	1,866	2,070	2,070	4930
\$17,001 - \$18,000	1,248	1,458	1,644	1,866	2,070	4931

\$18,001 - \$21,000	1,020	1,248	1,458	1,644	1,866	4937
\$21,001 - \$24,000	816	1,020	1,248	1,458	1,644	4938
\$24,001 - \$27,000	612	816	1,020	1,248	1,458	4939
\$27,001 - \$30,000	492	612	816	1,020	1,248	4940
\$30,001 - \$31,000	396	492	612	816	1,020	4941
\$31,001 - \$32,000	366	396	492	612	816	4942
\$32,001 - \$33,000	336	366	396	492	612	4943
\$33,001 - \$34,000	168	336	366	396	492	4944
\$34,001 - \$35,000	--	168	336	366	396	4945
\$35,001 - \$36,000	--	--	168	336	366	4946
\$36,001 - \$37,000	--	--	--	168	336	4947
\$37,001 - \$38,000	--	--	--	--	168	4948

For a full-time student who is financially independent and 4949
enrolled in a state-assisted educational institution, the amount 4950
of the instructional grant for two semesters, three quarters, or a 4951
comparable portion of the academic year shall be determined in 4952
accordance with the following table: 4953

Public Institution 4954

Table of Grants 4955

Maximum Grant \$2,070 4956

Gross Income Number of Dependents 4957

	0	1	2	3	4	5 or more	4958
Under \$4,500	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	\$2,070	4959
\$4,501 - \$5,000	1,866	2,070	2,070	2,070	2,070	2,070	4960
\$5,001 - \$5,500	1,644	1,866	2,070	2,070	2,070	2,070	4961
\$5,501 - \$6,000	1,458	1,644	1,866	2,070	2,070	2,070	4962
\$6,001 - \$6,500	1,248	1,458	1,644	1,866	2,070	2,070	4963
\$6,501 - \$7,000	1,020	1,248	1,458	1,644	1,866	2,070	4964
\$7,001 - \$8,000	816	1,020	1,248	1,458	1,644	1,866	4965
\$8,001 - \$9,000	612	816	1,020	1,248	1,458	1,644	4966
\$9,001 - \$10,000	492	612	816	1,020	1,248	1,458	4967
\$10,001 - \$11,500	396	492	612	816	1,020	1,248	4968

\$11,501 - \$13,000	366	396	492	612	816	1,020	4969
\$13,001 - \$14,500	336	366	396	492	612	816	4970
\$14,501 - \$16,000	168	336	366	396	492	612	4971
\$16,001 - \$19,000	--	168	336	366	396	492	4972
\$19,001 - \$22,000	--	--	168	336	366	396	4973
\$22,001 - \$25,000	--	--	--	168	336	366	4974
\$25,001 - \$30,000	--	--	--	--	168	336	4975
\$30,001 - \$35,000	--	--	--	--	--	168	4976

The foregoing appropriation item 235-503, Ohio Instructional Grants, shall be used to make the payments authorized by division (C) of section 3333.26 of the Revised Code to the institutions described in that division. In addition, this appropriation shall be used to reimburse the institutions described in division (B) of section 3333.26 of the Revised Code for the cost of the waivers required by that division.

Of the appropriation item 235-503, Ohio Instructional Grants, up to \$3,800,000 of surplus funds net of encumbrances from the appropriation for fiscal year 2002 shall be reappropriated to appropriation item 235-534, Student Workforce Development Grants, for fiscal year 2003.

WAR ORPHANS SCHOLARSHIPS

The foregoing appropriation item 235-504, War Orphans Scholarships, shall be used to reimburse state-assisted institutions of higher education for waivers of instructional fees and general fees provided by them, to provide grants to institutions that have received a certificate of authorization from the Ohio Board of Regents under Chapter 1713. of the Revised Code, in accordance with the provisions of section 5910.04 of the Revised Code, and to fund additional scholarship benefits provided by section 5910.032 of the Revised Code.

PART-TIME STUDENT INSTRUCTIONAL GRANTS

The foregoing appropriation item 235-549, Part-time Student Instructional Grants, shall be used to support a grant program for part-time undergraduate students who are Ohio residents and who are enrolled in degree granting programs.

Eligibility for participation in the program shall include degree granting educational institutions that hold a certificate of registration from the State Board of Proprietary School Registration, and nonprofit institutions that have a certificate of authorization issued pursuant to Chapter 1713. of the Revised Code, as well as state-assisted colleges and universities. Grants shall be given to students on the basis of need, as determined by the college, which, in making these determinations, shall give special consideration to single-parent heads-of-household and displaced homemakers who enroll in an educational degree program that prepares the individual for a career. In determining need, the college also shall consider the availability of educational assistance from a student's employer. It is the intent of the General Assembly that these grants not supplant such assistance.

Sec. 125. UNCLAIMED FUNDS ~~TRANSER~~ TRANSFER

Notwithstanding division (A) of section 169.05 of the Revised Code, prior to June 30, 2003, upon the request of the Director of Budget and Management, the Director of Commerce shall transfer to the General Revenue Fund up to ~~\$30,000,000~~ \$80,800,000 of the unclaimed funds that have been reported by the holder of unclaimed funds as provided by section 169.05 of the Revised Code, irrespective of the allocation of the unclaimed funds under that section."

Section 11. That existing Sections 16, 16.02, 44, 44.19, 63.07, 63.35, 75.02, 94, 94.02, 94.06, 94.07, and 125 of Am. Sub. H.B. 94 of the 124th General Assembly are hereby repealed.

Section 12. That Section 13 of Am. Sub. H.B. 94 of the 124th 5030
General Assembly, as amended by Am. Sub. H.B. 524 of the 124th 5031
General Assembly, be amended to read as follows: 5032

"Sec. 13. DAS DEPARTMENT OF ADMINISTRATIVE SERVICES 5033

General Revenue Fund 5034

GRF 100-402 Unemployment \$ 107,713 \$ 109,114 5035
Compensation

GRF 100-405 Agency Audit Expenses \$ 662,147 \$ 614,704 5036

GRF 100-406 County & University \$ 850,133 \$ 838,777 5037
Human Resources
Services

GRF 100-409 Departmental \$ 948,332 \$ 975,481 5038
Information Services

GRF 100-414 Ohio Geographically \$ 512,410 \$ 510,807 5039
Referenced Information
Program

GRF 100-416 Strategic Technology \$ 3,470,440 \$ 5,000,000 5040
Development Programs

GRF 100-417 MARCS \$ 5,350,344 \$ ~~6,176,160~~ 5041
4,676,915 5042

GRF 100-418 E-Government \$ 2,000,000 \$ 4,000,000 5043
Development

GRF 100-419 Ohio SONET \$ 4,527,924 \$ 1,785,270 5044

GRF 100-420 Innovation Ohio \$ 144,000 \$ 144,000 5045

GRF 100-421 ERP Project \$ 600,000 \$ 624,000 5046
Implementation

GRF 100-433 State of Ohio Computer \$ 5,003,580 \$ 5,027,234 5047
Center

GRF 100-439 Equal Opportunity \$ 817,894 \$ 861,093 5048
Certification Programs

GRF 100-447 OBA - Building Rent \$ 96,106,300 \$ 110,268,500 5049

Payments					
GRF 100-448	OBA - Building	\$ 26,098,000	\$ 26,098,000		5050
Operating Payments					
GRF 100-449	DAS - Building	\$ 5,126,955	\$ 5,126,968		5051
Operating Payments					
GRF 100-451	Minority Affairs	\$ 119,706	\$ 118,043		5052
GRF 100-734	Major Maintenance	\$ 70,224	\$ 68,376		5053
GRF 102-321	Construction	\$ 1,392,590	\$ 1,396,506		5054
Compliance					
GRF 130-321	State Agency Support	\$ 3,632,427	\$ 3,740,888		5055
Services					
TOTAL GRF General Revenue Fund		\$ 157,541,119	\$ 173,483,921		5056
			<u>171,984,676</u>		5057
General Services Fund Group					5058
112 100-616	DAS Administration	\$ 5,243,105	\$ 5,503,547		5059
115 100-632	Central Service Agency	\$ 1,259,438	\$ 376,844		5060
117 100-644	General Services	\$ 5,790,000	\$ 7,091,000		5061
Division - Operating					
122 100-637	Fleet Management	\$ 1,600,913	\$ 1,652,189		5062
125 100-622	Human Resources	\$ 23,895,125	\$ 24,640,311		5063
Division - Operating					
127 100-627	Vehicle Liability	\$ 3,373,835	\$ 3,487,366		5064
Insurance					
128 100-620	Collective Bargaining	\$ 3,292,859	\$ 3,410,952		5065
130 100-606	Risk Management	\$ 185,900	\$ 197,904		5066
Reserve					
131 100-639	State Architect's	\$ 7,504,787	\$ 7,772,789		5067
Office					
132 100-631	DAS Building	\$ 10,887,913	\$ 11,362,872		5068
Management					
188 100-649	Equal Opportunity	\$ 1,214,691	\$ 1,253,311		5069
Programs					
201 100-653	General Services	\$ 1,779,000	\$ 1,833,000		5070

Resale Merchandise					
210	100-612	State Printing	\$	6,648,503	\$ 6,928,823 5071
4H2	100-604	Governor's Residence	\$	22,628	\$ 23,194 5072
Gift					
4P3	100-603	Departmental MIS	\$	7,447,713	\$ 7,761,365 5073
Services					
427	100-602	Investment Recovery	\$	4,204,735	\$ 4,179,184 5074
5C2	100-605	MARCS Development	\$	3,429,947	\$ 4,475,190 5075
5C3	100-608	Skilled Trades	\$	2,237,200	\$ 2,332,464 5076
5D7	100-621	Workforce Development	\$	12,000,000	\$ 12,000,000 5077
5L7	100-610	Professional	\$	2,700,000	\$ 2,700,000 5078
Development					
TOTAL GSF General Services Fund					5079
Group			\$	104,718,292	\$ 108,982,305 5080
Intragovernmental Service Fund Group					5081
133	100-607	Information Technology	\$	104,482,097	\$ 111,387,436 5082
Fund					
4N6	100-617	Major Computer	\$	12,000,000	\$ 4,500,000 5083
Purchases					
TOTAL ISF Intragovernmental					5084
Service Fund Group			\$	116,482,097	\$ 115,887,436 5085
Agency Fund Group					5086
113	100-628	Unemployment	\$	3,500,000	\$ 3,577,000 5087
Compensation					
124	100-629	Payroll Deductions	\$	1,877,100,000	\$ 1,999,100,000 5088
TOTAL AGY Agency Fund Group			\$	1,880,600,000	\$ 2,002,677,000 5089
Holding Account Redistribution Fund Group					5090
R08	100-646	General Services	\$	20,000	\$ 20,000 5091
Refunds					
TOTAL 090 Holding Account					5092
Redistribution Fund Group			\$	20,000	\$ 20,000 5093
TOTAL ALL BUDGET FUND GROUPS			\$	2,259,361,508	\$ 2,401,050,662 5094

2,399,551,417" 5095

Section 13. That existing Section 13 of Am. Sub. H.B. 94 of 5097
the 124th General Assembly, as amended by Am. Sub. H.B. 524 of the 5098
124th General Assembly, is hereby repealed. 5099

Section 14. That Sections 63 and 63.37 of Am. Sub. H.B. 94 of 5100
the 124th General Assembly, as amended by Am. Sub. H.B. 299 of the 5101
124th General Assembly, be amended to read as follows: 5102

"Sec. 63. JFS DEPARTMENT OF JOB AND FAMILY SERVICES 5103

General Revenue Fund 5104

GRF 600-100 Personal Services 5105

State \$ 56,614,143 \$ 58,715,838 5106

Federal \$ 18,645,558 \$ 19,317,882 5107

Personal Services \$ 75,259,701 \$ 78,033,720 5108

Total

GRF 600-200 Maintenance 5109

State \$ 30,439,164 \$ 24,320,541 5110

Federal \$ 7,295,237 \$ 5,828,810 5111

Maintenance Total \$ 37,734,401 \$ 30,149,351 5112

GRF 600-300 Equipment 5113

State \$ 5,469,830 \$ 979,504 5114

Federal \$ 179,026 \$ 32,059 5115

Equipment Total \$ 5,648,856 \$ 1,011,563 5116

GRF 600-402 Electronic Benefits 5117

Transfer (EBT)

State \$ 7,551,305 \$ 7,715,079 5118

Federal \$ 7,551,305 \$ 7,715,079 5119

EBT Total \$ 15,102,610 \$ 15,430,158 5120

GRF 600-410 TANF State \$ 268,636,561 \$ 268,619,061 5121

GRF 600-413 Day Care \$ 84,120,606 \$ 84,120,606 5122

Match/Maintenance of

	Effort				
GRF 600-416	Computer Projects				5123
	State	\$	137,583,171	\$	142,908,736 5124
	Federal	\$	32,665,206	\$	34,770,353 5125
	Computer Projects	\$	170,248,377	\$	177,679,089 5126
	Total				
GRF 600-420	Child Support	\$	7,919,511	\$	7,885,309 5127
	Administration				
GRF 600-426	Children's Health				5128
	Insurance Plan (CHIP)				
	State	\$	13,571,338	\$	15,770,373 5129
	Federal	\$	33,535,007	\$	38,968,860 5130
	CHIP Total	\$	47,106,345	\$	54,739,233 5131
GRF 600-427	Child and Family	\$	7,189,086	\$	7,000,427 5132
	Services Activities				
GRF 600-435	Unemployment	\$	3,759,151	\$	3,785,380 5133
	Compensation Review				
	Commission				
GRF 600-436	Medicaid Systems	\$	4,445,384	\$	1,853,611 5134
	Enhancements				
GRF 600-502	Child Support Match	\$	17,383,992	\$	16,814,103 5135
GRF 600-504	Non-TANF County	\$	70,554,373	\$	68,697,679 5136
	Administration				
GRF 600-511	Disability	\$	84,662,017	\$	98,152,408 5137
	Assistance/Other				
	Assistance				
GRF 600-512	Non-TANF Emergency	\$	1,079,000	\$	1,079,000 5138
	Assistance				
GRF 600-525	Health Care/Medicaid				5139
	State	\$	2,908,181,745	\$	3,112,834,875 5140
	Federal	\$	4,174,579,446	\$	4,460,972,607 5141
	Health Care Total	\$	7,082,761,191	\$	7,573,807,482 5142
GRF 600-527	Child Protective	\$	59,592,059	\$	64,047,479 5143

Services				
GRF 600-528	Adoption Services			5144
	State	\$ 33,085,023	\$ 37,697,562	5145
	Federal	\$ 32,158,564	\$ 36,641,941	5146
	Adoption Services	\$ 65,243,587	\$ 74,339,503	5147
Total				
GRF 600-534	Adult Protective	\$ 2,850,975	\$ 2,775,950	5148
Services				
GRF 600-552	County Social Services	\$ 11,354,550	\$ 11,055,746	5149
TOTAL GRF General Revenue Fund				5150
	State	\$ 3,816,042,984	\$ 4,036,829,267	5151
	Federal	\$ 4,306,609,349	\$ 4,604,247,591	5152
	GRF Total	\$ 8,122,652,333	\$ 8,641,076,858	5153
General Services Fund Group				5154
4A8 600-658	Child Support	\$ 42,389,027	\$ 42,389,027	5155
Collections				
4R4 600-665	BCII Service Fees	\$ 124,522	\$ 136,974	5156
5C9 600-671	Medicaid Program	\$ 50,846,239	\$ 59,226,893	5157
Support				
5R1 600-677	County Computers	\$ 5,000,000	\$ 5,000,000	5158
613 600-645	Training Activities	\$ 1,462,626	\$ 1,157,525	5159
TOTAL GSF General Services				5160
Fund Group		\$ 99,822,414	\$ 107,910,419	5161
Federal Special Revenue Fund Group				5162
3A2 600-641	Emergency Food	\$ 2,018,844	\$ 2,018,844	5163
Distribution				
3D3 600-648	Children's Trust Fund	\$ 2,040,524	\$ 2,040,524	5164
Federal				
3F0 600-623	Health Care Federal	\$ 260,504,926	\$ 281,562,040	5165
			<u>321,924,490</u>	5166
3F0 600-650	Hospital Care	\$ 320,551,643	\$ 332,807,785	5167
Assurance Match				

3G5	600-655	Interagency Reimbursement	\$	852,461,818	\$	860,986,436	5168
3G9	600-657	Special Activities Self Sufficiency	\$	522,500	\$	190,000	5169
3H7	600-617	Day Care Federal	\$	299,156,430	\$	337,848,130	5170
3N0	600-628	IV-E Foster Care Maintenance	\$	152,981,760	\$	173,963,142	5171
3S5	600-622	Child Support Projects	\$	534,050	\$	534,050	5172
3V0	600-688	Workforce Investment Act	\$	128,476,093	\$	128,476,093	5173
3V4	600-678	Federal Unemployment Programs	\$	74,025,525	\$	74,025,525	5174
						<u>125,025,525</u>	5175
3V4	600-679	Unemployment Compensation Review Commission - Federal	\$	2,286,421	\$	2,286,421	5176
3V6	600-689	TANF Block Grant	\$	654,410,661	\$	677,098,311	5177
3V6	600-690	Wellness	\$	14,337,515	\$	14,337,515	5178
316	600-602	State and Local Training	\$	10,166,587	\$	10,325,460	5179
327	600-606	Child Welfare	\$	34,594,191	\$	34,592,977	5180
331	600-686	Federal Operating	\$	41,600,896	\$	41,640,897	5181
365	600-681	JOB Training Program	\$	25,000,000	\$	5,469,259	5182
384	600-610	Food Stamps and State Administration	\$	160,371,358	\$	161,716,857	5183
385	600-614	Refugee Services	\$	4,388,503	\$	4,559,632	5184
395	600-616	Special Activities/Child and Family Services	\$	9,491,000	\$	9,491,000	5185
396	600-620	Social Services Block Grant	\$	51,195,100	\$	51,297,478	5186
397	600-626	Child Support	\$	248,001,590	\$	247,353,041	5187
398	600-627	Adoption Maintenance/	\$	277,806,175	\$	341,298,661	5188

Administration				
TOTAL FED Federal Special Revenue				5189
Fund Group	\$ 3,626,924,110	\$ 3,795,920,078		5190
		<u>3,887,282,528</u>		5191
State Special Revenue Fund Group				5192
198 600-647 Children's Trust Fund	\$ 4,368,785	\$ 4,379,333		5193
3W3 600-695 Adult Protective	\$ 120,227	\$		5194
Services				
3W3 600-696 Non-TANF Adult	\$ 1,000,000	\$		5195
Assistance				
3W8 600-638 Hippy Program	\$ 62,500	\$		5196
3W9 600-640 Adoption Connection	\$ 50,000	\$		5197
4A9 600-607 Unemployment	\$ 9,420,000	\$ 9,420,000		5198
Compensation Admin				
Fund				
4E3 600-605 Nursing Home	\$ 95,511	\$ 95,511		5199
Assessments				
4E7 600-604 Child and Family	\$ 145,805	\$ 149,450		5200
Services Collections				
4F1 600-609 Foundation	\$ 116,400	\$ 119,310		5201
Grants/Child and				
Family Services				
4J5 600-613 Nursing Facility Bed	\$ 31,179,798	\$ 31,279,798		5202
Assessments				
4J5 600-618 Residential State	\$ 15,700,000	\$ 15,700,000		5203
Supplement Payments				
4K1 600-621 ICF/MR Bed Assessments	\$ 21,604,331	\$ 22,036,418		5204
4R3 600-687 Banking Fees	\$ 592,937	\$ 592,937		5205
4V2 600-612 Child Support	\$ 124,993	\$ 124,993		5206
Activities				
4Z1 600-625 HealthCare Compliance	\$ 10,000,000	\$ 10,000,000		5207
5A5 600-685 Unemployment Benefit	\$ 19,607,027	\$ 13,555,667		5208
Automation				

5E6 600-634	State Option Food	\$	6,000,000	\$	6,000,000	5209
	Stamps					
5P4 600-691	TANF Child Welfare	\$	7,500,000	\$	7,500,000	5210
5P5 600-692	Health Care Services	\$	223,847,498	\$	255,386,713	5211
5R2 600-608	Medicaid-Nursing	\$	59,462,415	\$	79,283,220	5212
	Facilities					
					<u>105,136,444</u>	5213
<u>5U3 600-654</u>	<u>Health Care Services</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>3,419,405</u>	5214
	<u>Administration</u>					
651 600-649	Hospital Care	\$	222,480,109	\$	233,384,431	5215
	Assurance Program Fund					
TOTAL SSR	State Special Revenue					5216
Fund Group		\$	633,478,336	\$	690,240,508	5217
					<u>719,513,137</u>	5218
Agency Fund Group						5219
192 600-646	Support Intercept -	\$	80,000,000	\$	82,000,000	5220
	Federal					
5B6 600-601	Food Stamp Intercept	\$	5,283,920	\$	5,283,920	5221
583 600-642	Support Intercept -	\$	20,162,335	\$	20,565,582	5222
	State					
TOTAL AGY	Agency Fund Group	\$	105,446,255	\$	107,849,502	5223
Holding Account	Redistribution Fund Group					5224
R12 600-643	Refunds and Audit	\$	200,000	\$	200,000	5225
	Settlements					
R13 600-644	Forgery Collections		700,000		700,000	5226
TOTAL 090	Holding Account	\$	900,000	\$	900,000	5227
Redistribution Fund Group						
TOTAL ALL BUDGET FUND GROUPS		\$12,589,223,448		\$13,343,897,365		5228
				<u>13,464,532,444</u>		5229

Sec. 63.37. NURSING FACILITY STABILIZATION FUND 5231

(A) As used in this section: 5232

(1) "Inpatient days" and "nursing facility" have the same 5233
meanings as in section 5111.20 of the Revised Code. 5234

(2) "Medicaid day" means all days during which a resident who 5235
is a Medicaid recipient occupies a bed in a nursing facility that 5236
is included in the facility's certified capacity under Title XIX 5237
of the "Social Security Act," 79 Stat. 286 (1965), 42 U.S.C.A. 5238
1396, as amended. Therapeutic or hospital leave days for which 5239
payment is made under section 5111.33 of the Revised Code are 5240
considered Medicaid days proportionate to the percentage of the 5241
nursing facility's per resident per day rate paid for those days. 5242

(B) The Department of Job and Family Services shall use money 5243
in the Nursing Facility Stabilization Fund created under section 5244
3721.56 of the Revised Code to do all of the following: 5245

(1) Make payments to nursing facilities under sections 5246
5111.20 to 5111.32 of the Revised Code; 5247

(2) Beginning with payments made to nursing facilities in 5248
August 2001, make payments to each nursing facility for each 5249
Medicaid day in fiscal ~~years~~ year 2002 ~~and 2003~~ in an amount equal 5250
to sixty-nine and seven-tenths per cent of the franchise permit 5251
fee the nursing facility pays under section 3721.53 of the Revised 5252
Code for the fiscal year the department makes the payment divided 5253
by the nursing facility's inpatient days for the calendar year 5254
preceding the calendar year in which that fiscal year begins; 5255

(3) Beginning with payments made to nursing facilities in 5256
August 2002, make payments to each nursing facility for each 5257
Medicaid day in fiscal years 2003, 2004, and 2005 in an amount 5258
equal to seventy-six and seventy-four-hundredths per cent of the 5259
franchise permit fee the nursing facility pays under section 5260
3721.53 of the Revised Code for the fiscal year the department 5261
makes the payment divided by the nursing facility's inpatient days 5262
for the calendar year preceding the calendar year in which that 5263

fiscal year begins; 5264

(4) Beginning with payments made to nursing facilities in 5265
August 2001, make payments to each nursing facility for fiscal 5266
years year 2002 and 2003 in an amount equal to one dollar and 5267
fifty cents per Medicaid day for the purpose of enhancing quality 5268
of care; 5269

(5) Beginning with payments made to nursing facilities in 5270
August 2002, make payments to each nursing facility for fiscal 5271
years 2003, 2004, and 2005 in an amount equal to two dollars and 5272
twenty-five cents per Medicaid day for the purpose of enhancing 5273
quality of care. 5274

(C) Any money remaining in the Nursing Facility Stabilization 5275
Fund after payments specified in division (B) of this section are 5276
made for fiscal years 2002 ~~and~~, 2003, 2004, and 2005 shall be 5277
retained in the fund. Any interest or other investment proceeds 5278
earned on money in the fund shall be credited to the fund and used 5279
to make payments in accordance with division (B) of this section. 5280
5281

(D) Notwithstanding division (N) of section 5111.20 of the 5282
Revised Code, the Department of Job and Family Services, in making 5283
Medicaid payments to a nursing facility under sections 5111.20 to 5284
5111.32 of the Revised Code, shall ~~exclude~~ do both of the 5285
following: 5286

(1) Exclude from a nursing facility's other protected costs 5287
the cost of sixty-nine and seven-tenths per cent of the franchise 5288
permit fee that the nursing facility pays under section 3721.53 of 5289
the Revised Code for fiscal ~~years year~~ 2002 ~~and 2003~~ if the 5290
nursing facility receives payments under division (B)(2) of this 5291
section for sixty-nine and seven-tenths per cent of those 5292
franchise permit fees; 5293

(2) Exclude from a nursing facility's other protected costs 5294

the cost of seventy-six and seventy-four-hundredths per cent of 5295
the franchise permit fee that the nursing facility pays under 5296
section 3721.53 of the Revised Code for fiscal years 2003, 2004, 5297
and 2005 if the nursing facility receives payments under division 5298
(B)(2) of this section for seventy-six and seventy-four-hundredths 5299
per cent of those franchise permit fees. 5300

(E) The limitation of Section 230 of Am. Sub. H.B. 94 of the 5301
124th General Assembly is not applicable to the amendments made by 5302
this act to this section.^u 5303

Section 15. That existing Sections 63 and 63.37 of Am. Sub. 5304
H.B. 94 of the 124th General Assembly, as amended by Am. Sub. H.B. 5305
299 of the 124th General Assembly, are hereby repealed. 5306

Section 16. That Section 29 of Am. Sub. H.B. 405 of the 124th 5307
General Assembly be amended to read as follows: 5308

"Sec. 29. BUDGET STABILIZATION FUND TRANSFERS 5309

(A) Notwithstanding section 131.43 and division (D) of 5310
section 127.14 of the Revised Code, the Director of Budget and 5311
Management may, with Controlling Board approval, transfer up to 5312
\$248 million from the Budget Stabilization Fund to the General 5313
Revenue Fund during the 2002-2003 biennium to help ensure that the 5314
available revenue receipts and balances in the General Revenue 5315
Fund are not less than the appropriations for each fiscal year. 5316

(B) Notwithstanding section 131.43 and division (D) of 5317
section 127.14 of the Revised Code, the Director of Budget and 5318
Management shall transfer, not later than 30 days after the 5319
effective date of this section, \$8.0 million from the Budget 5320
Stabilization Fund to the General Revenue Fund. ~~These funds of the~~ 5321
amount transferred, \$2.0 million shall be used for emergency 5322
purposes, to include, but not be limited to, the Department of 5323

Health and Department of Agriculture for anthrax and bioterrorism 5324
testing, the Adjutant General for costs associated with the 5325
deployment of troops, armory maintenance, equipment costs and 5326
capital needs, the Department of Public Safety, security, and 5327
other emergency purpose expenses. These amounts are hereby 5328
appropriated for General Revenue Fund appropriation line items 5329
established by the Director of Budget and Management. 5330

Prior to utilizing these funds, the appropriate agency must 5331
receive the approval of the Controlling Board. Any of these funds 5332
unspent in fiscal year 2002 shall be transferred to fiscal year 5333
2003 by the Director of Budget and Management for the same purpose 5334
as in fiscal year 2002. 5335

The Of the \$2.0 million transferred for emergency purposes as 5336
specified in this division, the unobligated and unencumbered 5337
balance of these funds as of June 30, 2003, shall be transferred 5338
back to the Budget Stabilization Fund." 5339

Section 17. That existing Section 29 of Am. Sub. H.B. 405 of 5340
the 124th General Assembly is hereby repealed. 5341

Section 18. That Section 31 of Am. Sub. H.B. 405 of the 124th 5342
General Assembly is hereby repealed. This repeal is not subject to 5343
the referendum. Therefore, under Ohio Constitution, Article II, 5344
Section 1d, the repeal goes into immediate effect. 5345

Section 19. In addition to any amounts that have been 5346
authorized for transfer from the Budget Stabilization Fund to the 5347
General Revenue Fund in fiscal year 2002, there is hereby 5348
appropriated in fiscal year 2002 an amount deemed necessary by the 5349
Director of Budget and Management, from the Budget Stabilization 5350
Fund (Fund 013), to appropriation item 001-601, GRF Shortfall 5351
Contingency, for the purpose of overcoming the current shortfall 5352
of revenues to the General Revenue Fund. The Director shall make 5353

disbursements, using an intrastate transfer voucher, from the 5354
foregoing appropriation to the General Revenue Fund, of such 5355
amounts as are necessary to ensure that the unobligated and 5356
unencumbered balance in the General Revenue Fund at the end of 5357
fiscal year 2002 is not more than \$100,000,000. 5358

In addition to any amounts that have been authorized for 5359
transfer from the Budget Stabilization Fund to the General Revenue 5360
Fund in fiscal year 2003, there is hereby appropriated in fiscal 5361
year 2003 an amount deemed necessary by the Director of Budget and 5362
Management, from the Budget Stabilization Fund (Fund 013) to 5363
appropriation item 001-601, GRF Shortfall Contingency. The 5364
Director shall make disbursements, using an intrastate transfer 5365
voucher, from the foregoing appropriation to the General Revenue 5366
Fund, of such amounts as are necessary to ensure that the 5367
unobligated and unencumbered balance in the General Revenue Fund 5368
at the end of fiscal year 2003 is not more than \$100,000,000. 5369

Section 20. ADDITIONAL TRANSFERS TO THE GENERAL REVENUE FUND 5370
5371

Notwithstanding any other provision of law to the contrary, 5372
including Am. Sub. H.B. 94 and Am. Sub. H.B. 405 both of the 124th 5373
General Assembly, as subsequently amended, during fiscal years 5374
2002 and 2003, the Director of Budget and Management is hereby 5375
authorized to make such transfers of cash to the General Revenue 5376
Fund from funds created in uncodified law or in Title 1, 3, 5, 7, 5377
9, 11, 13, 15, 17, 19, 21, 23, 25, 27, 29, 31, 33, 35, 37, 39, 41, 5378
43, 45, 47, 49, 51, 53, or 55, Chapter 5701., 5703., 5705., 5707., 5379
5709., 5711., 5713., 5715., 5717., 5719., 5721., 5723., 5725., 5380
5727., 5729., 5731., 5733., 5735., 5737., 5739., 5741., 5743., 5381
5745., 5749., 5751., or 5753., or Title 59, 61, or 63 of the 5382
Revised Code that do not consist of federal funds or of funds from 5383
which transfers for general purposes are constitutionally 5384
restricted, as are necessary to ensure that expenditures from the 5385

General Revenue Fund do not exceed amounts credited to it. The 5386
Director shall issue any directives to state agencies that are 5387
necessary to accomplish the purposes of this section. 5388

Section 21. On or before January 1, 2003, the Director of 5389
Budget and Management shall reduce fiscal year 2003 General 5390
Revenue Fund appropriations for the Department of Education by 5391
\$30,000,000. The following GRF appropriation items are exempt from 5392
the reduction: 200-406, Head Start; 200-500, School Finance 5393
Equity; 200-501, Base Cost Funding; 200-502, Pupil Transportation; 5394
200-511, Auxillary Services; 200-520, Disadvantaged Pupil Impact 5395
Aid; 200-521, Gifted Pupil Program; 200-525, Parity Aid; 200-532, 5396
Nonpublic Administration Cost Reimbursement; 200-534, 5397
Desegregation Costs; 200-540, Special Education Enhancements; 5398
200-545, Career-Technical Education Enhancements; 200-546, 5399
Charge-Off Supplement; 200-553, County MR/DD Boards Transportation 5400
Operating; 200-901, Property Tax Allocation - Education; and 5401
200-906, Tangible Tax Exemption - Education. 5402

Section 22. Not later than July 10, 2002, the Director of 5403
Budget and Management shall reduce fiscal year 2003 General 5404
Revenue Fund appropriations made to the Department of 5405
Rehabilitation and Correction appropriation item 501-321, 5406
Institutional Operations, by \$10,000,000. This appropriations 5407
reduction is in addition to any other General Revenue Fund 5408
appropriations reductions made to the Department of Rehabilitation 5409
and Correction appropriations in fiscal year 2003, including but 5410
not limited to any General Revenue Fund appropriations reductions 5411
imposed by executive order. 5412

Section 23. There is hereby appropriated out of funds made 5413
available to the state under Section 903(d) of the Social Security 5414
Act, as amended, the sum of \$51,000,000 to be used under the 5415

direction of the Department of Job and Family Services to pay for 5416
administrative activities for the Unemployment Insurance Program, 5417
employment services, and other allowable expenditures under 5418
Section 903(d) of the Social Security Act, as amended. 5419

The amounts obligated pursuant to this section shall not 5420
exceed at any time the amount by which the aggregate of the 5421
amounts transferred to the account of the state pursuant to 5422
Section 903(d) of the Social Security Act, as amended, exceeds the 5423
aggregate of the amounts obligated for administration and paid out 5424
for benefits and required by law to be charged against the amounts 5425
transferred to the account of the state. 5426

Of the appropriation item 600-678, Federal Unemployment 5427
Programs, in Section 63 of Am. Sub. H.B. 94 of the 124th General 5428
Assembly, as amended, up to \$18,000,000 in fiscal year 2003 shall 5429
be used by the Department of Job and Family Services to reimburse 5430
the General Revenue Fund, through state intrastate transfer 5431
vouchers, for expenses incurred on or after the date of enactment 5432
of this section from the General Revenue Fund for the 5433
aforementioned programs as reported to the federal government as 5434
allowable expenditures. 5435

Section 24. There is hereby created the Economic Development 5436
Study Committee consisting of five members appointed by the 5437
President of the Senate and four members appointed by the Speaker 5438
of the House of Representatives. Of the members appointed by the 5439
President, one shall represent retail merchants, one the Ohio 5440
Chamber of Commerce, one the Ohio Manufacturers Association, one 5441
the Business Roundtable, and one the Interuniversity Council. Of 5442
the members appointed by the Speaker, one shall represent the Ohio 5443
Farm Bureau Federation, one the labor unions of the state, one the 5444
Ohio Association of Community Colleges, and one the National 5445
Federation of Independent Businesses. At the first meeting of the 5446

committee, the members shall elect a chairperson and vice 5447
chairperson. Members shall serve without compensation. The 5448
committee shall study the needs of the economy of the state and 5449
shall submit a written report to the President, the Speaker, and 5450
the minority leaders of the House and Senate not later than 5451
January 31, 2003. The report shall address the challenges of the 5452
ongoing revenue shortfall of the state and recommend measures to 5453
increase investment in high technology in the state, encourage 5454
economic growth and the creation of jobs, improve primary, 5455
secondary, and higher education, and achieve other goals important 5456
to the vitality of the state's economy. Upon submitting its 5457
report, the committee shall cease to exist. 5458

Section 25. (A) The aggregate amount of appropriations from 5459
the General Revenue Fund for fiscal years 2004 and 2005 shall not 5460
exceed the aggregate amount of spending from the General Revenue 5461
Fund for fiscal years 2002 and 2003, other than appropriations and 5462
spending for the following purposes: 5463

- (1) Higher education; 5464
- (2) Primary and secondary education; 5465
- (3) Medicaid; 5466
- (4) Debt service; 5467
- (5) Property tax relief. 5468

(B) There is hereby created the Budget Study Committee 5469
consisting of five members appointed from the House of 5470
Representatives and five members appointed from the Senate. The 5471
members of the House of Representatives shall be appointed by the 5472
Speaker of the House of Representatives and the members of the 5473
Senate shall be appointed by the President of the Senate. Of the 5474
five members from each house, two shall be of the minority party. 5475
All appointments shall be made by November 6, 2002. The Committee 5476

shall conduct its first meeting not later than November 15, 2002. 5477
At the first meeting, the Committee shall select a chairperson and 5478
vice chairperson. 5479

The Committee shall conduct a comprehensive study of the five 5480
areas of state spending set forth in divisions (A)(1) to (5) of 5481
this section for the purpose of making recommendations that, if 5482
implemented, will improve efficiency and maintain or exceed 5483
current levels of service in those areas. The Committee shall 5484
issue a report to the General Assembly with its recommendations 5485
not later than March 31, 2003. 5486

Section 26. Notwithstanding section 3702.68 of the Revised 5487
Code, the Director of Health may accept for review under section 5488
3702.52 of the Revised Code an application for a certificate of 5489
need approving the relocation of up to twenty-four existing 5490
nursing home beds in Jackson County to Gallia County. 5491

Section 27. The Director of Job and Family Services, on or 5492
before October 1, 2002, shall establish the Mahoning Valley 5493
Education and Training Institute at Youngstown State University. 5494
The purpose of the program shall be for retraining of existing 5495
workers and providing the education and training for new entrants 5496
into the regional labor market. 5497

Section 28. For any federal funds that are received under 5498
"The No Child Left Behind Act (PL107-110)" that the Department of 5499
Education has discretionary authority to spend, the Department 5500
shall submit a spending plan to the Controlling Board. The 5501
Department shall not expend any of these funds before obtaining 5502
approval of the spending plan by the Controlling Board. 5503

Section 29. (A) The Governor is hereby authorized to execute 5504
a deed in the name of the state conveying to Summit County and its 5505

successors and assigns all of the state's right, title, and 5506
interest in the following described real estate: 5507

Boston Mills Organizational Maintenance Shop and other 5508
related facilities, Volume 1540, Pages 411 & 412 and 413-415, 5509
Summit County Deed Records. And being parcel number 06-00493 of 5510
the Summit County Auditor's Records. 5511

Part A 5512

Situated in the Township of Boston, County of Summit, and 5513
State of Ohio; more particularly described as follows: Being a 5514
part of Lot 2, Tract 1, in said Township, beginning at a southwest 5515
corner of 80.45 acres of land, deeded by George Kellogg to F.W. 5516
Kellogg March 9th, 1872, in the center of the Brewery Road, 5517
so-called, at a stake in the line between the north and south half 5518
of said Lot 2, and which point is southwesterly along the center 5519
line of the Brewery Road 28.22 1/2 chains from the north line of 5520
Lot 2, Tract No. 1, Boston Township; thence northeasterly along 5521
the center of said Road as now traveled, 26.33 1/2 chains to a 5522
stake at the center of the Culvert; thence south 26 degrees east 3 5523
chains to a stake; thence southwesterly to a point in the division 5524
line between the north and south half of said Lot 2, 11.25 chains 5525
distant from the first mentioned stake in the center of the 5526
Brewery Road; thence north 89 3/4 degrees west along said division 5527
line 11 chains and 25 links to the place of beginning, containing 5528
10 acres of land, be the same more or less, but subject to all 5529
legal highways. 5530

Being the same piece of property conveyed by Mary C. & W.H. 5531
Smith to Harry M. Farnsworth as shown by recorded deed in Volume 5532
328, page 579 of Summit County Records being subsequently conveyed 5533
by said Harry M. Farnsworth and wife to The American Agricultural 5534
Chemical Company (of Connecticut) by deed dated November 18th, 5535
1905, and recorded in Summit County Records in Volume 627, Page 5536
432, and being subsequently conveyed by The American Agricultural 5537

Chemical Company (of Connecticut) to The American Agricultural 5538
Chemical Company (of Delaware) by deed dated June 30th, 1930, and 5539
recorded in Summit County Records in Volume 1352, Pages 420-421, 5540
and finally conveyed to the State of Ohio by Harvey J. Webster et 5541
ux by deed dated July 1, 1933. 5542

Part B 5543

Situated in the Township of Boston, County of Summit, and 5544
State of Ohio: and being part of Original Lot No. 2, Tract 1, in 5545
said Township and being further described as follows: 5546

Beginning in the center line of Brewery Road at its 5547
intersection with the northerly line of Grantor's lands, said 5548
beginning point being distant southwesterly along the center line 5549
of Brewery Road 28.22 1/2 chains from the North line of said Lot 5550
2, said beginning point being also the southwest corner of 80.45 5551
acres of lands deeded by George Kellogg to F.W. Kellogg, March 9, 5552
1872. 5553

Thence South 89 degrees 45'00" East along the Northerly line 5554
of Grantor's lands, said Northerly line being the southerly line 5555
of lands conveyed to F.W. Kellogg as aforesaid a distance of 900 5556
feet to a point. 5557

Thence South 12 degrees 37'30" West a distance of 700 feet to 5558
a point. 5559

Thence North 89 degrees 45'00" West along a line parallel 5560
with the first described line a distance of 650 feet to a point. 5561

Thence northwesterly along a line that intersects the center 5562
line of Brewery Road at a point distance Southwesterly 400 ft. 5563
from the intersection of said center line with the Northerly line 5564
of Grantor's land as aforesaid. 5565

Thence Northeasterly along the center line of Brewery Road 5566
400 feet to the place of beginning containing 15.257 acres of land 5567

be the same more or less but subject to all legal highways, and 5568
being transferred by a deed from Gilbert Cassity et al to the 5569
State of Ohio, by a deed dated June 12th, 1933. 5570

LESS THE FOLLOWING DESCRIBED PARCEL, GIVEN BY "DEPARTMENTAL 5571
TRANSFER OF STATE-OWNED LANDS" FROM THE ADJUTANT GENERAL'S 5572
DEPARTMENT TO THE OHIO DEPARTMENT OF HIGHWAYS, ON DECEMBER 1, 5573
1966. 5574

Situated in Boston Township, Summit County, State of Ohio, 5575
Lot 2, Town 4-North, Range 11 West, and bounded and described as 5576
follows: 5577

Being a parcel of land lying on the left and right sides of 5578
the centerline of a survey made by the Department of Highways, and 5579
recorded in Book 68, Pages 5-14, of the records of Summit County 5580
and being located within the following described points in the 5581
boundary thereof: 5582

Beginning at the intersection of the centerline tangent of 5583
Riverview Road (County Highway No. 9) with the north line of said 5584
Lot 2; said intersection being at right angles to and 599.99 feet 5585
left of Station 425 plus 95.97 on the centerline survey above 5586
referred to; thence along the centerline tangents of Riverview 5587
Road by the following bearings and distances: South 17°37'18" East 5588
a distance of 349.59 feet to an angle point; South 48°49'23" East 5589
a distance of 185.40 feet to an angle point on the proposed 5590
limited access line; thence along said limited access line by the 5591
following bearings and distances; South 54°14'22" West a distance 5592
of 179.03 feet to an angle point; North 35°45'38" West a distance 5593
of 232.83 feet to an angle point; South 54°14'22" West a distance 5594
of 650.00 feet to an angle point; South 8°48'58" West a distance 5595
of 140.09 feet to an angle point; South 55°21'44" West a distance 5596
of 926.04 feet to the true place of beginning, said point of 5597
beginning being an angle break in the grantor's easterly property 5598
line on a radial line to an 173.44 feet left of Station 406 plus 5599

50.07 on the centerline survey; thence South 11°42'11" West along
the grantor's easterly property line a distance of 534.33 feet to
an angle point on the proposed southerly limited access line, and
passing over the centerline survey at a distance of 224.33 feet,
the intersection of which is at Station 405 plus 06.15 on the
centerline survey; thence South 71°05'06" West along the limited
access line, a distance of 515.23 feet to an angle point; thence
along the grantor's property line by the following bearings and
distances: South 89°22'52" West a distance of 193.53 feet to an
angle point; North 42°26'06" West a distance of 368.80 feet to an
angle point on the limited access line, and passing over the
centerline survey at a distance of 141.65 feet the intersection of
which is at Station 395 plus 89.03 on the centerline survey;
thence along the limited access line by the following bearings and
distances: North 70°22'18" East a distance of 388.57 feet to an
angle point; North 60°57'09" East a distance of 590.51 feet to an
angle point; North 88°56'05" East a distance of 156.00 feet to the
true place of beginning and containing 390,674 square feet (8.969
acres) of land, more or less.

Station 425 plus 49.26 on the centerline survey (Proposed
State Route 217) is Station 72 plus 99.30 on the centerline of
right-of-way of Riverview Road (County Highway No. 9).

Description for the above parcel is based on a survey made by
Bryan E. Moody, registered Surveyor No. 4936.

(B) Consideration for conveyance of the real estate described
in division (A) of this section shall be the greater of
seventy-five thousand dollars or the highest bid at the June 13,
2001, public auction that is not accepted by the Adjutant General.

(C) Upon payment of the purchase price, the Auditor of State,
with the assistance of the Attorney General, shall prepare a deed
to the real estate described in division (A) of this section. The
deed shall state the consideration set forth in division (B) of

this section. The deed shall be executed by the Governor in the
name of the state, countersigned by the Secretary of State, sealed
with the Great Seal of the State, presented in the Office of the
Auditor of State for recording, and delivered to Summit County.
Summit County shall present the deed for recording in the Office
of the Summit County Recorder. Summit County shall pay the costs
of the conveyance of the real estate described in division (A) of
this section.

(D) The net proceeds of the conveyance of the real estate
described in division (A) of this section shall be deposited
pursuant to section 5911.10 of the Revised Code in the State
Treasury to the credit of the Armory Improvements Fund within the
Adjutant General's Department.

(E) This section expires two years after its effective date.

Section 30. The Ohio Public Facilities Commission, upon
request by the Board of Regents, is hereby authorized to issue and
sell, in accordance with Section 2n of Article VIII, Ohio
Constitution, and sections 151.01 and 151.04 of the Revised Code,
original obligations of the State of Ohio, in an aggregate
principal amount not to exceed \$50,000,000. These obligations, in
addition to the original issuance of obligations heretofore
authorized by prior acts of the General Assembly, shall be issued
and sold from time to time and in amounts necessary to ensure
sufficient moneys to the credit of the Higher Education
Improvement Fund (Fund 034) to pay costs charged to that fund
associated with previously authorized capital facilities and the
capital facilities in Section 34 of this act for state-supported
and state-assisted institutions of higher education, as estimated
by the Director of Budget and Management.

Section 31. All items in this section are hereby appropriated

as designated out of moneys in the state treasury to the credit of 5662
the Higher Education Improvement Fund (Fund 034). All 5663
appropriations made in this section are for fiscal years 2003 and 5664
2004. The appropriations made in this section are in addition to 5665
any other capital appropriations made for fiscal years 2003 and 5666
2004. 5667

Appropriations 5668

BOR BOARD OF REGENTS 5669

Higher Education Improvement Fund 5670

034 CAP-068 Third Frontier Project \$ 50,000,000 5671

Total 034 Higher Education Improvement Fund \$ 50,000,000 5672

TOTAL ALL BUDGET FUND GROUPS THIRD FRONTIER \$ 50,000,000 5673

PROJECT

THIRD FRONTIER PROJECT 5674

The foregoing appropriation item CAP-068, Third Frontier 5675
Project, shall be used to acquire, renovate, or construct 5676
facilities and purchase equipment for research programs technology 5677
development, product development, and commercialization programs 5678
at or involving state-supported and state-assisted institutions of 5679
higher education. The funds shall be used to make grants, awarded 5680
on a competitive basis, and shall be administered by the 5681
Department of Development. Expenditure of these funds shall comply 5682
with Section 2n of Article VIII, Ohio Constitution, and sections 5683
151.01 and 151.04 of the Revised Code for the period beginning 5684
July 1, 2002, and ending June 30, 2004. 5685

The Department of Development shall develop guidelines 5686
relative to the application for and selection of projects funded 5687
from appropriation item CAP-068, Third Frontier Project. The 5688
guidelines shall be developed in consultation with the Board of 5689
Regents, the Governor's Science and Technology Advisor, and other 5690
interested parties at the discretion of the Department of 5691
Development. The Board of Regents and all state-assisted and 5692

state-supported institutions of higher education shall take all 5693
actions necessary to implement grants awarded by the Department of 5694
Development. 5695

The foregoing capital appropriation item, CAP-068, Third 5696
Frontier Project, for which an appropriation is made from the 5697
Higher Education Improvement Fund (Fund 034) is determined to 5698
consist of capital improvements and capital facilities for 5699
state-supported and state-assisted institutions of higher 5700
education, and is designated for the capital facilities to which 5701
proceeds of obligations in the Higher Education Improvement Fund 5702
(Fund 034) are to be applied. 5703

Within the limits set forth in this section, the Director of 5704
Budget and Management shall establish accounts indicating the 5705
source and amount of funds for each appropriation made in this 5706
section, and shall determine the form and manner in which 5707
appropriation accounts shall be maintained. Expenditures from 5708
appropriations contained in this section shall be accounted for as 5709
though made in the 2002-2004 biennial capital appropriations act 5710
of the 124th General Assembly. 5711

The appropriations made in this section are subject to all 5712
provisions of the 2002-2004 biennial capital appropriations act of 5713
the 124th General Assembly that are generally applicable to such 5714
appropriations. 5715

Section 32. (A) Notwithstanding section 183.02 of the Revised 5716
Code and in addition to any amounts that have been authorized for 5717
transfer from the Tobacco Master Settlement Agreement Fund (Fund 5718
087) to the General Revenue Fund in fiscal year 2002, there is 5719
hereby appropriated in fiscal year 2002, \$180,000,000 from the 5720
Tobacco Master Settlement Agreement Fund (Fund 087) to 5721
appropriation item 001-602, GRF Revenue Supplement, for the 5722
purpose of overcoming the current shortfall of revenues to the 5723

General Revenue Fund. The Director shall make disbursements, using 5724
an intrastate transfer voucher, from the foregoing appropriation 5725
to the General Revenue Fund. 5726

Of the tobacco revenue that is credited to the Tobacco Master 5727
Settlement Agreement Fund in fiscal year 2002, the share that is 5728
determined pursuant to section 183.02 of the Revised Code to be 5729
the amount transferred by the Director of Budget and Management 5730
from the Tobacco Master Settlement Agreement Fund to the Education 5731
Facilities Trust Fund (Fund N87) shall be reduced by the amount 5732
that is appropriated from the Tobacco Master Settlement Agreement 5733
Fund to appropriation item 001-602, GRF Revenue Supplement, in 5734
accordance with this section. 5735

(B) Notwithstanding section 183.02 of the Revised Code and in 5736
addition to any amounts that have been authorized for transfer 5737
from the Tobacco Master Settlement Agreement Fund (Fund 087) to 5738
the General Revenue Fund in fiscal year 2003, there is hereby 5739
appropriated in fiscal year 2003, \$165,000,000 from the Tobacco 5740
Master Settlement Agreement Fund (Fund 087) to appropriation item 5741
001-602, GRF Revenue Supplement, for the purpose of overcoming the 5742
current shortfall of revenues to the General Revenue Fund. The 5743
Director shall make disbursements, using an intrastate transfer 5744
voucher, from the foregoing appropriation to the General Revenue 5745
Fund. 5746

Of the tobacco revenue that is credited to the Tobacco Master 5747
Settlement Agreement Fund in fiscal year 2003, the share that is 5748
determined pursuant to section 183.02 of the Revised Code to be 5749
the amount transferred by the Director of Budget and Management 5750
from the Tobacco Master Settlement Agreement Fund to the Education 5751
Facilities Trust Fund (Fund N87) shall be reduced by the amount 5752
that is appropriated from the Tobacco Master Settlement Agreement 5753
Fund to appropriation item 001-602, GRF Revenue Supplement, in 5754
accordance with this section. 5755

Section 33. All items set forth in this section are hereby 5756
appropriated out of any moneys in the state treasury to the credit 5757
of the School Building Program Assistance Fund (Fund 032), created 5758
under section 3318.25 of the Revised Code, derived from the 5759
proceeds of obligations heretofore and herein authorized to pay 5760
the cost of facilities for a system of common schools throughout 5761
the state for the period beginning July 1, 2002, and ending June 5762
30, 2004. The appropriation shall be in addition to any other 5763
appropriation for this purpose. 5764

SCHOOL FACILITIES COMMISSION 5765

CAP-770 School Building Program Assistance	\$	345,000,000	5766
Total School Facilities Commission	\$	345,000,000	5767
Total School Building Program Assistance Fund	\$	345,000,000	5768

SCHOOL BUILDING PROGRAM ASSISTANCE 5769

The foregoing appropriation item CAP-770, School Building 5770
Program Assistance, shall be used by the School Facilities 5771
Commission to provide funding to school districts that receive 5772
conditional approval from the Commission pursuant to Chapter 3318. 5773
of the Revised Code. 5774

Expenditures from appropriations contained in this section 5775
may be accounted for as though made in the main capital 5776
appropriations act for the fiscal year 2003-2004 biennium enacted 5777
by the 124th General Assembly. The School Facilities Commission 5778
shall not commit any of the appropriations made in this section 5779
until after July 1, 2002. 5780

Section 34. The Ohio Public Facilities Commission is hereby 5781
authorized to issue and sell, in accordance with the provisions of 5782
Section 2n of Article VIII, Ohio Constitution, and Chapter 151. 5783
and particularly sections 151.01 and 151.03 of the Revised Code, 5784
original obligations in an aggregate principal amount not to 5785

exceed \$345,000,000 to pay the costs associated with previously 5786
authorized capital facilities and the capital facilities 5787
authorized in the immediately preceding section of this act for 5788
the School Building Assistance Program for the School Facilities 5789
Commission to distribute in accordance with their rules and 5790
guidelines pursuant to Chapter 3318. of the Revised Code. 5791

Section 35. The amendment or enactment by this act of 5792
sections 5901.02, 5901.021, and 5901.03 of the Revised Code first 5793
applies to veterans service commission budget requests for the 5794
fiscal year beginning January 1, 2003. Notwithstanding section 5795
5901.11 of the Revised Code to the contrary, if a budget request 5796
for that fiscal year exceeds either of the amounts set forth in 5797
section 5901.021 of the Revised Code as enacted by this act, the 5798
board of county commissioners may exercise the authority granted 5799
under that section with respect to such request regardless of when 5800
the budget request was submitted to the board. 5801

Section 36. Sections 30, 31, 33, 34, and 35 of this act are 5802
subject to the referendum. Therefore, under Ohio Constitution, 5803
Article II, Section 1c and section 1.471 of the Revised Code, the 5804
sections take effect on the ninety-first day after this act is 5805
filed with the Secretary of State. If, however, a referendum 5806
petition is filed against the sections, the sections, unless 5807
rejected at the referendum, take effect at the earliest time 5808
permitted by law. 5809

Section 37. Except as otherwise specifically provided in this 5810
act, the codified and uncodified sections of law amended or 5811
enacted in this act, and the items of law of which the codified 5812
and uncodified sections of law amended or enacted in this act are 5813
composed, are not subject to the referendum. Therefore, under Ohio 5814
Constitution, Article II, Section 1d, the codified and uncodified 5815

sections of law amended or enacted in this act, and the items of 5816
law of which the codified and uncoded sections of law amended 5817
or enacted in this act are composed, except as otherwise 5818
specifically provided in this act, go into immediate effect when 5819
this act becomes law. 5820

Section 38. The repeals by this act of sections 5126.16 and 5821
5126.18 of the Revised Code are not subject to the referendum. 5822
Therefore, under Ohio Constitution, Article II, Section 1d and 5823
section 1.471 of the Revised Code, the repeals go into immediate 5824
effect when this act becomes law. 5825

Section 39. The repeals by this act of sections 5743.023 and 5826
5743.322 of the Revised Code are not subject to the referendum. 5827
Therefore, under Ohio Constitution, Article II, Section 1d, the 5828
repeals go into effect as prescribed in Section 3 of this act. 5829

Section 40. Sections 173.06, 173.061, 173.062, 173.07, 5830
173.071, 173.072, 5740.03, 5901.02, 5901.021, and 5901.03 of the 5831
Revised Code as amended or enacted by this act, and the items of 5832
law of which such sections as amended or enacted by this act are 5833
composed, are subject to the referendum. Therefore, under Ohio 5834
Constitution, Article II, Section 1c and section 1.471 of the 5835
Revised Code, such sections as amended or enacted by this act, and 5836
the items of law of which such sections as amended or enacted by 5837
this act are composed, take effect on the ninety-first day after 5838
this act is filed with the Secretary of State. If, however, a 5839
referendum petition is filed against any such section as amended 5840
or enacted by this act, or against any item of law of which any 5841
such section as amended or enacted by this act is composed, the 5842
section as amended or enacted, or item of law, unless rejected at 5843
the referendum, takes effect at the earliest time permitted by 5844
law. 5845

Section 41. The amendment of sections 5112.01, 5112.06,	5846
5112.07, and 5112.11 of the Revised Code is not intended to	5847
supersede the earlier repeal, with delayed effective date, of	5848
those sections.	5849