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Widowfield, Olman, Hagan, Carano, Hollister, Koziura, Hughes, Niehaus,
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D. Stewart, Wagner, Webster, Wilson, Wolpert
Senators Spada, Amstutz, Austria, Carey, Harris**

A B I L L

To amend sections 321.45, 323.152, 323.25, 718.01, 1
4503.065, 5705.19, 5709.61, 5709.62, 5709.63, 2
5709.631, 5709.633, 5709.85, 5709.883, 5721.25, 3
5722.01, 5722.02, 5733.05, 5733.33, 5735.01, 4
5747.01, and 5747.03 and to enact sections 5722.21 5
and 5747.013 of the Revised Code and to amend 6
Sections 3.18 and 89.07 of Am. Sub. H.B. 95 of the 7
125th General Assembly to permit counties, 8
municipal corporations, and townships to acquire 9
tax-delinquent land for redevelopment free from 10
liens for the unpaid taxes, to revise municipal 11
taxation of S corporation income, to change the 12
inflation adjustment rounding for homestead 13
exemption tax reductions, to revise the method of 14
computing the sales factor and situsing property 15
to this state under the corporation franchise tax 16
law, to clarify that the sales tax does not apply 17

to public transit buses that seat 10 or fewer 18
persons, to permit persons operating such buses 19
with that seating capacity to apply for motor fuel 20
tax refunds, to extend from 2005 to 2015 the tax 21
credit on the purchase of new manufacturing 22
machinery and equipment, to revise the land 23
reutilization program, to update enterprise zone 24
city and population eligibility criteria, to 25
revise the requirements for redeeming delinquent 26
land after a foreclosure proceeding has been 27
instituted, to permit excess General Revenue Fund 28
moneys to be used to support economic development 29
projects, to require that interest earned on the 30
School District Income Tax Fund be credited to the 31
fund, to make changes to the law regarding the 32
prepayment of real property or manufactured or 33
mobile home taxes, to revise the manner in which 34
the homestead exemption is adjusted for inflation, 35
to limit the Tax Commissioner's authority to 36
enforce certain components of enterprise zone 37
agreements, to revise the information that is 38
required to be in an enterprise zone agreement, to 39
authorize tax incentive review councils to request 40
information from owners of property exempted under 41
urban renewal and community urban redevelopment 42
projects, community reinvestment area programs, 43
enterprise zone agreements, or tax increment 44
financing ordinances or resolutions, to permit 45
subdivisions to specify that revenue from a 46
property tax levied for various police purposes 47
may also be used to pay for police department 48
buildings, to revise the method for computing the 49
property, payroll, and sales factors used in 50

calculating a trust's modified Ohio taxable 51
income, to delay the effective date of new sales 52
tax situsing provisions, to change the recipients 53
of earmarked appropriations to the Air Force 54
Institute of Technology, and to make an 55
appropriation. 56

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

Section 1. That sections 321.45, 323.152, 323.25, 718.01, 57
4503.065, 5705.19, 5709.61, 5709.62, 5709.63, 5709.631, 5709.633, 58
5709.85, 5709.883, 5721.25, 5722.01, 5722.02, 5733.05, 5733.33, 59
5735.01, 5747.01, and 5747.03 be amended and sections 5722.21 and 60
5747.013 of the Revised Code be enacted to read as follows: 61

Sec. 321.45. (A) As used in this section: 62

(1) "Taxpayer" means any person in whose name a parcel of 63
property or manufactured or mobile home is listed on the tax 64
duplicate or a vendee of such property under a purchase agreement 65
or land contract. 66

(2) "Prepayment" means any amount given to the county 67
treasurer by a taxpayer under this section for the treasurer to 68
apply as payment of the taxpayer's total taxes due in accordance 69
with this section. 70

(3) In the case of a parcel of property or a manufactured or 71
mobile home listed on the real property tax list, "taxes," 72
"delinquent taxes," and "current taxes" have the same meanings as 73
in section 323.01 of the Revised Code. In the case of a 74
manufactured or mobile home listed on the manufactured home tax 75
list, "taxes" means manufactured home taxes levied pursuant to 76
section 4503.06 of the Revised Code. 77

(4) "Duplicate" means the treasurer's duplicate of real and public utility property and the manufactured home tax list.

(B)(1)(a) A county treasurer may enter into a written agreement with any taxpayer for the payment of current taxes, upon mutually agreed on terms and conditions, under which both of the following occur:

(i) The taxpayer agrees to tender prepayments of taxes on a parcel of property or a manufactured or mobile home listed on the tax duplicate in the name of the taxpayer;

(ii) The treasurer agrees to accept the prepayments and hold them either in an escrow fund or a separate depository account until the last day that an installment of current taxes may be paid without penalty, at which time the treasurer further agrees to apply, toward the payment of the current taxes due on the parcel or the manufactured or mobile home, the amount of the prepayments collected on the parcel or the manufactured or mobile home. If a discount is not given under division (B)(2) of this section, any earnings on prepayments in an escrow fund or depository account shall be paid to the credit of a special interest account to be used by the treasurer only for the payment of the expenses incurred in establishing and administering the system for collecting prepayments under division (B)(1) of this section.

(b) A county treasurer and a taxpayer may enter into both a written agreement for the payment of current taxes under division (B)(1)(a) of this section and a written contract for the payment of delinquent taxes under section 323.31 of the Revised Code.

(2) In addition to providing for the items enumerated in division (B)(1) of this section, the agreement may provide for the treasurer to invest prepayments held in the escrow fund or depository account, subject to Chapter 135. of the Revised Code,

and apply the investment earnings thereon, after deducting an 109
amount to pay the expenses incurred by the treasurer in 110
establishing and administering the prepayment system, as a 111
discount against the total taxes due of each taxpayer entering 112
into such an agreement. The balance applied to the discounts shall 113
be apportioned among taxpayers in such a manner that the discount 114
credited to a taxpayer for each parcel of property or manufactured 115
or mobile home for which taxes are prepaid is commensurate with 116
the amount of current taxes due ~~and~~, the length of time current 117
taxes are held in escrow, and the expenses incurred by the 118
treasurer to process the prepayments. ~~Discounts accruing to~~ 119
~~prepayments made for a tax year shall be applied against total~~ 120
~~taxes due for the ensuing tax year.~~ No discount shall be 121
apportioned to a taxpayer who fails to pay the total taxes due or 122
fails to make prepayments pursuant to the terms of the agreement. 123

(C) A prepayment accepted by a treasurer under an agreement 124
under division (B) of this section does not constitute a payment 125
of taxes until it is applied toward the payment of taxes as 126
provided in this section. A separate prepayment agreement is 127
required for each parcel of property or manufactured or mobile 128
home, except that a taxpayer who makes prepayments on more than 129
one parcel or manufactured or mobile home may enter into a single 130
agreement covering all of the parcels or manufactured or mobile 131
homes. The single agreement shall specify the manner in which each 132
prepayment shall be apportioned among the parcels or manufactured 133
or mobile homes. The treasurer shall keep either a separate record 134
for each parcel or manufactured or mobile home showing the date 135
and amount of each prepayment or a single record for all of the 136
parcels or manufactured or mobile homes owned by a taxpayer 137
showing the date and amount of each prepayment. 138

(D) No treasurer shall fail to apply prepayments toward the 139
payment of taxes as required pursuant to an agreement entered into 140

under division (B) of this section. 141

(E) The treasurer shall give each person who makes a tax 142
prepayment in person at the office of the county treasurer a 143
receipt in the form that the prepayment agreement requires. The 144
treasurer shall give a receipt to a person who makes a tax 145
prepayment to the treasurer by mail only if the taxpayer encloses 146
with the prepayment an addressed envelope with sufficient postage, 147
in which case the treasurer shall insert a receipt for the 148
prepayment in that envelope and deposit it in the mail. The 149
treasurer may refund any amount tendered as a prepayment, if the 150
taxpayer so requests and files with the treasurer an affidavit and 151
the supporting documents the treasurer requires providing that the 152
taxpayer no longer owns the property. The request for the refund 153
shall be made prior to the date of the mailing of a tax bill and 154
escrow statement to the taxpayer. If a taxpayer who has entered 155
into a prepayment agreement pursuant to this section dies before 156
the last day on which an installment of current taxes may be paid 157
without penalty, the treasurer may refund the amount of any 158
prepayments made by that taxpayer to the executor or administrator 159
of the taxpayer's estate. 160

(F) If the treasurer has received any prepayments from a 161
taxpayer, the treasurer shall add to the tax bill required by 162
section 323.13 of the Revised Code a tax escrow statement that 163
shall specify the total amount of prepayments received by the 164
treasurer on or before the date the statement was prepared, the 165
balance of total taxes due for which no prepayment has been 166
received, the amount of any discount to be applied to total taxes 167
due, and the date the statement was prepared. 168

(G) If the total amount of a taxpayer's prepayments to the 169
treasurer made on or before the final date an installment of taxes 170
may be paid without penalty do not equal or exceed the current 171
taxes due on that date, any late penalty or interest due pursuant 172

to section 323.121 of the Revised Code shall be assessed on the 173
balance due after the treasurer has applied the prepayments. If 174
the treasurer fails to apply prepayments received by the 175
treasurer's office in accordance with the terms of an agreement 176
and the total amount of the taxpayer's prepayments equals or 177
exceeds the total taxes due, the taxpayer is relieved of any late 178
penalty or interest imposed under section 323.121 of the Revised 179
Code. 180

(H) The office of the county treasurer shall bear all of the 181
costs of establishing and administering a system for collecting 182
prepayments as permitted by this section. 183

(I) Before the county treasurer commences a prepayment 184
system, the tax commissioner shall approve all procedures and 185
forms to be used in the system. 186

(J) The treasurer may enter into any agreements necessary to 187
enable the taxpayer to make prepayments of taxes to the office of 188
the treasurer through the electronic transfer of funds from an 189
account in the name of the taxpayer at a financial institution, or 190
by credit card. 191

Sec. 323.152. In addition to the reduction in taxes required 192
under section 319.302 of the Revised Code, taxes shall be reduced 193
as provided in divisions (A) and (B) of this section. 194

(A)(1) Division (A) of this section applies to any of the 195
following: 196

(a) A person who is permanently and totally disabled; 197

(b) A person who is sixty-five years of age or older; 198

(c) A person who is the surviving spouse of a deceased person 199
who was permanently and totally disabled or sixty-five years of 200
age or older and who applied and qualified for a reduction in 201
taxes under this division in the year of death, provided the 202

surviving spouse is at least fifty-nine but not sixty-five or more 203
years of age on the date the deceased spouse dies. 204

(2) Real property taxes on a homestead owned and occupied, or 205
a homestead in a housing cooperative occupied, by a person to whom 206
division (A) of this section applies shall be reduced for each 207
year for which the owner obtains a certificate of reduction from 208
the county auditor under section 323.154 of the Revised Code or 209
for which the occupant obtains a certificate of reduction in 210
accordance with section 323.159 of the Revised Code. The reduction 211
shall equal the amount obtained by multiplying the tax rate for 212
the tax year for which the certificate is issued by the reduction 213
in taxable value shown in the following schedule: 214

	Reduce Taxable Value	
Total Income	by the Lesser of:	
\$11,900 or less	\$5,000 or seventy-five per cent	217
More than \$11,900 but not more than \$17,500	\$3,000 or sixty per cent	218
More than \$17,500 but not more than \$23,000	\$1,000 or twenty-five per cent	219
More than \$23,000	-0-	220

(3) Each calendar year, the tax commissioner shall adjust the 221
foregoing schedule by completing the following calculations in 222
September of each year: 223

(a) Determine the percentage increase in the gross domestic 224
product deflator determined by the bureau of economic analysis of 225
the United States department of commerce from the first day of 226
January of the preceding calendar year to the last day of December 227
of the preceding calendar year; 228

(b) Multiply that percentage increase by each of the total 229
income amounts, and by each dollar amount by which taxable value 230
is reduced, for the current tax year; 231

(c) Add the resulting product to each of the total income 232
amounts, and to each of the dollar amounts by which taxable value 233
is reduced, for the current tax year; 234

(d) ~~Round~~ (i) Except as provided in division (A)(3)(d)(ii) of 235
this section, round the resulting sum to the nearest multiple of 236
one hundred dollars; 237

(ii) If rounding the resulting sum to the nearest multiple of 238
one hundred dollars under division (A)(3)(d)(i) of this section 239
does not increase the dollar amounts by which taxable value is 240
reduced, the resulting sum instead shall be rounded to the nearest 241
multiple of ten dollars. 242

The commissioner shall certify the amounts resulting from the 243
adjustment to each county auditor not later than the first day of 244
December each year. The certified amounts apply to the following 245
tax year. The commissioner shall not make the adjustment in any 246
calendar year in which the amounts resulting from the adjustment 247
would be less than the total income amounts, or less than the 248
dollar amounts by which taxable value is reduced, for the current 249
tax year. 250

(B) Real property taxes on any homestead, and manufactured 251
home taxes on any manufactured or mobile home on which a 252
manufactured home tax is assessed pursuant to division (D)(2) of 253
section 4503.06 of the Revised Code, shall be reduced for each 254
year for which the owner obtains a certificate of reduction from 255
the county auditor under section 323.154 of the Revised Code. The 256
amount of the reduction shall equal one-fourth of the amount by 257
which the taxes charged and payable on the homestead or the 258
manufactured or mobile home are reduced for such year under 259
section 319.302 of the Revised Code. 260

(C) The reductions granted by this section do not apply to 261
special assessments or respread of assessments levied against the 262

homestead, and if there is a transfer of ownership subsequent to 263
the filing of an application for a reduction in taxes, such 264
reductions are not forfeited for such year by virtue of such 265
transfer. 266

(D) The reductions in taxable value referred to in this 267
section shall be applied solely as a factor for the purpose of 268
computing the reduction of taxes under this section and shall not 269
affect the total value of property in any subdivision or taxing 270
district as listed and assessed for taxation on the tax lists and 271
duplicates, or any direct or indirect limitations on indebtedness 272
of a subdivision or taxing district. If after application of 273
sections 5705.31 and 5705.32 of the Revised Code, including the 274
allocation of all levies within the ten-mill limitation to debt 275
charges to the extent therein provided, there would be 276
insufficient funds for payment of debt charges not provided for by 277
levies in excess of the ten-mill limitation, the reduction of 278
taxes provided for in sections 323.151 to 323.159 of the Revised 279
Code shall be proportionately adjusted to the extent necessary to 280
provide such funds from levies within the ten-mill limitation. 281

(E) No reduction shall be made on the taxes due on the 282
homestead of any person convicted of violating division (C) or (D) 283
of section 323.153 of the Revised Code for a period of three years 284
following the conviction. 285

Sec. 323.25. When taxes charged against an entry on the tax 286
duplicate, or any part of such taxes, are not paid within sixty 287
days after delivery of the delinquent land duplicate to the county 288
treasurer as prescribed by section 5721.011 of the Revised Code, 289
the county treasurer shall enforce the lien for such taxes by 290
civil action in the treasurer's official capacity as treasurer, 291
for the sale of such premises, in the court of common pleas of the 292
county in the same way mortgage liens are enforced. ~~If~~ After the 293

civil action has been instituted, but before the filing of an 294
entry of confirmation of sale pursuant to the action, any person 295
entitled to redeem the land may do so by tendering to the county 296
treasurer an amount sufficient, as determined by the court, to pay 297
the taxes, assessments, penalties, interest, and charges then due 298
and unpaid, and the costs incurred in the civil action, and by 299
demonstrating that the property is in compliance with all 300
applicable zoning regulations, land use restrictions, and 301
building, health, and safety codes. 302

If the delinquent land duplicate lists minerals or rights to 303
minerals listed pursuant to sections 5713.04, 5713.05, and 5713.06 304
of the Revised Code, the county treasurer may enforce the lien for 305
taxes against such minerals or rights to minerals by civil action, 306
in the treasurer's official capacity as treasurer, in the manner 307
prescribed by this section, or proceed as provided under section 308
5721.46 of the Revised Code. 309

If service by publication is necessary, such publication 310
shall be made once a week for three consecutive weeks instead of 311
as provided by the Rules of Civil Procedure, and the service shall 312
be complete at the expiration of three weeks after the date of the 313
first publication. If the prosecuting attorney determines that 314
service upon a defendant may be obtained ultimately only by 315
publication, the prosecuting attorney may cause service to be made 316
simultaneously by certified mail, return receipt requested, 317
ordinary mail, and publication. The county treasurer shall not 318
enforce the lien for taxes against real property to which any of 319
the following applies: 320

(A) The real property is the subject of an application for 321
exemption from taxation under section 5715.27 of the Revised Code 322
and does not appear on the delinquent land duplicate; 323

(B) The real property is the subject of a valid delinquent 324
tax contract under section 323.31 of the Revised Code for which 325

the county treasurer has not made certification to the county 326
auditor that the delinquent tax contract has become void in 327
accordance with that section; 328

(C) A tax certificate respecting that property has been sold 329
under section 5721.32 or 5721.33 of the Revised Code; provided, 330
however, that nothing in this division shall prohibit the county 331
treasurer or the county prosecuting attorney from enforcing the 332
lien of the state and its political subdivisions for taxes against 333
a certificate parcel with respect to any or all of such taxes that 334
at the time of enforcement of such lien are not the subject of a 335
tax certificate. 336

Upon application of the plaintiff, the court shall advance 337
such cause on the docket, so that it may be first heard. 338

Sec. 718.01. (A) As used in this chapter: 339

(1) "Adjusted federal taxable income" means a C corporation's 340
federal taxable income before net operating losses and special 341
deductions as determined under the Internal Revenue Code, adjusted 342
as follows: 343

(a) Deduct intangible income to the extent included in 344
federal taxable income. The deduction shall be allowed regardless 345
of whether the intangible income relates to assets used in a trade 346
or business or assets held for the production of income. 347

(b) Add an amount equal to five per cent of intangible income 348
deducted under division (A)(1)(a) of this section, but excluding 349
that portion of intangible income directly related to the sale, 350
exchange, or other disposition of property described in section 351
1221 of the Internal Revenue Code; 352

(c) Add any losses allowed as a deduction in the computation 353
of federal taxable income if the losses directly relate to the 354
sale, exchange, or other disposition of an asset described in 355

section 1221 or 1231 of the Internal Revenue Code; 356

(d)(i) Except as provided in division (A)(1)(d)(ii) of this 357
section, deduct income and gain included in federal taxable income 358
to the extent the income and gain directly relate to the sale, 359
exchange, or other disposition of an asset described in section 360
1221 or 1231 of the Internal Revenue Code; 361

(ii) Division (A)(1)(d)(i) of this section does not apply to 362
the extent the income or gain is income or gain described in 363
section 1245 or 1250 of the Internal Revenue Code. 364

(e) Add taxes on or measured by net income allowed as a 365
deduction in the computation of federal taxable income; 366

(f) In the case of a real estate investment trust and 367
regulated investment company, add all amounts with respect to 368
dividends to, distributions to, or amounts set aside for or 369
credited to the benefit of investors and allowed as a deduction in 370
the computation of federal taxable income; 371

(g) If the taxpayer is not a C corporation and is not an 372
individual, the taxpayer shall compute adjusted federal taxable 373
income as if the taxpayer were a C corporation, except: 374

(i) Guaranteed payments and other similar amounts paid or 375
accrued to a partner, former partner, member, or former member 376
shall not be allowed as a deductible expense; and 377

(ii) Amounts paid or accrued to a qualified self-employed 378
retirement plan with respect to an owner or owner-employee of the 379
taxpayer, amounts paid or accrued to or for health insurance for 380
an owner or owner-employee, and amounts paid or accrued to or for 381
life insurance for an owner or owner-employee shall not be allowed 382
as a deduction. 383

Nothing in division (A)(1) of this section shall be construed 384
as allowing the taxpayer to add or deduct any amount more than 385

once or shall be construed as allowing any taxpayer to deduct any 386
amount paid to or accrued for purposes of federal self-employment 387
tax. 388

Nothing in this chapter shall be construed as limiting or 389
removing the ability of any municipal corporation to administer, 390
audit, and enforce the provisions of its municipal income tax. 391

(2) "Internal Revenue Code" means the Internal Revenue Code 392
of 1986, 100 Stat. 2085, 26 U.S.C. 1, as amended. 393

(3) "Schedule C" means internal revenue service schedule C 394
filed by a taxpayer pursuant to the Internal Revenue Code. 395

(4) "Form 2106" means internal revenue service form 2106 396
filed by a taxpayer pursuant to the Internal Revenue Code. 397

(5) "Intangible income" means income of any of the following 398
types: income yield, interest, capital gains, dividends, or other 399
income arising from the ownership, sale, exchange, or other 400
disposition of intangible property including, but not limited to, 401
investments, deposits, money, or credits as those terms are 402
defined in Chapter 5701. of the Revised Code, and patents, 403
copyrights, trademarks, tradenames, investments in real estate 404
investment trusts, investments in regulated investment companies, 405
and appreciation on deferred compensation. "Intangible income" 406
does not include prizes, awards, or other income associated with 407
any lottery winnings or other similar games of chance. 408

(6) "S corporation" means a corporation that has made an 409
election under subchapter S of Chapter 1 of Subtitle A of the 410
Internal Revenue Code for its taxable year. 411

(7) For taxable years beginning on or after January 1, 2004, 412
"net profit" for a taxpayer other than an individual means 413
adjusted federal taxable income and "net profit" for a taxpayer 414
who is an individual means the individual's profit, other than 415
amounts described in division (F) of this section, required to be 416

reported on schedule C, schedule E, or schedule F. 417

(8) "Taxpayer" means a person subject to a tax on income 418
levied by a municipal corporation. "Taxpayer" does not include any 419
person that is a disregarded entity or a qualifying subchapter S 420
subsidiary for federal income tax purposes, but "taxpayer" 421
includes any other person who owns the disregarded entity or 422
qualifying subchapter S subsidiary. 423

(9) "Taxable year" means the corresponding tax reporting 424
period as prescribed for the taxpayer under the Internal Revenue 425
Code. 426

(10) "Tax administrator" means the individual charged with 427
direct responsibility for administration of a tax on income levied 428
by a municipal corporation and includes: 429

(a) The central collection agency and the regional income tax 430
agency and their successors in interest, and other entities 431
organized to perform functions similar to those performed by the 432
central collection agency and the regional income tax agency; 433

(b) A municipal corporation acting as the agent of another 434
municipal corporation; and 435

(c) Persons retained by a municipal corporation to administer 436
a tax levied by the municipal corporation, but only if the 437
municipal corporation does not compensate the person in whole or 438
in part on a contingency basis. 439

(11) "Person" includes individuals, firms, companies, 440
business trusts, estates, trusts, partnerships, limited liability 441
companies, associations, corporations, governmental entities, and 442
any other entity. 443

(12) "Schedule E" means internal revenue service schedule E 444
filed by a taxpayer pursuant to the Internal Revenue Code. 445

(13) "Schedule F" means internal revenue service schedule F 446

filed by a taxpayer pursuant to the Internal Revenue Code. 447

(B) No municipal corporation shall tax income at other than a 448
uniform rate. 449

(C) No municipal corporation shall levy a tax on income at a 450
rate in excess of one per cent without having obtained the 451
approval of the excess by a majority of the electors of the 452
municipality voting on the question at a general, primary, or 453
special election. The legislative authority of the municipal 454
corporation shall file with the board of elections at least 455
seventy-five days before the day of the election a copy of the 456
ordinance together with a resolution specifying the date the 457
election is to be held and directing the board of elections to 458
conduct the election. The ballot shall be in the following form: 459
"Shall the Ordinance providing for a ... per cent levy on income 460
for (Brief description of the purpose of the proposed levy) be 461
passed? 462

	FOR THE INCOME TAX	
	AGAINST THE INCOME TAX	"

In the event of an affirmative vote, the proceeds of the levy 467
may be used only for the specified purpose. 468

(D)(1) Except as provided in division (E) or (F) of this 469
section, no municipal corporation shall exempt from a tax on 470
income compensation for personal services of individuals over 471
eighteen years of age or the net profit from a business or 472
profession. 473

(2)(a) For taxable years beginning on or after January 1, 474
2004, no municipal corporation shall tax the net profit from a 475
business or profession using any base other than the taxpayer's 476
adjusted federal taxable income. 477

(b) Division (D)(2)(a) of this section does not apply to any taxpayer required to file a return under section 5745.03 of the Revised Code or to the net profit from a sole proprietorship.

(E) The legislative authority of a municipal corporation may, by ordinance or resolution, exempt from withholding and from a tax on income the following:

(1) Compensation arising from the sale, exchange, or other disposition of a stock option, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option; or

(2) Compensation attributable to a nonqualified deferred compensation plan or program described in section 3121(v)(2)(C) of the Internal Revenue Code.

If an individual's taxable income includes income against which the taxpayer has taken a deduction for federal income tax purposes as reportable on the taxpayer's form 2106, and against which a like deduction has not been allowed by the municipal corporation, the municipal corporation shall deduct from the taxpayer's taxable income an amount equal to the deduction shown on such form allowable against such income, to the extent not otherwise so allowed as a deduction by the municipal corporation.

In the case of a taxpayer who has a net profit from a business or profession that is operated as a sole proprietorship, no municipal corporation may tax or use as the base for determining the amount of the net profit that shall be considered as having a taxable situs in the municipal corporation, an amount other than the net profit required to be reported by the taxpayer on schedule C or F from such sole proprietorship for the taxable year.

In the case of a taxpayer who has a net profit from rental activity required to be reported on schedule E, no municipal

corporation may tax or use as the base for determining the amount 509
of the net profit that shall be considered as having a taxable 510
situs in the municipal corporation, an amount other than the net 511
profit from rental activities required to be reported by the 512
taxpayer on schedule E for the taxable year. 513

(F) A municipal corporation shall not tax any of the 514
following: 515

(1) The military pay or allowances of members of the armed 516
forces of the United States and of members of their reserve 517
components, including the Ohio national guard; 518

(2) The income of religious, fraternal, charitable, 519
scientific, literary, or educational institutions to the extent 520
that such income is derived from tax-exempt real estate, 521
tax-exempt tangible or intangible property, or tax-exempt 522
activities; 523

(3) Except as otherwise provided in division (G) of this 524
section, intangible income; 525

(4) Compensation paid under section 3501.28 or 3501.36 of the 526
Revised Code to a person serving as a precinct election official, 527
to the extent that such compensation does not exceed one thousand 528
dollars annually. Such compensation in excess of one thousand 529
dollars may be subjected to taxation by a municipal corporation. A 530
municipal corporation shall not require the payer of such 531
compensation to withhold any tax from that compensation. 532

(5) Compensation paid to an employee of a transit authority, 533
regional transit authority, or regional transit commission created 534
under Chapter 306. of the Revised Code for operating a transit bus 535
or other motor vehicle for the authority or commission in or 536
through the municipal corporation, unless the bus or vehicle is 537
operated on a regularly scheduled route, the operator is subject 538
to such a tax by reason of residence or domicile in the municipal 539

corporation, or the headquarters of the authority or commission is 540
located within the municipal corporation; 541

(6) The income of a public utility, when that public utility 542
is subject to the tax levied under section 5727.24 or 5727.30 of 543
the Revised Code, except a municipal corporation may tax the 544
following, subject to Chapter 5745. of the Revised Code: 545

(a) Beginning January 1, 2002, the income of an electric 546
company or combined company; 547

(b) Beginning January 1, 2004, the income of a telephone 548
company. 549

As used in division (F)(6) of this section, "combined 550
company," "electric company," and "telephone company" have the 551
same meanings as in section 5727.01 of the Revised Code. 552

(7) On and after January 1, 2003, items excluded from federal 553
gross income pursuant to section 107 of the Internal Revenue Code; 554

(8) On and after January 1, 2001, compensation paid to a 555
nonresident individual to the extent prohibited under section 556
718.011 of the Revised Code; 557

(9) (a) Except as provided in division ~~(H)(F)(9)(b) and (c)~~ of 558
this section, an S corporation shareholder's distributive share of 559
net profits of the S corporation, other than any part of the 560
distributive share of net profits that represents wages as defined 561
in section 3121(a) of the Internal Revenue Code or net earnings 562
from self-employment as defined in section 1402(a) of the Internal 563
Revenue Code, ~~to the extent such distributive share would not be~~ 564
~~allocated or apportioned to this state under division (B)(1) and~~ 565
~~(2) of section 5733.05 of the Revised Code if the S corporation~~ 566
~~were a corporation subject to the taxes imposed under Chapter~~ 567
~~5733. of the Revised Code;.~~ 568

(b) If, pursuant to division (H) of former section 718.01 of 569

the Revised Code as it existed before the effective date of the 570
amendment of that section by H.B. 127 of the 125th General 571
Assembly, a majority of the electors of a municipal corporation 572
voted in favor of the question at an election held on November 4, 573
2003, the municipal corporation may continue after 2002 to tax an 574
S corporation shareholder's distributive share of net profits of 575
an S corporation. 576

(c) If, on December 6, 2002, a municipal corporation was 577
imposing, assessing, and collecting a tax on an S corporation 578
shareholder's distributive share of net profits of the S 579
corporation to the extent the distributive share would be 580
allocated or apportioned to this state under divisions (B)(1) and 581
(2) of section 5733.05 of the Revised Code if the S corporation 582
were a corporation subject to taxes imposed under Chapter 5733. of 583
the Revised Code, the municipal corporation may continue to impose 584
the tax on such distributive shares to the extent such shares 585
would be so allocated or apportioned to this state only until 586
December 31, 2004, unless a majority of the electors of the 587
municipal corporation voting on the question of continuing to tax 588
such shares after that date vote in favor of that question at an 589
election held November 2, 2004. If a majority of those electors 590
vote in favor of the question, the municipal corporation may 591
continue after December 31, 2004, to impose the tax on such 592
distributive shares only to the extent such shares would be so 593
allocated or apportioned to this state. 594

(d) For the purposes of division (D) of section 718.14 of the 595
Revised Code, a municipal corporation shall be deemed to have 596
elected to tax S corporation shareholders' distributive shares of 597
net profits of the S corporation in the hands of the shareholders 598
if a majority of the electors of a municipal corporation vote in 599
favor of a question at an election held under division (F)(9)(b) 600
or (c) of this section. The municipal corporation shall specify by 601

ordinance or rule that the tax applies to the distributive share 602
of a shareholder of an S corporation in the hands of the 603
shareholder of the S corporation. 604

(10) Employee compensation that is not "qualifying wages" as 605
defined in section 718.03 of the Revised Code. 606

(G) Any municipal corporation that taxes any type of 607
intangible income on March 29, 1988, pursuant to Section 3 of 608
Amended Substitute Senate Bill No. 238 of the 116th general 609
assembly, may continue to tax that type of income after 1988 if a 610
majority of the electors of the municipal corporation voting on 611
the question of whether to permit the taxation of that type of 612
intangible income after 1988 vote in favor thereof at an election 613
held on November 8, 1988. 614

~~(H) Any municipal corporation that, on December 6, 2002,~~ 615
~~taxes an S corporation shareholder's distributive share of net~~ 616
~~profits of the S corporation to any greater extent than that~~ 617
~~permitted under division (F)(9) of this section may continue after~~ 618
~~2002 to tax such distributive shares to such greater extent only~~ 619
~~if a majority of the electors of the municipal corporation voting~~ 620
~~on the question of such continuation vote in favor thereof at an~~ 621
~~election held on November 4, 2003.~~ 622

~~(I)~~(H) Nothing in this section or section 718.02 of the 623
Revised Code shall authorize the levy of any tax on income that a 624
municipal corporation is not authorized to levy under existing 625
laws or shall require a municipal corporation to allow a deduction 626
from taxable income for losses incurred from a sole proprietorship 627
or partnership. 628

~~(J)~~(I)(1) Nothing in this chapter prohibits a municipal 629
corporation from allowing, by resolution or ordinance, a net 630
operating loss carryforward. 631

(2) Nothing in this chapter requires a municipal corporation 632

to allow a net operating loss carryforward. 633

Sec. 4503.065. (A) This section applies to any of the 634
following: 635

(1) An individual who is permanently and totally disabled; 636

(2) An individual who is sixty-five years of age or older; 637

(3) An individual who is the surviving spouse of a deceased 638
person who was permanently and totally disabled or sixty-five 639
years of age or older and who applied and qualified for a 640
reduction in assessable value under this section in the year of 641
death, provided the surviving spouse is at least fifty-nine but 642
not sixty-five or more years of age on the date the deceased 643
spouse dies. 644

(B)(1) The manufactured home tax on a manufactured or mobile 645
home that is paid pursuant to division (C) of section 4503.06 of 646
the Revised Code and that is owned and occupied as a home by an 647
individual whose domicile is in this state and to whom this 648
section applies, shall be reduced for any tax year for which the 649
owner obtains a certificate of reduction from the county auditor 650
under section 4503.067 of the Revised Code, provided the 651
individual did not acquire ownership from a person, other than the 652
individual's spouse, related by consanguinity or affinity for the 653
purpose of qualifying for the reduction in assessable value. An 654
owner includes a settlor of a revocable inter vivos trust holding 655
the title to a manufactured or mobile home occupied by the settlor 656
as of right under the trust. The reduction shall equal the amount 657
obtained by multiplying the tax rate for the tax year for which 658
the certificate is issued by the reduction in assessable value 659
shown in the following schedule. 660

	Reduce Assessable Value	661
Total Income	by the Lesser of:	662
	Column A Column B	663

\$11,900 or less	\$5,000 or seventy-five per cent	664
More than \$11,900 but not more than \$17,500	\$3,000 or sixty per cent	665
More than \$17,500 but not more than \$23,000	\$1,000 or twenty-five per cent	666
More than \$23,000	-0-	667

(2) Each calendar year, the tax commissioner shall adjust the
foregoing schedule by completing the following calculations in
September of each year:

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

(b) Multiply that percentage increase by each of the total
income amounts, and by each dollar amount by which assessable
value is reduced, for the ensuing tax year;

(c) Add the resulting product to each of the total income
amounts, and to each of the dollar amounts by which assessable
value is reduced, for the ensuing tax year;

(d) ~~Round~~ (i) Except as provided in division (B)(2)(d)(ii) of
this section, round the resulting sum to the nearest multiple of
one hundred dollars;

(ii) If rounding the resulting sum to the nearest multiple of
one hundred dollars under division (B)(2)(d)(i) of this section
does not increase the dollar amounts by which assessable value is
reduced, the resulting sum instead shall be rounded to the nearest
multiple of ten dollars.

The commissioner shall certify the amounts resulting from the
adjustment to each county auditor not later than the first day of
December each year. The certified amounts apply to the second

ensuing tax year. The commissioner shall not make the adjustment 693
in any calendar year in which the amounts resulting from the 694
adjustment would be less than the total income amounts, or less 695
than the dollar amounts by which assessable value is reduced, for 696
the ensuing tax year. 697

(C) If the owner or the spouse of the owner of a manufactured 698
or mobile home is eligible for a homestead exemption on the land 699
upon which the home is located, the reduction in assessable value 700
to which the owner or spouse is entitled under this section shall 701
not exceed the difference between the reduction in assessable 702
value to which the owner or spouse is entitled under column A of 703
the above schedule and the amount of the reduction in taxable 704
value that was used to compute the homestead exemption. 705

(D) No reduction shall be made on the assessable value of the 706
home of any person convicted of violating division (C) or (D) of 707
section 4503.066 of the Revised Code for a period of three years 708
following the conviction. 709

Sec. 5705.19. This section does not apply to school districts 710
or county school financing districts. 711

The taxing authority of any subdivision at any time and in 712
any year, by vote of two-thirds of all the members of the taxing 713
authority, may declare by resolution and certify the resolution to 714
the board of elections not less than seventy-five days before the 715
election upon which it will be voted that the amount of taxes that 716
may be raised within the ten-mill limitation will be insufficient 717
to provide for the necessary requirements of the subdivision and 718
that it is necessary to levy a tax in excess of that limitation 719
for any of the following purposes: 720

(A) For current expenses of the subdivision, except that the 721
total levy for current expenses of a detention facility district 722
or district organized under section 2151.65 of the Revised Code 723

shall not exceed two mills and that the total levy for current 724
expenses of a combined district organized under sections ~~2152.41~~ 725
2151.65 and ~~2151.65~~ 2152.41 of the Revised Code shall not exceed 726
four mills; 727

(B) For the payment of debt charges on certain described 728
bonds, notes, or certificates of indebtedness of the subdivision 729
issued subsequent to January 1, 1925; 730

(C) For the debt charges on all bonds, notes, and 731
certificates of indebtedness issued and authorized to be issued 732
prior to January 1, 1925; 733

(D) For a public library of, or supported by, the subdivision 734
under whatever law organized or authorized to be supported; 735

(E) For a municipal university, not to exceed two mills over 736
the limitation of one mill prescribed in section 3349.13 of the 737
Revised Code; 738

(F) For the construction or acquisition of any specific 739
permanent improvement or class of improvements that the taxing 740
authority of the subdivision may include in a single bond issue; 741

(G) For the general construction, reconstruction, 742
resurfacing, and repair of streets, roads, and bridges in 743
municipal corporations, counties, or townships; 744

(H) For parks and recreational purposes; 745

(I) For the purpose of providing and maintaining fire 746
apparatus, appliances, buildings, or sites therefor, or sources of 747
water supply and materials therefor, or the establishment and 748
maintenance of lines of fire alarm telegraph, or the payment of 749
permanent, part-time, or volunteer firefighters or firefighting 750
companies to operate the same, including the payment of the 751
firefighter employers' contribution required under section 742.34 752
of the Revised Code, or the purchase of ambulance equipment, or 753

the provision of ambulance, paramedic, or other emergency medical 754
services operated by a fire department or firefighting company; 755

(J) For the purpose of providing and maintaining motor 756
vehicles, communications, ~~and~~ other equipment, buildings, and 757
sites for such buildings used directly in the operation of a 758
police department, or the payment of salaries of permanent police 759
personnel, including the payment of the police officer employers' 760
contribution required under section 742.33 of the Revised Code, or 761
the payment of the costs incurred by townships as a result of 762
contracts made with other political subdivisions in order to 763
obtain police protection, or the provision of ambulance or 764
emergency medical services operated by a police department; 765

(K) For the maintenance and operation of a county home or 766
detention facility; 767

(L) For community mental retardation and developmental 768
disabilities programs and services pursuant to Chapter 5126. of 769
the Revised Code, except that the procedure for such levies shall 770
be as provided in section 5705.222 of the Revised Code; 771

(M) For regional planning; 772

(N) For a county's share of the cost of maintaining and 773
operating schools, district detention facilities, forestry camps, 774
or other facilities, or any combination thereof, established under 775
section ~~2152.41~~ 2151.65 or ~~2151.65~~ 2152.41 of the Revised Code or 776
both of those sections; 777

(O) For providing for flood defense, providing and 778
maintaining a flood wall or pumps, and other purposes to prevent 779
floods; 780

(P) For maintaining and operating sewage disposal plants and 781
facilities; 782

(Q) For the purpose of purchasing, acquiring, constructing, 783

enlarging, improving, equipping, repairing, maintaining, or 784
operating, or any combination of the foregoing, a county transit 785
system pursuant to sections 306.01 to 306.13 of the Revised Code, 786
or of making any payment to a board of county commissioners 787
operating a transit system or a county transit board pursuant to 788
section 306.06 of the Revised Code; 789

(R) For the subdivision's share of the cost of acquiring or 790
constructing any schools, forestry camps, detention facilities, or 791
other facilities, or any combination thereof, under section 792
~~2152.41~~ 2151.65 or ~~2151.65~~ 2152.41 of the Revised Code or both of 793
those sections; 794

(S) For the prevention, control, and abatement of air 795
pollution; 796

(T) For maintaining and operating cemeteries; 797

(U) For providing ambulance service, emergency medical 798
service, or both; 799

(V) For providing for the collection and disposal of garbage 800
or refuse, including yard waste; 801

(W) For the payment of the police officer employers' 802
contribution or the firefighter employers' contribution required 803
under sections 742.33 and 742.34 of the Revised Code; 804

(X) For the construction and maintenance of a drainage 805
improvement pursuant to section 6131.52 of the Revised Code; 806

(Y) For providing or maintaining senior citizens services or 807
facilities as authorized by section 307.694, 307.85, 505.70, or 808
505.706 or division (EE) of section 717.01 of the Revised Code; 809

(Z) For the provision and maintenance of zoological park 810
services and facilities as authorized under section 307.76 of the 811
Revised Code; 812

(AA) For the maintenance and operation of a free public 813

museum of art, science, or history; 814

(BB) For the establishment and operation of a 9-1-1 system, 815
as defined in section 4931.40 of the Revised Code; 816

(CC) For the purpose of acquiring, rehabilitating, or 817
developing rail property or rail service. As used in this 818
division, "rail property" and "rail service" have the same 819
meanings as in section 4981.01 of the Revised Code. This division 820
applies only to a county, township, or municipal corporation. 821

(DD) For the purpose of acquiring property for, constructing, 822
operating, and maintaining community centers as provided for in 823
section 755.16 of the Revised Code; 824

(EE) For the creation and operation of an office or joint 825
office of economic development, for any economic development 826
purpose of the office, and to otherwise provide for the 827
establishment and operation of a program of economic development 828
pursuant to sections 307.07 and 307.64 of the Revised Code; 829

(FF) For the purpose of acquiring, establishing, 830
constructing, improving, equipping, maintaining, or operating, or 831
any combination of the foregoing, a township airport, landing 832
field, or other air navigation facility pursuant to section 505.15 833
of the Revised Code; 834

(GG) For the payment of costs incurred by a township as a 835
result of a contract made with a county pursuant to section 836
505.263 of the Revised Code in order to pay all or any part of the 837
cost of constructing, maintaining, repairing, or operating a water 838
supply improvement; 839

(HH) For a board of township trustees to acquire, other than 840
by appropriation, an ownership interest in land, water, or 841
wetlands, or to restore or maintain land, water, or wetlands in 842
which the board has an ownership interest, not for purposes of 843
recreation, but for the purposes of protecting and preserving the 844

natural, scenic, open, or wooded condition of the land, water, or 845
wetlands against modification or encroachment resulting from 846
occupation, development, or other use, which may be styled as 847
protecting or preserving "greenspace" in the resolution, notice of 848
election, or ballot form; 849

(II) For the support by a county of a crime victim assistance 850
program that is provided and maintained by a county agency or a 851
private, nonprofit corporation or association under section 307.62 852
of the Revised Code; 853

(JJ) For any or all of the purposes set forth in divisions 854
(I) and (J) of this section. This division applies only to a 855
township. 856

(KK) For a countywide public safety communications system 857
under section 307.63 of the Revised Code. This division applies 858
only to counties. 859

(LL) For the support by a county of criminal justice services 860
under section 307.45 of the Revised Code; 861

(MM) For the purpose of maintaining and operating a jail or 862
other detention facility as defined in section 2921.01 of the 863
Revised Code; 864

(NN) For purchasing, maintaining, or improving, or any 865
combination of the foregoing, real estate on which to hold 866
agricultural fairs. This division applies only to a county. 867

(OO) For constructing, rehabilitating, repairing, or 868
maintaining sidewalks, walkways, trails, bicycle pathways, or 869
similar improvements, or acquiring ownership interests in land 870
necessary for the foregoing improvements; 871

(PP) For both of the purposes set forth in divisions (G) and 872
(OO) of this section. 873

(QQ) For both of the purposes set forth in divisions (H) and 874

(HH) of this section. This division applies only to a township. 875

(RR) For the legislative authority of a municipal 876
corporation, board of county commissioners of a county, or board 877
of township trustees of a township to acquire agricultural 878
easements, as defined in section 5301.67 of the Revised Code, and 879
to supervise and enforce the easements. 880

(SS) For both of the purposes set forth in divisions (BB) and 881
(KK) of this section. This division applies only to a county. 882

The resolution shall be confined to the purpose or purposes 883
described in one division of this section, to which the revenue 884
derived therefrom shall be applied. The existence in any other 885
division of this section of authority to levy a tax for any part 886
or all of the same purpose or purposes does not preclude the use 887
of such revenues for any part of the purpose or purposes of the 888
division under which the resolution is adopted. 889

The resolution shall specify the amount of the increase in 890
rate that it is necessary to levy, the purpose of that increase in 891
rate, and the number of years during which the increase in rate 892
shall be in effect, which may or may not include a levy upon the 893
duplicate of the current year. The number of years may be any 894
number not exceeding five, except as follows: 895

(1) When the additional rate is for the payment of debt 896
charges, the increased rate shall be for the life of the 897
indebtedness. 898

(2) When the additional rate is for any of the following, the 899
increased rate shall be for a continuing period of time: 900

(a) For the current expenses for a detention facility 901
district, a district organized under section 2151.65 of the 902
Revised Code, or a combined district organized under sections 903
~~2152.41~~ 2151.65 and ~~2151.65~~ 2152.41 of the Revised Code; 904

(b) For providing a county's share of the cost of maintaining 905
and operating schools, district detention facilities, forestry 906
camps, or other facilities, or any combination thereof, 907
established under section ~~2152.41~~ 2151.65 or ~~2151.65~~ 2152.41 of 908
the Revised Code or under both of those sections. 909

(3) When the additional rate is for either of the following, 910
the increased rate may be for a continuing period of time: 911

(a) For the purposes set forth in division (I), (J), (U), or 912
(KK) of this section; 913

(b) For the maintenance and operation of a joint recreation 914
district. 915

(4) When the increase is for the purpose or purposes set 916
forth in division (D), (G), (H), (CC), or (PP) of this section, 917
the tax levy may be for any specified number of years or for a 918
continuing period of time, as set forth in the resolution. 919

(5) When the additional rate is for the purpose described in 920
division (Z) of this section, the increased rate shall be for any 921
number of years not exceeding ten. 922

A levy for one of the purposes set forth in division (G), 923
(I), (J), or (U) of this section may be reduced pursuant to 924
section 5705.261 or 5705.31 of the Revised Code. A levy for one of 925
the purposes set forth in division (G), (I), (J), or (U) of this 926
section may also be terminated or permanently reduced by the 927
taxing authority if it adopts a resolution stating that the 928
continuance of the levy is unnecessary and the levy shall be 929
terminated or that the millage is excessive and the levy shall be 930
decreased by a designated amount. 931

A resolution of a detention facility district, a district 932
organized under section 2151.65 of the Revised Code, or a combined 933
district organized under both sections ~~2152.41~~ 2151.65 and ~~2151.65~~ 934

2152.41 of the Revised Code may include both current expenses and 935
other purposes, provided that the resolution shall apportion the 936
annual rate of levy between the current expenses and the other 937
purpose or purposes. The apportionment need not be the same for 938
each year of the levy, but the respective portions of the rate 939
actually levied each year for the current expenses and the other 940
purpose or purposes shall be limited by the apportionment. 941

Whenever a board of county commissioners, acting either as 942
the taxing authority of its county or as the taxing authority of a 943
sewer district or subdistrict created under Chapter 6117. of the 944
Revised Code, by resolution declares it necessary to levy a tax in 945
excess of the ten-mill limitation for the purpose of constructing, 946
improving, or extending sewage disposal plants or sewage systems, 947
the tax may be in effect for any number of years not exceeding 948
twenty, and the proceeds of the tax, notwithstanding the general 949
provisions of this section, may be used to pay debt charges on any 950
obligations issued and outstanding on behalf of the subdivision 951
for the purposes enumerated in this paragraph, provided that any 952
such obligations have been specifically described in the 953
resolution. 954

The resolution shall go into immediate effect upon its 955
passage, and no publication of the resolution is necessary other 956
than that provided for in the notice of election. 957

When the electors of a subdivision have approved a tax levy 958
under this section, the taxing authority of the subdivision may 959
anticipate a fraction of the proceeds of the levy and issue 960
anticipation notes in accordance with section 5705.191 or 5705.193 961
of the Revised Code. 962

Sec. 5709.61. As used in sections 5709.61 to 5709.69 of the 963
Revised Code: 964

(A) "Enterprise zone" or "zone" means any of the following: 965

(1) An area with a single continuous boundary designated in 966
the manner set forth in section 5709.62 or 5709.63 of the Revised 967
Code and certified by the director of development as having a 968
population of at least four thousand according to the best and 969
most recent data available to the director and having at least two 970
of the following characteristics: 971

(a) It is located in a municipal corporation defined by the 972
United States office of management and budget as a ~~central~~ 973
principal city of a metropolitan statistical area or in a city 974
designated as an urban cluster in a rural statistical area; 975

(b) It is located in a county designated as being in the 976
"Appalachian region" under the "Appalachian Regional Development 977
Act of 1965," 79 Stat. 5, 40 App. U.S.C.A. 403, as amended; 978

(c) Its average rate of unemployment, during the most recent 979
twelve-month period for which data are available, is equal to at 980
least one hundred twenty-five per cent of the average rate of 981
unemployment for the state of Ohio for the same period; 982

(d) There is a prevalence of commercial or industrial 983
structures in the area that are vacant or demolished, or are 984
vacant and the taxes charged thereon are delinquent, and 985
certification of the area as an enterprise zone would likely 986
result in the reduction of the rate of vacant or demolished 987
structures or the rate of tax delinquency in the area; 988

(e) The population of all census tracts in the area, 989
according to the federal census of ~~1990~~ 2000, decreased by at 990
least ten per cent between the years ~~1970~~ 1980 and ~~1990~~ 2000; 991

(f) At least fifty-one per cent of the residents of the area 992
have incomes of less than eighty per cent of the median income of 993
residents of the municipal corporation or municipal corporations 994
in which the area is located, as determined in the same manner 995
specified under section 119(b) of the "Housing and Community 996

Development Act of 1974," 88 Stat. 633, 42 U.S.C. 5318, as 997
amended; 998

(g) The area contains structures previously used for 999
industrial purposes, but currently not so used due to age, 1000
obsolescence, deterioration, relocation of the former occupant's 1001
operations, or cessation of operations resulting from unfavorable 1002
economic conditions either generally or in a specific economic 1003
sector; 1004

(h) It is located within one or more adjacent city, local, or 1005
exempted village school districts, the income-weighted tax 1006
capacity of each of which is less than seventy per cent of the 1007
average of the income-weighted tax capacity of all city, local, or 1008
exempted village school districts in the state according to the 1009
most recent data available to the director from the department of 1010
taxation. 1011

The director of development shall adopt rules in accordance 1012
with Chapter 119. of the Revised Code establishing conditions 1013
constituting the characteristics described in divisions (A)(1)(d), 1014
(g), and (h) of this section. 1015

If an area could not be certified as an enterprise zone 1016
unless it satisfied division (A)(1)(g) of this section, the 1017
legislative authority may enter into agreements in that zone under 1018
section 5709.62, 5709.63, or 5709.632 of the Revised Code only if 1019
such agreements result in the development of the facilities 1020
described in that division, the parcel of land on which such 1021
facilities are situated, or adjacent parcels. The director of 1022
development annually shall review all agreements in such zones to 1023
determine whether the agreements have resulted in such 1024
development; if the director determines that the agreements have 1025
not resulted in such development, the director immediately shall 1026
revoke certification of the zone and notify the legislative 1027
authority of such revocation. Any agreements entered into prior to 1028

revocation under this paragraph shall continue in effect for the 1029
period provided in the agreement. 1030

(2) An area with a single continuous boundary designated in 1031
the manner set forth in section 5709.63 of the Revised Code and 1032
certified by the director of development as: 1033

(a) Being located within a county that contains a population 1034
of three hundred thousand or less; 1035

(b) Having a population of at least one thousand according to 1036
the best and most recent data available to the director; 1037

(c) Having at least two of the characteristics described in 1038
divisions (A)(1)(b) to (h) of this section. 1039

(3) An area with a single continuous boundary designated in 1040
the manner set forth under division (A)(1) of section 5709.632 of 1041
the Revised Code and certified by the director of development as 1042
having a population of at least four thousand, or under division 1043
(A)(2) of that section and certified as having a population of at 1044
least one thousand, according to the best and most recent data 1045
available to the director. 1046

(B) "Enterprise" means any form of business organization 1047
including, but not limited to, any partnership, sole 1048
proprietorship, or corporation, including an S corporation as 1049
defined in section 1361 of the Internal Revenue Code and any 1050
corporation that is majority work-owned either directly through 1051
the ownership of stock or indirectly through participation in an 1052
employee stock ownership plan. 1053

(C) "Facility" means an enterprise's place of business in a 1054
zone, including land, buildings, machinery, equipment, and other 1055
materials, except inventory, used in business. "Facility" includes 1056
land, buildings, machinery, production and station equipment, 1057
other equipment, and other materials, except inventory, used in 1058
business to generate electricity, provided that, for purposes of 1059

sections 5709.61 to 5709.69 of the Revised Code, the value of the 1060
property at such a facility shall be reduced by the value, if any, 1061
that is not apportioned under section 5727.15 of the Revised Code 1062
to the taxing district in which the facility is physically 1063
located. In the case of such a facility that is physically located 1064
in two adjacent taxing districts, the property located in each 1065
taxing district constitutes a separate facility. 1066

"Facility" does not include any portion of an enterprise's 1067
place of business used primarily for making retail sales, unless 1068
the place of business is located in an impacted city as defined in 1069
section 1728.01 of the Revised Code. 1070

(D) "Vacant facility" means a facility that has been vacant 1071
for at least ninety days immediately preceding the date on which 1072
an agreement is entered into under section 5709.62 or 5709.63 of 1073
the Revised Code. 1074

(E) "Expand" means to make expenditures to add land, 1075
buildings, machinery, equipment, or other materials, except 1076
inventory, to a facility that equal at least ten per cent of the 1077
market value of the facility prior to such expenditures, as 1078
determined for the purposes of local property taxation. 1079

(F) "Renovate" means to make expenditures to alter or repair 1080
a facility that equal at least fifty per cent of the market value 1081
of the facility prior to such expenditures, as determined for the 1082
purposes of local property taxation. 1083

(G) "Occupy" means to make expenditures to alter or repair a 1084
vacant facility equal to at least twenty per cent of the market 1085
value of the facility prior to such expenditures, as determined 1086
for the purposes of local property taxation. 1087

(H) "Project site" means all or any part of a facility that 1088
is newly constructed, expanded, renovated, or occupied by an 1089
enterprise. 1090

(I) "Project" means any undertaking by an enterprise to establish a facility or to improve a project site by expansion, renovation, or occupancy.

(J) "Position" means the position of one full-time employee performing a particular set of tasks and duties.

(K) "Full-time employee" means an individual who is employed for consideration by an enterprise for at least thirty-five hours a week, or who renders any other standard of service generally accepted by custom or specified by contract as full-time employment.

(L) "New employee" means a full-time employee first employed by an enterprise at a facility that is a project site after the enterprise enters an agreement under section 5709.62 or 5709.63 of the Revised Code. "New employee" does not include an employee if, immediately prior to being employed by the enterprise, the employee was employed by an enterprise that is a related member or predecessor enterprise of that enterprise.

(M) "Unemployed person" means any person who is totally unemployed in this state, as that term is defined in division (M) of section 4141.01 of the Revised Code, for at least ten consecutive weeks immediately preceding that person's employment at a facility that is a project site, or who is so unemployed for at least twenty-six of the fifty-two weeks immediately preceding that person's employment at such a facility.

(N) "JTPA eligible employee" means any individual who is eligible for employment or training under the "Job Training Partnership Act," 96 Stat. 1324 (1982), 29 U.S.C. 1501, as amended.

(O) "First used in business" means that the property referred to has not been used in business in this state by the enterprise that owns it, or by an enterprise that is a related member or

predecessor enterprise of such an enterprise, other than as 1122
inventory, prior to being used in business at a facility as the 1123
result of a project. 1124

(P) "Training program" means any noncredit training program 1125
or course of study that is offered by any state college or 1126
university; university branch district; community college; 1127
technical college; nonprofit college or university certified under 1128
section 1713.02 of the Revised Code; school district; joint 1129
vocational school district; school registered and authorized to 1130
offer programs under section 3332.05 of the Revised Code; an 1131
entity administering any federal, state, or local adult education 1132
and training program; or any enterprise; and that meets all of the 1133
following requirements: 1134

(1) It is approved by the director of development; 1135

(2) It is established or operated to satisfy the need of a 1136
particular industry or enterprise for skilled or semi-skilled 1137
employees; 1138

(3) An individual is required to complete the course or 1139
program before filling a position at a project site. 1140

(Q) "Development" means to engage in the process of clearing 1141
and grading land, making, installing, or constructing water 1142
distribution systems, sewers, sewage collection systems, steam, 1143
gas, and electric lines, roads, curbs, gutters, sidewalks, storm 1144
drainage facilities, and construction of other facilities or 1145
buildings equal to at least fifty per cent of the market value of 1146
the facility prior to the expenditures, as determined for the 1147
purposes of local property taxation. 1148

(R) "Large manufacturing facility" means a single Ohio 1149
facility that employed an average of at least one thousand 1150
individuals during the five calendar years preceding an agreement 1151
authorized under division (C)(3) of section 5709.62 or division 1152

(B)(2) of section 5709.63 of the Revised Code. For purposes of 1153
this division, both of the following apply: 1154

(1) A single Ohio manufacturing facility employed an average 1155
of at least one thousand individuals during the five calendar 1156
years preceding entering into such an agreement if one-fifth of 1157
the sum of the number of employees employed on the highest 1158
employment day during each of the five calendar years equals or 1159
exceeds one thousand. 1160

(2) The highest employment day is the day or days during a 1161
calendar year on which the number of employees employed at a 1162
single Ohio manufacturing facility was greater than on any other 1163
day during the calendar year. 1164

(S) "Business cycle" means the cycle of business activity 1165
usually regarded as passing through alternating stages of 1166
prosperity and depression. 1167

(T) "Making retail sales" means the effecting of 1168
point-of-final-purchase transactions at a facility open to the 1169
consuming public, wherein one party is obligated to pay the price 1170
and the other party is obligated to provide a service or to 1171
transfer title to or possession of the item sold. 1172

(U) "Environmentally contaminated" means that hazardous 1173
substances exist at a facility under conditions that have caused 1174
or would cause the facility to be identified as contaminated by 1175
the state or federal environmental protection agency. These may 1176
include facilities located at sites identified in the master sites 1177
list or similar database maintained by the state environmental 1178
protection agency if the sites have been investigated by the 1179
agency and found to be contaminated. 1180

(V) "Remediate" means to make expenditures to clean up an 1181
environmentally contaminated facility so that it is no longer 1182
environmentally contaminated that equal at least ten per cent of 1183

the real property market value of the facility prior to such 1184
expenditures as determined for the purposes of property taxation. 1185

(W) "Related member" has the same meaning as defined in 1186
section 5733.042 of the Revised Code without regard to division 1187
(B) of that section, except that it is used with respect to an 1188
enterprise rather than a taxpayer. 1189

(X) "Predecessor enterprise" means an enterprise from which 1190
the assets or equity of another enterprise has been transferred, 1191
which transfer resulted in the full or partial nonrecognition of 1192
gain or loss, or resulted in a carryover basis, both as determined 1193
by rule adopted by the tax commissioner. 1194

(Y) "Successor enterprise" means an enterprise to which the 1195
assets or equity of another enterprise has been transferred, which 1196
transfer resulted in the full or partial nonrecognition of gain or 1197
loss, or resulted in a carryover basis, both as determined by rule 1198
adopted by the tax commissioner. 1199

Sec. 5709.62. (A) In any municipal corporation that is 1200
defined by the United States office of management and budget as a 1201
central city of a metropolitan statistical area, or in a city 1202
designated as an urban cluster in a rural statistical area, the 1203
legislative authority of the municipal corporation may designate 1204
one or more areas within its municipal corporation as proposed 1205
enterprise zones. Upon designating an area, the legislative 1206
authority shall petition the director of development for 1207
certification of the area as having the characteristics set forth 1208
in division (A)(1) of section 5709.61 of the Revised Code as 1209
amended by Substitute Senate Bill No. 19 of the 120th general 1210
assembly. Except as otherwise provided in division (E) of this 1211
section, on and after July 1, 1994, legislative authorities shall 1212
not enter into agreements under this section unless the 1213
legislative authority has petitioned the director and the director 1214

has certified the zone under this section as amended by that act; 1215
however, all agreements entered into under this section as it 1216
existed prior to July 1, 1994, and the incentives granted under 1217
those agreements shall remain in effect for the period agreed to 1218
under those agreements. Within sixty days after receiving such a 1219
petition, the director shall determine whether the area has the 1220
characteristics set forth in division (A)(1) of section 5709.61 of 1221
the Revised Code, and shall forward the findings to the 1222
legislative authority of the municipal corporation. If the 1223
director certifies the area as having those characteristics, and 1224
thereby certifies it as a zone, the legislative authority may 1225
enter into an agreement with an enterprise under division (C) of 1226
this section. 1227

(B) Any enterprise that wishes to enter into an agreement 1228
with a municipal corporation under division (C) of this section 1229
shall submit a proposal to the legislative authority of the 1230
municipal corporation on a form prescribed by the director of 1231
development, together with the application fee established under 1232
section 5709.68 of the Revised Code. The form shall require the 1233
following information: 1234

(1) An estimate of the number of new employees whom the 1235
enterprise intends to hire, or of the number of employees whom the 1236
enterprise intends to retain, within the zone at a facility that 1237
is a project site, and an estimate of the amount of payroll of the 1238
enterprise attributable to these employees; 1239

(2) An estimate of the amount to be invested by the 1240
enterprise to establish, expand, renovate, or occupy a facility, 1241
including investment in new buildings, additions or improvements 1242
to existing buildings, machinery, equipment, furniture, fixtures, 1243
and inventory; 1244

(3) A listing of the enterprise's current investment, if any, 1245
in a facility as of the date of the proposal's submission. 1246

The enterprise shall review and update the listings required 1247
under this division to reflect material changes, and any agreement 1248
entered into under division (C) of this section shall set forth 1249
final estimates and listings as of the time the agreement is 1250
entered into. The legislative authority may, on a separate form 1251
and at any time, require any additional information necessary to 1252
determine whether an enterprise is in compliance with an agreement 1253
and to collect the information required to be reported under 1254
section 5709.68 of the Revised Code. 1255

(C) Upon receipt and investigation of a proposal under 1256
division (B) of this section, if the legislative authority finds 1257
that the enterprise submitting the proposal is qualified by 1258
financial responsibility and business experience to create and 1259
preserve employment opportunities in the zone and improve the 1260
economic climate of the municipal corporation, the legislative 1261
authority, on or before October 15, 2009, may do one of the 1262
following: 1263

(1) Enter into an agreement with the enterprise under which 1264
the enterprise agrees to establish, expand, renovate, or occupy a 1265
facility and hire new employees, or preserve employment 1266
opportunities for existing employees, in return for one or more of 1267
the following incentives: 1268

(a) Exemption for a specified number of years, not to exceed 1269
ten, of a specified portion, up to seventy-five per cent, of the 1270
assessed value of tangible personal property first used in 1271
business at the project site as a result of the agreement. ~~An~~ If 1272
an exemption for inventory is specifically granted in the 1273
agreement pursuant to this division, the exemption applies to 1274
inventory required to be listed pursuant to sections 5711.15 and 1275
5711.16 of the Revised Code, except that, in the instance of an 1276
expansion or other situations in which an enterprise was in 1277
business at the facility prior to the establishment of the zone, 1278

the inventory that is exempt is that amount or value of inventory 1279
in excess of the amount or value of inventory required to be 1280
listed in the personal property tax return of the enterprise in 1281
the return for the tax year in which the agreement is entered 1282
into. 1283

(b) Exemption for a specified number of years, not to exceed 1284
ten, of a specified portion, up to seventy-five per cent, of the 1285
increase in the assessed valuation of real property constituting 1286
the project site subsequent to formal approval of the agreement by 1287
the legislative authority; 1288

(c) Provision for a specified number of years, not to exceed 1289
ten, of any optional services or assistance that the municipal 1290
corporation is authorized to provide with regard to the project 1291
site. 1292

(2) Enter into an agreement under which the enterprise agrees 1293
to remediate an environmentally contaminated facility, to spend an 1294
amount equal to at least two hundred fifty per cent of the true 1295
value in money of the real property of the facility prior to 1296
remediation as determined for the purposes of property taxation to 1297
establish, expand, renovate, or occupy the remediated facility, 1298
and to hire new employees or preserve employment opportunities for 1299
existing employees at the remediated facility, in return for one 1300
or more of the following incentives: 1301

(a) Exemption for a specified number of years, not to exceed 1302
ten, of a specified portion, not to exceed fifty per cent, of the 1303
assessed valuation of the real property of the facility prior to 1304
remediation; 1305

(b) Exemption for a specified number of years, not to exceed 1306
ten, of a specified portion, not to exceed one hundred per cent, 1307
of the increase in the assessed valuation of the real property of 1308
the facility during or after remediation; 1309

(c) The incentive under division (C)(1)(a) of this section, 1310
except that the percentage of the assessed value of such property 1311
exempted from taxation shall not exceed one hundred per cent; 1312

(d) The incentive under division (C)(1)(c) of this section. 1313

(3) Enter into an agreement with an enterprise that plans to 1314
purchase and operate a large manufacturing facility that has 1315
ceased operation or announced its intention to cease operation, in 1316
return for exemption for a specified number of years, not to 1317
exceed ten, of a specified portion, up to one hundred per cent, of 1318
the assessed value of tangible personal property used in business 1319
at the project site as a result of the agreement, or of the 1320
assessed valuation of real property constituting the project site, 1321
or both. 1322

(D)(1) Notwithstanding divisions (C)(1)(a) and (b) of this 1323
section, the portion of the assessed value of tangible personal 1324
property or of the increase in the assessed valuation of real 1325
property exempted from taxation under those divisions may exceed 1326
seventy-five per cent in any year for which that portion is 1327
exempted if the average percentage exempted for all years in which 1328
the agreement is in effect does not exceed sixty per cent, or if 1329
the board of education of the city, local, or exempted village 1330
school district within the territory of which the property is or 1331
will be located approves a percentage in excess of seventy-five 1332
per cent. For the purpose of obtaining such approval, the 1333
legislative authority shall deliver to the board of education a 1334
notice not later than forty-five days prior to approving the 1335
agreement, excluding Saturdays, Sundays, and legal holidays as 1336
defined in section 1.14 of the Revised Code. The notice shall 1337
state the percentage to be exempted, an estimate of the true value 1338
of the property to be exempted, and the number of years the 1339
property is to be exempted. The board of education, by resolution 1340
adopted by a majority of the board, shall approve or disapprove 1341

the agreement and certify a copy of the resolution to the 1342
legislative authority not later than fourteen days prior to the 1343
date stipulated by the legislative authority as the date upon 1344
which approval of the agreement is to be formally considered by 1345
the legislative authority. The board of education may include in 1346
the resolution conditions under which the board would approve the 1347
agreement, including the execution of an agreement to compensate 1348
the school district under division (B) of section 5709.82 of the 1349
Revised Code. The legislative authority may approve the agreement 1350
at any time after the board of education certifies its resolution 1351
approving the agreement to the legislative authority, or, if the 1352
board approves the agreement conditionally, at any time after the 1353
conditions are agreed to by the board and the legislative 1354
authority. 1355

If a board of education has adopted a resolution waiving its 1356
right to approve agreements and the resolution remains in effect, 1357
approval of an agreement by the board is not required under this 1358
division. If a board of education has adopted a resolution 1359
allowing a legislative authority to deliver the notice required 1360
under this division fewer than forty-five business days prior to 1361
the legislative authority's approval of the agreement, the 1362
legislative authority shall deliver the notice to the board not 1363
later than the number of days prior to such approval as prescribed 1364
by the board in its resolution. If a board of education adopts a 1365
resolution waiving its right to approve agreements or shortening 1366
the notification period, the board shall certify a copy of the 1367
resolution to the legislative authority. If the board of education 1368
rescinds such a resolution, it shall certify notice of the 1369
rescission to the legislative authority. 1370

(2) The legislative authority shall comply with section 1371
5709.83 of the Revised Code unless the board of education has 1372
adopted a resolution under that section waiving its right to 1373

receive such notice. 1374

(E) This division applies to zones certified by the director 1375
of development under this section prior to July 22, 1994. 1376

On or before October 15, 2009, the legislative authority that 1377
designated a zone to which this division applies may enter into an 1378
agreement with an enterprise if the legislative authority makes 1379
the finding required under that division and determines that the 1380
enterprise satisfies one of the criteria described in divisions 1381
(E)(1) to (5) of this section: 1382

(1) The enterprise currently has no operations in this state 1383
and, subject to approval of the agreement, intends to establish 1384
operations in the zone; 1385

(2) The enterprise currently has operations in this state 1386
and, subject to approval of the agreement, intends to establish 1387
operations at a new location in the zone that would not result in 1388
a reduction in the number of employee positions at any of the 1389
enterprise's other locations in this state; 1390

(3) The enterprise, subject to approval of the agreement, 1391
intends to relocate operations, currently located in another 1392
state, to the zone; 1393

(4) The enterprise, subject to approval of the agreement, 1394
intends to expand operations at an existing site in the zone that 1395
the enterprise currently operates; 1396

(5) The enterprise, subject to approval of the agreement, 1397
intends to relocate operations, currently located in this state, 1398
to the zone, and the director of development has issued a waiver 1399
for the enterprise under division (B) of section 5709.633 of the 1400
Revised Code. 1401

The agreement shall require the enterprise to agree to 1402
establish, expand, renovate, or occupy a facility in the zone and 1403

hire new employees, or preserve employment opportunities for 1404
existing employees, in return for one or more of the incentives 1405
described in division (C) of this section. 1406

(F) All agreements entered into under this section shall be 1407
in the form prescribed under section 5709.631 of the Revised Code. 1408
After an agreement is entered into under this division, if the 1409
legislative authority revokes its designation of a zone, or if the 1410
director of development revokes the zone's certification, any 1411
entitlements granted under the agreement shall continue for the 1412
number of years specified in the agreement. 1413

(G) Except as otherwise provided in this division, an 1414
agreement entered into under this section shall require that the 1415
enterprise pay an annual fee equal to the greater of one per cent 1416
of the dollar value of incentives offered under the agreement or 1417
five hundred dollars; provided, however, that if the value of the 1418
incentives exceeds two hundred fifty thousand dollars, the fee 1419
shall not exceed two thousand five hundred dollars. The fee shall 1420
be payable to the legislative authority once per year for each 1421
year the agreement is effective on the days and in the form 1422
specified in the agreement. Fees paid shall be deposited in a 1423
special fund created for such purpose by the legislative authority 1424
and shall be used by the legislative authority exclusively for the 1425
purpose of complying with section 5709.68 of the Revised Code and 1426
by the tax incentive review council created under section 5709.85 1427
of the Revised Code exclusively for the purposes of performing the 1428
duties prescribed under that section. The legislative authority 1429
may waive or reduce the amount of the fee charged against an 1430
enterprise, but such a waiver or reduction does not affect the 1431
obligations of the legislative authority or the tax incentive 1432
review council to comply with section 5709.68 or 5709.85 of the 1433
Revised Code. 1434

(H) When an agreement is entered into pursuant to this 1435

section, the legislative authority authorizing the agreement shall 1436
forward a copy of the agreement to the director of development and 1437
to the tax commissioner within fifteen days after the agreement is 1438
entered into. If any agreement includes terms not provided for in 1439
section 5709.631 of the Revised Code affecting the revenue of a 1440
city, local, or exempted village school district or causing 1441
revenue to be foregone by the district, including any compensation 1442
to be paid to the school district pursuant to section 5709.82 of 1443
the Revised Code, those terms also shall be forwarded in writing 1444
to the director of development along with the copy of the 1445
agreement forwarded under this division. 1446

(I) After an agreement is entered into, the enterprise shall 1447
file with each personal property tax return required to be filed, 1448
or annual report required to be filed under section 5727.08 of the 1449
Revised Code, while the agreement is in effect, an informational 1450
return, on a form prescribed by the tax commissioner for that 1451
purpose, setting forth separately the property, and related costs 1452
and values, exempted from taxation under the agreement. 1453

(J) Enterprises may agree to give preference to residents of 1454
the zone within which the agreement applies relative to residents 1455
of this state who do not reside in the zone when hiring new 1456
employees under the agreement. 1457

(K) An agreement entered into under this section may include 1458
a provision requiring the enterprise to create one or more 1459
temporary internship positions for students enrolled in a course 1460
of study at a school or other educational institution in the 1461
vicinity, and to create a scholarship or provide another form of 1462
educational financial assistance for students holding such a 1463
position in exchange for the student's commitment to work for the 1464
enterprise at the completion of the internship. 1465

(L) The tax commissioner's authority in determining the 1466
accuracy of any exemption granted by an agreement entered into 1467

under this section is limited to divisions (C)(1)(a) and (b), 1468
(C)(2)(a), (b), and (c), (C)(3), (D), and (I) of this section and 1469
divisions (B)(1) to (10) of section 5709.631 of the Revised Code 1470
and, as authorized by law, to enforcing any modification to, or 1471
revocation of, that agreement by the municipal corporation or 1472
director of development. 1473

Sec. 5709.63. (A) With the consent of the legislative 1474
authority of each affected municipal corporation or of a board of 1475
township trustees, a board of county commissioners may, in the 1476
manner set forth in section 5709.62 of the Revised Code, designate 1477
one or more areas in one or more municipal corporations or in 1478
unincorporated areas of the county as proposed enterprise zones. A 1479
board of county commissioners may designate no more than one area 1480
within a township, or within adjacent townships, as a proposed 1481
enterprise zone. The board shall petition the director of 1482
development for certification of the area as having the 1483
characteristics set forth in division (A)(1) or (2) of section 1484
5709.61 of the Revised Code as amended by Substitute Senate Bill 1485
No. 19 of the 120th general assembly. Except as otherwise provided 1486
in division (D) of this section, on and after July 1, 1994, boards 1487
of county commissioners shall not enter into agreements under this 1488
section unless the board has petitioned the director and the 1489
director has certified the zone under this section as amended by 1490
that act; however, all agreements entered into under this section 1491
as it existed prior to July 1, 1994, and the incentives granted 1492
under those agreements shall remain in effect for the period 1493
agreed to under those agreements. The director shall make the 1494
determination in the manner provided under section 5709.62 of the 1495
Revised Code. Any enterprise wishing to enter into an agreement 1496
with the board under division (B) or (D) of this section shall 1497
submit a proposal to the board on the form and accompanied by the 1498
application fee prescribed under division (B) of section 5709.62 1499

of the Revised Code. The enterprise shall review and update the 1500
estimates and listings required by the form in the manner required 1501
under that division. The board may, on a separate form and at any 1502
time, require any additional information necessary to determine 1503
whether an enterprise is in compliance with an agreement and to 1504
collect the information required to be reported under section 1505
5709.68 of the Revised Code. 1506

(B) If the board of county commissioners finds that an 1507
enterprise submitting a proposal is qualified by financial 1508
responsibility and business experience to create and preserve 1509
employment opportunities in the zone and to improve the economic 1510
climate of the municipal corporation or municipal corporations or 1511
the unincorporated areas in which the zone is located and to which 1512
the proposal applies, the board, on or before October 15, 2009, 1513
and with the consent of the legislative authority of each affected 1514
municipal corporation or of the board of township trustees may do 1515
either of the following: 1516

(1) Enter into an agreement with the enterprise under which 1517
the enterprise agrees to establish, expand, renovate, or occupy a 1518
facility in the zone and hire new employees, or preserve 1519
employment opportunities for existing employees, in return for the 1520
following incentives: 1521

(a) When the facility is located in a municipal corporation, 1522
the board may enter into an agreement for one or more of the 1523
incentives provided in division (C) of section 5709.62 of the 1524
Revised Code, subject to division (D) of that section; 1525

(b) When the facility is located in an unincorporated area, 1526
the board may enter into an agreement for one or more of the 1527
following incentives: 1528

(i) Exemption for a specified number of years, not to exceed 1529
ten, of a specified portion, up to sixty per cent, of the assessed 1530

value of tangible personal property first used in business at a 1531
project site as a result of the agreement. ~~An~~ If an exemption for 1532
inventory is specifically granted in the agreement pursuant to 1533
this division, the exemption applies to inventory required to be 1534
listed pursuant to sections 5711.15 and 5711.16 of the Revised 1535
Code, except, in the instance of an expansion or other situations 1536
in which an enterprise was in business at the facility prior to 1537
the establishment of the zone, the inventory that is exempt is 1538
that amount or value of inventory in excess of the amount or value 1539
of inventory required to be listed in the personal property tax 1540
return of the enterprise in the return for the tax year in which 1541
the agreement is entered into. 1542

(ii) Exemption for a specified number of years, not to exceed 1543
ten, of a specified portion, up to sixty per cent, of the increase 1544
in the assessed valuation of real property constituting the 1545
project site subsequent to formal approval of the agreement by the 1546
board; 1547

(iii) Provision for a specified number of years, not to 1548
exceed ten, of any optional services or assistance the board is 1549
authorized to provide with regard to the project site; 1550

(iv) The incentive described in division (C)(2) of section 1551
5709.62 of the Revised Code. 1552

(2) Enter into an agreement with an enterprise that plans to 1553
purchase and operate a large manufacturing facility that has 1554
ceased operation or has announced its intention to cease 1555
operation, in return for exemption for a specified number of 1556
years, not to exceed ten, of a specified portion, up to one 1557
hundred per cent, of tangible personal property used in business 1558
at the project site as a result of the agreement, or of real 1559
property constituting the project site, or both. 1560

(C)(1) Notwithstanding divisions (B)(1)(b)(i) and (ii) of 1561

this section, the portion of the assessed value of tangible 1562
personal property or of the increase in the assessed valuation of 1563
real property exempted from taxation under those divisions may 1564
exceed sixty per cent in any year for which that portion is 1565
exempted if the average percentage exempted for all years in which 1566
the agreement is in effect does not exceed fifty per cent, or if 1567
the board of education of the city, local, or exempted village 1568
school district within the territory of which the property is or 1569
will be located approves a percentage in excess of sixty per cent. 1570
For the purpose of obtaining such approval, the board of 1571
commissioners shall deliver to the board of education a notice not 1572
later than forty-five days prior to approving the agreement, 1573
excluding Saturdays, Sundays, and legal holidays as defined in 1574
section 1.14 of the Revised Code. The notice shall state the 1575
percentage to be exempted, an estimate of the true value of the 1576
property to be exempted, and the number of years the property is 1577
to be exempted. The board of education, by resolution adopted by a 1578
majority of the board, shall approve or disapprove the agreement 1579
and certify a copy of the resolution to the board of commissioners 1580
not later than fourteen days prior to the date stipulated by the 1581
board of commissioners as the date upon which approval of the 1582
agreement is to be formally considered by the board of 1583
commissioners. The board of education may include in the 1584
resolution conditions under which the board would approve the 1585
agreement, including the execution of an agreement to compensate 1586
the school district under division (B) of section 5709.82 of the 1587
Revised Code. The board of county commissioners may approve the 1588
agreement at any time after the board of education certifies its 1589
resolution approving the agreement to the board of county 1590
commissioners, or, if the board of education approves the 1591
agreement conditionally, at any time after the conditions are 1592
agreed to by the board of education and the board of county 1593
commissioners. 1594

If a board of education has adopted a resolution waiving its right to approve agreements and the resolution remains in effect, approval of an agreement by the board of education is not required under division (C) of this section. If a board of education has adopted a resolution allowing a board of county commissioners to deliver the notice required under this division fewer than forty-five business days prior to approval of the agreement by the board of county commissioners, the board of county commissioners shall deliver the notice to the board of education not later than the number of days prior to such approval as prescribed by the board of education in its resolution. If a board of education adopts a resolution waiving its right to approve agreements or shortening the notification period, the board of education shall certify a copy of the resolution to the board of county commissioners. If the board of education rescinds such a resolution, it shall certify notice of the rescission to the board of county commissioners.

(2) The board of county commissioners shall comply with section 5709.83 of the Revised Code unless the board of education has adopted a resolution under that section waiving its right to receive such notice.

(D) This division applies to zones certified by the director of development under this section prior to July 22, 1994.

On or before October 15, 2009, and with the consent of the legislative authority of each affected municipal corporation or board of township trustees of each affected township, the board of commissioners that designated a zone to which this division applies may enter into an agreement with an enterprise if the board makes the finding required under that division and determines that the enterprise satisfies one of the criteria described in divisions (D)(1) to (5) of this section:

(1) The enterprise currently has no operations in this state 1626
and, subject to approval of the agreement, intends to establish 1627
operations in the zone; 1628

(2) The enterprise currently has operations in this state 1629
and, subject to approval of the agreement, intends to establish 1630
operations at a new location in the zone that would not result in 1631
a reduction in the number of employee positions at any of the 1632
enterprise's other locations in this state; 1633

(3) The enterprise, subject to approval of the agreement, 1634
intends to relocate operations, currently located in another 1635
state, to the zone; 1636

(4) The enterprise, subject to approval of the agreement, 1637
intends to expand operations at an existing site in the zone that 1638
the enterprise currently operates; 1639

(5) The enterprise, subject to approval of the agreement, 1640
intends to relocate operations, currently located in this state, 1641
to the zone, and the director of development has issued a waiver 1642
for the enterprise under division (B) of section 5709.633 of the 1643
Revised Code. 1644

The agreement shall require the enterprise to agree to 1645
establish, expand, renovate, or occupy a facility in the zone and 1646
hire new employees, or preserve employment opportunities for 1647
existing employees, in return for one or more of the incentives 1648
described in division (B) of this section. 1649

(E) All agreements entered into under this section shall be 1650
in the form prescribed under section 5709.631 of the Revised Code. 1651
After an agreement under this section is entered into, if the 1652
board of county commissioners revokes its designation of the zone, 1653
or if the director of development revokes the zone's 1654
certification, any entitlements granted under the agreement shall 1655
continue for the number of years specified in the agreement. 1656

(F) Except as otherwise provided in this paragraph, an agreement entered into under this section shall require that the enterprise pay an annual fee equal to the greater of one per cent of the dollar value of incentives offered under the agreement or five hundred dollars; provided, however, that if the value of the incentives exceeds two hundred fifty thousand dollars, the fee shall not exceed two thousand five hundred dollars. The fee shall be payable to the board of commissioners once per year for each year the agreement is effective on the days and in the form specified in the agreement. Fees paid shall be deposited in a special fund created for such purpose by the board and shall be used by the board exclusively for the purpose of complying with section 5709.68 of the Revised Code and by the tax incentive review council created under section 5709.85 of the Revised Code exclusively for the purposes of performing the duties prescribed under that section. The board may waive or reduce the amount of the fee charged against an enterprise, but such waiver or reduction does not affect the obligations of the board or the tax incentive review council to comply with section 5709.68 or 5709.85 of the Revised Code, respectively.

(G) With the approval of the legislative authority of a municipal corporation or the board of township trustees of a township in which a zone is designated under division (A) of this section, the board of county commissioners may delegate to that legislative authority or board any powers and duties of the board to negotiate and administer agreements with regard to that zone under this section.

(H) When an agreement is entered into pursuant to this section, the legislative authority authorizing the agreement shall forward a copy of the agreement to the director of development and to the tax commissioner within fifteen days after the agreement is entered into. If any agreement includes terms not provided for in

section 5709.631 of the Revised Code affecting the revenue of a 1689
city, local, or exempted village school district or causing 1690
revenue to be foregone by the district, including any compensation 1691
to be paid to the school district pursuant to section 5709.82 of 1692
the Revised Code, those terms also shall be forwarded in writing 1693
to the director of development along with the copy of the 1694
agreement forwarded under this division. 1695

(I) After an agreement is entered into, the enterprise shall 1696
file with each personal property tax return required to be filed, 1697
or annual report that is required to be filed under section 1698
5727.08 of the Revised Code, while the agreement is in effect, an 1699
informational return, on a form prescribed by the tax commissioner 1700
for that purpose, setting forth separately the property, and 1701
related costs and values, exempted from taxation under the 1702
agreement. 1703

(J) Enterprises may agree to give preference to residents of 1704
the zone within which the agreement applies relative to residents 1705
of this state who do not reside in the zone when hiring new 1706
employees under the agreement. 1707

(K) An agreement entered into under this section may include 1708
a provision requiring the enterprise to create one or more 1709
temporary internship positions for students enrolled in a course 1710
of study at a school or other educational institution in the 1711
vicinity, and to create a scholarship or provide another form of 1712
educational financial assistance for students holding such a 1713
position in exchange for the student's commitment to work for the 1714
enterprise at the completion of the internship. 1715

(L) The tax commissioner's authority in determining the 1716
accuracy of any exemption granted by an agreement entered into 1717
under this section is limited to divisions (B)(1)(b)(i) and (ii), 1718
(B)(2), (C), and (I) of this section, division (B)(1)(b)(iv) of 1719
this section as it pertains to divisions (C)(2)(a), (b), and (c) 1720

of section 5709.62 of the Revised Code, and divisions (B)(1) to 1721
(10) of section 5709.631 of the Revised Code and, as authorized by 1722
law, to enforcing any modification to, or revocation of, that 1723
agreement by the board of county commissioners or the director of 1724
development or, if the board's powers and duties are delegated 1725
under division (G) of this section, by the legislative authority 1726
of a municipal corporation or board of township trustees. 1727

Sec. 5709.631. Each agreement entered into under sections 1728
5709.62, 5709.63, and 5709.632 of the Revised Code on or after 1729
April 1, 1994, shall be in writing and shall include all of the 1730
information and statements prescribed by this section. Agreements 1731
may include terms not prescribed by this section, but such terms 1732
shall in no way derogate from the information and statements 1733
prescribed by this section. 1734

(A) Each agreement shall include the following information: 1735

(1) The names of all parties to the agreement; 1736

(2) A description of the investments to be made by the 1737
applicant enterprise or by another party at the facility whether 1738
or not the investments are exempted from taxation, including 1739
existing or new building size and cost thereof; the value of 1740
machinery, equipment, furniture, and fixtures, including an 1741
itemization of the value of machinery, equipment, furniture, and 1742
fixtures used at another location in this state prior to the 1743
agreement and relocated or to be relocated from that location to 1744
the facility and the value of machinery, equipment, furniture, and 1745
fixtures at the facility prior to the execution of the agreement 1746
that will not be exempted from taxation; the value of inventory at 1747
the facility, including an itemization of the value of inventory 1748
held at another location in this state prior to the agreement and 1749
relocated or to be relocated from that location to the facility, 1750
and the value of inventory held at the facility prior to the 1751

execution of the agreement that will not be exempted from 1752
taxation; 1753

(3) The scheduled starting and completion dates of 1754
investments made in building, machinery, equipment, furniture, 1755
fixtures, and inventory; 1756

(4) Estimates of the number of employee positions to be 1757
created each year of the agreement and of the number of employee 1758
positions retained by the applicant enterprise due to the project, 1759
itemized as to the number of full-time, part-time, permanent, and 1760
temporary positions; 1761

(5) Estimates of the dollar amount of payroll attributable to 1762
the positions set forth in division (A)(4) of this section, 1763
similarly itemized; 1764

(6) The number of employee positions, if any, at the project 1765
site and at any other location in the state at the time the 1766
agreement is executed, itemized as to the number of full-time, 1767
part-time, permanent, and temporary positions. 1768

(B) Each agreement shall set forth the following information 1769
and incorporate the following statements: 1770

(1) A description of real property to be exempted from 1771
taxation under the agreement, the percentage of the assessed 1772
valuation of the real property exempted from taxation, and the 1773
period for which the exemption is granted, accompanied by the 1774
statement: "The exemption commences the first year for which the 1775
real property would first be taxable were that property not 1776
exempted from taxation. No exemption shall commence after 1777
..... (insert date) nor extend beyond (insert 1778
date)." The tax commissioner shall adopt rules prescribing the 1779
form the description of such property shall assume to ensure that 1780
the property to be exempted from taxation under the agreement is 1781
distinguishable from property that is not to be exempted under 1782

that agreement. 1783

(2) A description of tangible personal property to be 1784
exempted from taxation under the agreement, the percentage of the 1785
assessed value of the tangible personal property exempted from 1786
taxation, and the period for which the exemption is granted, 1787
accompanied by the statement: "The minimum investment for tangible 1788
personal property to qualify for the exemption is \$..... 1789
(insert dollar amount) to purchase machinery and equipment first 1790
used in business at the facility as a result of the project, 1791
\$..... (insert dollar amount) for furniture and fixtures and 1792
other noninventory personal property first used in business at the 1793
facility as a result of the project, and \$..... (insert 1794
dollar amount) for new inventory. The maximum investment for 1795
tangible personal property to qualify for the exemption is 1796
\$..... (insert dollar amount) to purchase machinery and 1797
equipment first used in business at the facility as a result of 1798
the project, \$..... (insert dollar amount) for furniture and 1799
fixtures and other noninventory personal property first used in 1800
business at the facility as a result of the project, and 1801
\$..... (insert dollar amount) for new inventory. The 1802
exemption commences the first year for which the tangible personal 1803
property would first be taxable were that property not exempted 1804
from taxation. No exemption shall commence after tax return year 1805
..... (insert date year) nor extend beyond tax return year 1806
..... (insert date year). In no instance shall any tangible 1807
personal property be exempted from taxation for more than ten 1808
return years unless the project that is part of the agreement 1809
involves the enrichment and commercialization of uranium or 1810
uranium products or the research and development activities 1811
related to that enrichment or commercialization, in which case the 1812
tangible personal property may be exempted from taxation for up to 1813
fifteen return years." No exemption shall be allowed for any type 1814
of tangible personal property if the total investment is less than 1815

the minimum dollar amount specified for that type of property. If, 1816
for a type of tangible personal property, there are no minimum or 1817
maximum investment dollar amounts specified in the statement or 1818
the dollar amounts are designated in the statement as not 1819
applicable, the exemption shall apply to the total cost of that 1820
type of tangible personal property first used in business at the 1821
facility as a result of the project. The tax commissioner shall 1822
adopt rules prescribing the form the description of such property 1823
shall assume to ensure that the property to be exempted from 1824
taxation under the agreement is distinguishable from property that 1825
is not to be exempted under that agreement. 1826

(3) "..... (insert name of enterprise) shall pay such 1827
real and tangible personal property taxes as are not exempted 1828
under this agreement and are charged against such property and 1829
shall file all tax reports and returns as required by law. If 1830
..... (insert name of enterprise) fails to pay such taxes or 1831
file such returns and reports, all incentives granted under this 1832
agreement are rescinded beginning with the year for which such 1833
taxes are charged or such reports or returns are required to be 1834
filed and thereafter." 1835

(4) "..... (insert name of enterprise) hereby certifies 1836
that at the time this agreement is executed, (insert 1837
name of enterprise) does not owe any delinquent real or tangible 1838
personal property taxes to any taxing authority of the State of 1839
Ohio, and does not owe delinquent taxes for which 1840
(insert name of enterprise) is liable under Chapter 5727., 5733., 1841
5735., 5739., 5741., 5743., 5747., or 5753. of the Revised Code, 1842
or, if such delinquent taxes are owed, (insert name of 1843
enterprise) currently is paying the delinquent taxes pursuant to a 1844
delinquent tax contract enforceable by the State of Ohio or an 1845
agent or instrumentality thereof, has filed a petition in 1846
bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has 1847

been filed against (insert name of enterprise). For the 1848
purposes of the certification, delinquent taxes are taxes that 1849
remain unpaid on the latest day prescribed for payment without 1850
penalty under the chapter of the Revised Code governing payment of 1851
those taxes." 1852

(5) "..... (insert name of municipal corporation or 1853
county) shall perform such acts as are reasonably necessary or 1854
appropriate to effect, claim, reserve, and maintain exemptions 1855
from taxation granted under this agreement including, without 1856
limitation, joining in the execution of all documentation and 1857
providing any necessary certificates required in connection with 1858
such exemptions." 1859

(6) "If for any reason the enterprise zone designation 1860
expires, the Director of the Ohio Department of Development 1861
revokes certification of the zone, or (insert name of 1862
municipal corporation or county) revokes the designation of the 1863
zone, entitlements granted under this agreement shall continue for 1864
the number of years specified under this agreement, unless 1865
..... (insert name of enterprise) materially fails to fulfill 1866
its obligations under this agreement and (insert name 1867
of municipal corporation or county) terminates or modifies the 1868
exemptions from taxation granted under this agreement." 1869

(7) "If (insert name of enterprise) materially 1870
fails to fulfill its obligations under this agreement, or if 1871
..... (insert name of municipal corporation or county) 1872
determines that the certification as to delinquent taxes required 1873
by this agreement is fraudulent, (insert name of 1874
municipal corporation or county) may terminate or modify the 1875
exemptions from taxation granted under this agreement." 1876

(8) "..... (insert name of enterprise) shall provide to 1877
the proper tax incentive review council any information reasonably 1878
required by the council to evaluate the enterprise's compliance 1879

with the agreement, including returns or annual reports filed 1880
pursuant to section 5711.02 or 5727.08 of the Ohio Revised Code if 1881
requested by the council." 1882

(9) "..... (insert name of enterprise) and 1883
(insert name of municipal corporation or county) acknowledge that 1884
this agreement must be approved by formal action of the 1885
legislative authority of (insert name of municipal 1886
corporation or county) as a condition for the agreement to take 1887
effect. This agreement takes effect upon such approval." 1888

(10) "This agreement is not transferable or assignable 1889
without the express, written approval of (insert name 1890
of municipal corporation or county)." 1891

(11) "Exemptions from taxation granted under this agreement 1892
shall be revoked if it is determined that (insert 1893
name of enterprise), any successor enterprise, or any related 1894
member (as those terms are defined in section 5709.61 of the Ohio 1895
Revised Code) has violated the prohibition against entering into 1896
this agreement under division (E) of section 3735.671 or section 1897
5709.62, 5709.63, or 5709.632 of the Ohio Revised Code prior to 1898
the time prescribed by that division or either of those sections." 1899

The statement described in division (B)(7) of this section 1900
may include the following statement, appended at the end of the 1901
statement: "and may require the repayment of the amount of taxes 1902
that would have been payable had the property not been exempted 1903
from taxation under this agreement." 1904

(C) If the director of development had to issue a waiver 1905
under section 5709.633 of the Revised Code as a condition for the 1906
agreement to be executed, the agreement shall include the 1907
following statement: 1908

"Continuation of this agreement is subject to the validity of 1909
the circumstance upon which (insert name of enterprise) 1910

applied for, and the Director of the Ohio Department of 1911
Development issued, the waiver pursuant to section 5709.633 of the 1912
Ohio Revised Code. If, after formal approval of this agreement by 1913
..... (insert name of municipal corporation or county), the 1914
Director or (insert name of municipal corporation or 1915
county) discovers that such a circumstance did not exist, 1916
..... (insert name of enterprise) shall be deemed to have 1917
materially failed to comply with this agreement." 1918

If the director issued a waiver on the basis of the 1919
circumstance described in division (B)(3) of section 5709.633 of 1920
the Ohio Revised Code, the conditions enumerated in divisions 1921
(B)(3)(a)(i) and (ii) or divisions (B)(3)(b)(i) and (ii) of that 1922
section shall be incorporated in the information described in 1923
divisions (A)(2), (3), and (4) of this section. 1924

Sec. 5709.633. (A)(1) Except as otherwise provided in 1925
division (B) of this section, no legislative authority or board of 1926
county commissioners shall enter into an agreement with an 1927
enterprise under division (E) of section 5709.62, division (D) of 1928
section 5709.63, or section 5709.632 of the Revised Code if that 1929
enterprise or a successor enterprise currently has operations at 1930
another location in this state and those operations will be 1931
relocated to an enterprise zone upon or as a result of that 1932
agreement. 1933

(2) Except as otherwise provided in division (B) of this 1934
section, if an enterprise subject to an agreement granting an 1935
exemption from taxation under section 5709.62, 5709.63, or 1936
5709.632 of the Revised Code expands its operations or relocates 1937
its operations to another location in this state that results in a 1938
reduction of its operations at any Ohio location, or discontinues 1939
operations at the project site to which that exemption applies 1940
prior to the expiration of the term of the agreement, no 1941

legislative authority shall enter into an agreement with such an 1942
enterprise, a related member, or a successor enterprise under 1943
section 5709.62, 5709.63, or 5709.632 of the Revised Code prior to 1944
five years after ~~the~~ such expansion, relocation, or 1945
discontinuation of operations. The director of development shall 1946
review all agreements entered into under those sections to 1947
determine whether there has been a violation of this paragraph and 1948
whether the requirements to be a facility have been met. If the 1949
director discovers there has been a violation of this paragraph or 1950
the requirements to be a facility have not been met, the agreement 1951
is void, and all incentives granted under the agreement shall 1952
cease immediately. The director shall certify to the legislative 1953
authority and to the board of education of the city, local, or 1954
exempted village school district to which operations were 1955
relocated that the agreement is void. 1956

(B) Divisions (A)(1) and (2) of this section do not apply if 1957
the director of development waives application of those divisions. 1958
The director may waive application of division (A)(1) of this 1959
section if the enterprise or successor enterprise demonstrates, by 1960
documentation satisfactory to the director, that the relocation 1961
was necessitated by or results from one of the circumstances 1962
described in divisions (B)(1) to (3) of this section, and the 1963
director determines that under the circumstance claimed and in 1964
light of the possible relocation issuance of a waiver is 1965
absolutely necessary to attract or retain employment opportunities 1966
in this state. The director may waive application of division 1967
(A)(2) of this section, except for the provision that the 1968
requirements to be a facility must be met, if the enterprise, 1969
related member, or successor enterprise demonstrates, by 1970
documentation satisfactory to the director, that the 1971
discontinuation of operations was necessitated by or resulted from 1972
one of the circumstances described in divisions (B)(1) to (3) of 1973
this section, and the director determines that under the 1974

circumstance claimed and in light of the possible relocation 1975
issuance of a waiver is absolutely necessary to attract or retain 1976
employment opportunities in this state. 1977

The circumstance that may be claimed shall be one of the 1978
following: 1979

(1) The project site at which operations are or will be 1980
discontinued cannot accommodate expansion plans of the enterprise 1981
due to inadequate land suitable for such expansion. 1982

(2) Conditions in the markets in which the enterprise 1983
participates require that the enterprise relocate operations in 1984
order for the enterprise to become or remain competitive in that 1985
market. These conditions include, but are not limited to, any of 1986
the following: 1987

(a) New or modified contracts with customers or suppliers, 1988
such as "just-in-time" supply or similar arrangements; 1989

(b) Changes in the enterprise's production methods; 1990

(c) Loss or impending loss of an existing contract requires 1991
expansion into another market in order to maintain production 1992
levels; 1993

(d) Changes in ownership or other changes in control of the 1994
enterprise, or of a controlled group of corporations of which the 1995
enterprise is a subsidiary, that result from a decision on the 1996
part of owners or officers located outside this state. 1997

(3) The enterprise currently is subject to a consolidation of 1998
its operations, or such a consolidation is imminent. For purposes 1999
of division (B)(3) of this section, "consolidation" means an 2000
enterprise combines the operations of two or more existing 2001
facilities and one of the following conditions is satisfied: 2002

(a) At least one of the facilities currently is not located 2003
in this state, and the relocation of the operations of that 2004

facility would result in both of the following during the term of 2005
the agreement: 2006

(i) The number of employees employed by the enterprise at its 2007
existing facilities in this state to which operations are 2008
relocated increases by not less than twenty-five per cent after 2009
the date the agreement is formally approved by the legislative 2010
authority; 2011

(ii) The assessed value of tangible personal property first 2012
used in business at the project site, or the assessed value of 2013
real property constituting the project site, increases by not less 2014
than twenty-five per cent after the date the agreement is formally 2015
approved by the legislative authority. 2016

(b) All of the facilities currently are in this state, and 2017
the relocation of the operations of any of those facilities would 2018
result in both of the following during the term of the agreement: 2019

(i) The number of employees employed by the enterprise at its 2020
existing facilities in this state to which operations are 2021
relocated increases by not less than twenty-five per cent after 2022
the date the agreement is formally approved by the legislative 2023
authority; 2024

(ii) The assessed value of tangible personal property first 2025
used in business at the project site, or the assessed value of 2026
real property constituting the project site, increases by not less 2027
than fifty per cent over the assessed value, determined at the 2028
time of relocation, of tangible personal property located at, and 2029
of real property constituting, the facilities in this state from 2030
which operations would be relocated. 2031

For purposes of divisions (B)(3)(a) and (b) of this section, 2032
"assessed value of tangible personal property" and "assessed value 2033
of real property" mean the value of such property as assessed for 2034
purposes of property taxation and entered on the tax lists and 2035

duplicates of the county. 2036

(C) To apply for a waiver under division (B) of this section, 2037
the enterprise and the legislative authority intending to enter 2038
into an agreement under section 5709.62, 5709.63, or 5709.632 of 2039
the Revised Code shall petition the director of development in a 2040
form acceptable to the director. The petition shall be accompanied 2041
by documentation demonstrating one or more of the circumstances 2042
described in divisions (B)(1), (2), or (3) of this section. Not 2043
later than thirty days after receiving such a petition, the 2044
director shall investigate the petition and accompanying 2045
documentation to determine the validity of the circumstance 2046
claimed therein, and shall issue to the enterprise and to the 2047
legislative authority ~~his~~ the determination, in writing, waiving, 2048
or refusing to waive application of division (A) of this section. 2049

Sec. 5709.85. (A) The legislative authority of a county, 2050
township, or municipal corporation that grants an exemption from 2051
taxation under Chapter 725. or 1728. or under section 3735.67, 2052
5709.40, 5709.41, 5709.62, 5709.63, 5709.632, 5709.73, or 5709.78 2053
of the Revised Code shall create a tax incentive review council. 2054
The council shall consist of the following members: 2055

(1) In the case of a municipal corporation eligible to 2056
designate a zone under section 5709.62 of the Revised Code, the 2057
chief executive officer or ~~his~~ that officer's designee; a member 2058
of the legislative authority of the municipal corporation, 2059
appointed by the president of the legislative authority or, if the 2060
chief executive officer of the municipal corporation is the 2061
president, appointed by the president pro tempore of the 2062
legislative authority; the county auditor or ~~his~~ the county 2063
auditor's designee; the chief financial officer of the municipal 2064
corporation or ~~his~~ that officer's designee; an individual 2065
appointed by the board of education of each city, local, exempted 2066

village, and joint vocational school district to which the 2067
instrument granting the exemption applies; and two members of the 2068
public appointed by the chief executive officer of the municipal 2069
corporation with the concurrence of the legislative authority. At 2070
least four members of the council shall be residents of the 2071
municipal corporation, and at least one of the two public members 2072
appointed by the chief executive officer shall be a minority. As 2073
used in division (A)(1) of this section, a "minority" is an 2074
individual who is African-American, Hispanic, or Native American. 2075

(2) In the case of a county or a municipal corporation that 2076
is not eligible to designate a zone under section 5709.62 or 2077
5709.632 of the Revised Code, three members appointed by the board 2078
of county commissioners; two members from each municipal 2079
corporation to which the instrument granting the tax exemption 2080
applies, appointed by the chief executive officer with the 2081
concurrence of the legislative authority of the respective 2082
municipal corporations; two members of each township to which the 2083
instrument granting the tax exemption applies, appointed by the 2084
board of township trustees of the respective townships; the county 2085
auditor or ~~his~~ the county auditor's designee; and an individual 2086
appointed by the board of education of each city, local, exempted 2087
village, and joint vocational school district to which the 2088
instrument granting the tax exemption applies. At least two 2089
members of the council shall be residents of the municipal 2090
corporations or townships to which the instrument granting the tax 2091
exemption applies. 2092

(3) In the case of a township in which improvements are 2093
declared a public purpose under section 5709.73 of the Revised 2094
Code, the board of township trustees; the county auditor or ~~his~~ 2095
the county auditor's designee; and an individual appointed by the 2096
board of education of each city, local, exempted village, and 2097
joint vocational school district to which the instrument granting 2098

the exemption applies. 2099

(B) ~~The legislative authority shall call the first meeting~~ 2100
~~county auditor or the county auditor's designee shall serve as the~~ 2101
~~chairperson~~ of the council, ~~and at that meeting the council shall~~ 2102
~~select a chairman and vice chairman. Thereafter, the.~~ The council 2103
shall meet at the call of the ~~chairman~~ chairperson. At the first 2104
meeting of the council, the council shall select a 2105
vice-chairperson. Attendance by a majority of the members of the 2106
council constitutes a quorum to conduct the business of the 2107
council. 2108

(C)(1) Annually, the tax incentive review council shall 2109
review all agreements granting exemptions from property taxation 2110
under Chapter 725. or 1728. or under section 3735.671, 5709.62, 2111
5709.63, or 5709.632 of the Revised Code, and any performance or 2112
audit reports required to be submitted pursuant to those 2113
agreements. The review shall include agreements granting such 2114
exemptions that were entered into prior to July 22, 1994, that 2115
continue to be in force and applicable to the current year's 2116
property taxes. With respect to each agreement, the council shall 2117
determine whether the owner of the exempted property has complied 2118
with the agreement, ~~taking~~ and may take into consideration any 2119
fluctuations in the business cycle unique to the owner's business, 2120
~~and, on.~~ On the basis of ~~such determinations~~ that determination, 2121
on or before the first day of September of each year, the council 2122
shall submit to the legislative authority written recommendations 2123
for continuation, modification, or cancellation of ~~the~~ each 2124
agreement. 2125

(2) Annually, the tax incentive review council shall review 2126
all exemptions from property taxation resulting from the 2127
declaration of public purpose improvements pursuant to section 2128
5709.40, 5709.41, 5709.73, or 5709.78 of the Revised Code. The 2129
review shall include such exemptions that were granted prior to 2130

July 22, 1994, that continue to be in force and applicable to the 2131
current year's property taxes. With respect to each improvement 2132
for which an exemption is granted, the council shall determine the 2133
increase in the true value of parcels of real property on which 2134
improvements have been undertaken as a result of the exemption; 2135
the value of improvements exempted from taxation as a result of 2136
the exemption; and the number of new employees or employees 2137
retained on the site of the improvement as a result of the 2138
exemption. 2139

Upon the request of a tax incentive review council, the 2140
county auditor, the housing officer appointed pursuant to section 2141
3735.66 of the Revised Code, the owner of a new or remodeled 2142
structure or improvement, and the legislative authority of the 2143
county, township, or municipal corporation granting the exemption 2144
shall supply the council with any information reasonably necessary 2145
for the council to make the determinations required under division 2146
(C) of this section, including returns or reports filed pursuant 2147
to ~~section~~ sections 5711.02, 5711.13, and 5727.08 of the Revised 2148
Code. 2149

(D) Annually, the tax incentive review council shall review 2150
the compliance of each recipient of a tax exemption under Chapter 2151
725. or 1728. or section 3735.67, 5709.40, 5709.41, 5709.62, 2152
5709.63, 5709.632, 5709.73, or 5709.78 of the Revised Code with 2153
the nondiscriminatory hiring policies developed by the county, 2154
township, or municipal corporation under section 5709.832 of the 2155
Revised Code. Upon the request of the council, the recipient shall 2156
provide the council any information necessary to perform its 2157
review. On the basis of its review, the council may submit to the 2158
legislative authority written recommendations for enhancing 2159
compliance with the nondiscriminatory hiring policies. 2160

(E) A legislative authority that receives from a tax 2161
incentive review council written recommendations under division 2162

(C)(1) or (D) of this section shall, within sixty days after receipt, hold a meeting and vote to accept, reject, or modify all or any portion of the recommendations. 2163
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(F) A tax incentive review council may request from the recipient of a tax exemption under Chapter 725. or 1728., or section 3735.67, 5709.40, 5709.41, 5709.62, 5709.63, 5709.632, 5709.73, or 5709.78 of the Revised Code any information reasonably necessary for the council to perform its review under this section. The request shall be in writing and shall be sent to the recipient by certified mail. Within ten days after receipt of the request, the recipient shall provide to the council the information requested. 2166
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Sec. 5709.883. (A) The legislative authority of a county or municipal corporation that grants an exemption from taxation under section 5709.88 of the Revised Code shall create a tax incentive review council unless the county has created such a council under section 5709.85 of the Revised Code. If a council has been created under that section, that council shall perform the functions prescribed by this section. The A council created under this section shall consist of the following members: 2175
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(1) ~~In the case of~~ For a municipal corporation, the chief executive officer or ~~his~~ that officer's designee; a member of the legislative authority of the municipal corporation, appointed by the president of the legislative authority or, if the chief executive officer of the municipal corporation is the president, appointed by the president pro tempore of the legislative authority; the county auditor or ~~his~~ the county auditor's designee; the chief financial officer of the municipal corporation or ~~his~~ that officer's designee; an individual appointed by the board of education of each city, local, exempted village, and joint vocational school district to which the instrument granting 2183
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the exemption applies; and two members of the public appointed by 2194
the chief executive officer of the municipal corporation with the 2195
concurrence of the legislative authority. At least four members of 2196
the council shall be residents of the municipal corporation. 2197

(2) ~~In the case~~ For unincorporated areas of a county, three 2198
members appointed by the board of county commissioners; two 2199
members of each township to which the instrument granting the tax 2200
exemption applies, appointed by the board of township trustees of 2201
the respective townships; the county auditor or ~~his~~ the county 2202
auditor's designee; and an individual appointed by the board of 2203
education of each city, local, exempted village, and joint 2204
vocational school district to which the instrument granting the 2205
tax exemption applies. 2206

(B) ~~The legislative authority shall call the first meeting~~ 2207
~~county auditor or the county auditor's designee shall serve as the~~ 2208
~~chairperson~~ of the council, ~~and at that meeting the council shall~~ 2209
~~select a chairman and vice chairman. Thereafter, the.~~ The council 2210
shall meet at the call of the ~~chairman~~ chairperson. At the first 2211
meeting of the council, the council shall select a 2212
vice-chairperson. Attendance by a majority of the members of the 2213
council constitutes a quorum to conduct the business of the 2214
council. 2215

(C) Annually, the tax incentive review council shall review 2216
all agreements granting exemptions from property taxation under 2217
section 5709.88 of the Revised Code and any performance or audit 2218
reports required to be submitted pursuant to those agreements. 2219
With respect to each agreement, the council shall determine 2220
whether the owner of the exempted property has complied with the 2221
agreement, ~~taking~~ and may take into consideration any fluctuations 2222
in the business cycle unique to the owner's business, ~~and, on.~~ On 2223
the basis of ~~those determinations~~ that determination, on or before 2224
the first day of September of each year, the council shall submit 2225

to the legislative authority written recommendations for 2226
continuation, modification, or cancellation of the agreement. 2227

Upon the request of a tax incentive review council, the 2228
county auditor and the legislative authority of the county or 2229
municipal corporation granting the exemption shall supply the 2230
council with any information reasonably necessary for the council 2231
to make the determinations required under this division, including 2232
returns or reports filed pursuant to ~~section~~ sections 5711.02, 2233
5711.13, and 5727.08 of the Revised Code. 2234

(D) A legislative authority that receives from a tax 2235
incentive review council written recommendations under division 2236
(C) of this section shall, within sixty days after receipt, hold a 2237
meeting and vote to accept, reject, or modify all or any portion 2238
of the recommendations. 2239

(E) A tax incentive review council may request from the 2240
recipient of a tax exemption under this section any information 2241
reasonably necessary for the council to perform its review under 2242
this section. The request shall be in writing and shall be sent to 2243
the recipient by certified mail. Within ten days after receipt of 2244
the request, the recipient shall provide to the council the 2245
information requested. 2246

Sec. 5721.25. All delinquent land upon which the taxes, 2247
assessments, penalties, interest, or charges have become 2248
delinquent may be redeemed before foreclosure proceedings have 2249
been instituted ~~or, if proceedings have been instituted, before~~ 2250
~~the filing of an entry of confirmation of sale pursuant to such~~ 2251
~~proceedings,~~ by tendering to the county treasurer an amount 2252
sufficient, as determined by the court, to pay the taxes, 2253
assessments, penalties, interest, and charges then due and unpaid, 2254
and the costs incurred in any proceeding instituted against such 2255
land under ~~section 5721.18~~ Chapter 323. or this chapter of the 2256

Revised Code ~~as determined by the court.~~ 2257

After a foreclosure proceeding has been instituted ~~but before~~ 2258
~~a judgment of foreclosure has been rendered under Chapter 323. or~~ 2259
this chapter of the Revised Code with respect to delinquent land, 2260
but before the filing of an entry of confirmation of sale pursuant 2261
to the proceeding, any person entitled to redeem the land may do 2262
so by tendering to the county treasurer an amount sufficient, as 2263
determined by the court, to pay the taxes, assessments, penalties, 2264
interest, and charges then due and unpaid, and the costs incurred 2265
in any proceeding instituted against such land under Chapter 323. 2266
or this chapter of the Revised Code, and by demonstrating that the 2267
property is in compliance with all applicable zoning regulations, 2268
land use restrictions, and building, health, and safety codes. 2269

In addition, after a foreclosure proceeding has been 2270
instituted, but before the filing of an entry of confirmation of 2271
sale pursuant to the proceeding, any person entitled to redeem the 2272
land who has not previously defaulted on a delinquent tax contract 2273
under section 323.31 of the Revised Code with respect to that 2274
delinquent land may enter into a delinquent tax contract with the 2275
county treasurer for the payment of the taxes, assessments, 2276
penalties, interest, and charges found to be due and unpaid on 2277
such land, together with the costs incurred in the proceeding as 2278
determined by the court, upon demonstrating that the property is 2279
in compliance with all applicable zoning regulations, land use 2280
restrictions, and building, health, and safety codes. The 2281
execution of a delinquent tax contract shall not stop the 2282
prosecution of a proceeding to judgment. The delinquent tax 2283
contract shall be paid as prescribed by section 323.31 of the 2284
Revised Code over a period not to exceed five years after the date 2285
of the first payment made under the contract. The delinquent tax 2286
contract may be terminated if the court determines that the 2287
property is not in compliance with all applicable zoning 2288

regulations, land use restrictions, and building, health, and 2289
safety codes during the term of the contract. The court shall 2290
retain jurisdiction over the delinquent land until the total 2291
amount set forth in the delinquent tax contract is paid, 2292
notwithstanding any conveyance of the land to another owner during 2293
the period that the delinquent tax contract is outstanding. 2294

If any payment under a delinquent tax contract is not paid 2295
when due, or if the contract is terminated because the property is 2296
not in compliance with all applicable zoning regulations, land use 2297
restrictions, and building, health, and safety codes, the county 2298
treasurer shall, at the time the payment is due and unpaid or the 2299
contract is terminated, advise the court rendering the judgment of 2300
foreclosure, and the court shall order such land sold for the 2301
amount of taxes, assessments, penalties, interest, and charges 2302
then due and owing on such land in the manner provided in section 2303
5721.19 of the Revised Code. 2304

Upon the receipt of each payment pursuant to any delinquent 2305
tax contract, the county treasurer shall enter the amount of such 2306
payment on the tax duplicate, and, upon request, shall give a 2307
receipt for the amount paid to the person paying it. The receipt 2308
shall be in the form prescribed by the tax commissioner. 2309

The portion of the amount tendered under this section 2310
representing taxes, and penalties and interest thereon, shall be 2311
apportioned among the several taxing districts in the same 2312
proportion that the amount of taxes levied by each district 2313
against the delinquent property in the preceding tax year bears to 2314
the taxes levied by all such districts against the property in the 2315
preceding tax year. The portion of the payment representing 2316
assessments and other charges shall be credited to those items in 2317
the order in which they became due. 2318

Sec. 5722.01. As used in this chapter: 2319

(A) "Electing subdivision" means a municipal corporation that 2320
has enacted an ordinance or a township or county that has adopted 2321
a resolution pursuant to section 5722.02 of the Revised Code for 2322
purposes of adopting and implementing the procedures set forth in 2323
~~this chapter~~ sections 5722.02 to 5722.15 of the Revised Code. 2324

(B) "Delinquent lands" ~~and "delinquent vacant lands"~~ have has 2325
the same ~~meanings~~ meaning as in section 5721.01 of the Revised 2326
Code, and "delinquent vacant lands" are delinquent lands that are 2327
unimproved by any dwelling. 2328

(C) "Land reutilization program" means the procedures and 2329
activities concerning the acquisition, management, and disposition 2330
of affected delinquent lands set forth in ~~this chapter~~ sections 2331
5722.02 to 5722.15 of the Revised Code. 2332

(D) "Minimum bid," in the case of a sale of property 2333
foreclosed pursuant to section 323.25 or 5721.18 or foreclosed and 2334
forfeited pursuant to section 5721.14 of the Revised Code, means a 2335
bid in an amount equal to the sum of the taxes, assessments, 2336
charges, penalties, and interest due and payable on the parcel 2337
subsequent to the delivery to the county prosecuting attorney of 2338
the delinquent land or delinquent vacant land tax certificate or 2339
master list of delinquent or delinquent vacant tracts containing 2340
the parcel, and prior to the transfer of the deed of the parcel to 2341
the purchaser following confirmation of sale, plus the costs of 2342
foreclosure or foreclosure and forfeiture proceedings against the 2343
property. 2344

(E) "Nonproductive land" means any parcel of delinquent 2345
vacant land with respect to which a foreclosure proceeding 2346
pursuant to section 323.25, a foreclosure proceeding pursuant to 2347
division (A) or (B) of section 5721.18, or a foreclosure and 2348
forfeiture proceeding pursuant to section 5721.14 of the Revised 2349
Code has been instituted; and any parcel of delinquent land with 2350

respect to which a foreclosure proceeding pursuant to section 2351
323.25 or division (A) or (B) of section 5721.18 of the Revised 2352
Code has been instituted, and upon which there are no buildings or 2353
other structures, or upon which there are either: 2354

(1) Buildings or other structures that are not in the 2355
occupancy of any person and as to which the township or municipal 2356
corporation within whose boundaries the parcel is situated has 2357
instituted proceedings under section 505.86 or 715.26 of the 2358
Revised Code, or Section 3 of Article XVIII, Ohio Constitution, 2359
for the removal or demolition of such buildings or other 2360
structures by the township or municipal corporation because of 2361
their insecure, unsafe, or structurally defective condition; 2362

(2) Buildings or structures that are not in the occupancy of 2363
any person at the time the foreclosure proceeding is initiated and 2364
whose acquisition the municipal corporation, county, or township 2365
determines to be necessary for the implementation of an effective 2366
land reutilization program. 2367

(F) "Occupancy" means the actual, continuous, and exclusive 2368
use and possession of a parcel by a person having a lawful right 2369
to such use and possession. 2370

(G) "Land within an electing subdivision's boundaries" does 2371
not include land within the boundaries of a municipal corporation, 2372
unless the electing subdivision is the municipal corporation or 2373
the municipal corporation adopts an ordinance that gives consent 2374
to the electing subdivision to include such land. 2375

Sec. 5722.02. Any municipal corporation, county, or township 2376
may elect to adopt and implement the procedures set forth in ~~this~~ 2377
~~chapter~~ sections 5722.02 to 5722.15 of the Revised Code to 2378
facilitate the effective reutilization of nonproductive land 2379
situated within its boundaries. Such election shall be made by 2380
ordinance in the case of a municipal corporation, and by 2381

resolution in the case of a county or township. The ordinance or 2382
resolution shall state that the existence of nonproductive land 2383
within its boundaries is such as to necessitate the implementation 2384
of a land reutilization program to foster either the return of 2385
such nonproductive land to tax revenue generating status or the 2386
devotion thereof to public use. 2387

An electing subdivision shall promptly deliver certified 2388
copies of such ordinance or resolution to the auditor, treasurer, 2389
and the prosecutor of each county in which the electing 2390
subdivision is situated. On and after the effective date of such 2391
ordinance or resolution, the foreclosure, sale, management, and 2392
disposition of all nonproductive land situated within the electing 2393
subdivision's boundaries shall be governed by the procedures set 2394
forth in ~~this chapter~~ sections 5722.02 to 5722.15 of the Revised 2395
Code. 2396

Sec. 5722.21. (A) As used in this section: 2397

(1) "Eligible delinquent land" means delinquent land or 2398
delinquent vacant land, as defined in section 5721.01 of the 2399
Revised Code, included in a delinquent tax list or delinquent 2400
vacant land tax list that has been certified delinquent within the 2401
meaning of section 5721.03 of the Revised Code, excluding any 2402
certificate parcel as defined in section 5721.30 of the Revised 2403
Code. 2404

(2) "Delinquent taxes" means the cumulative amount of unpaid 2405
taxes, assessments, recoupment charges, penalties, and interest 2406
charged against eligible delinquent land that became delinquent 2407
before transfer of title to a county, municipal corporation, or 2408
township under this section. 2409

(3) "Foreclosure costs" means the sum of all costs or other 2410
charges of publication, service of notice, prosecution, or other 2411
proceedings against the land under sections 323.25 to 323.28 or 2412

Chapter 5721. of the Revised Code as may pertain to delinquent 2413
land or be fairly apportioned to it by the county treasurer. 2414

(4) "Tax foreclosure sale" means a sale of delinquent land 2415
pursuant to foreclosure proceedings under sections 323.25 to 2416
323.28 or section 5721.14 or 5721.18 of the Revised Code. 2417

(5) "Taxing authority" means the legislative authority of any 2418
taxing unit, as defined in section 5705.01 of the Revised Code, in 2419
which is located a parcel of eligible delinquent land acquired or 2420
to be acquired by a county, municipal corporation, or township in 2421
which a declaration under division (B) of this section is in 2422
effect. 2423

(B) The legislative authority of a municipal corporation may 2424
declare by ordinance, or a board of county commissioners or board 2425
of township trustees may declare by resolution, that it is in the 2426
public interest for the county, municipal corporation, or township 2427
to acquire tax-delinquent real property within the county, 2428
municipal corporation, or township for the public purpose of 2429
redeveloping the property or otherwise rendering it suitable for 2430
productive, tax-paying use. In any county, municipal corporation, 2431
or township in which such a declaration is in effect, the county, 2432
municipal corporation, or township may purchase or otherwise 2433
acquire title to eligible delinquent land, other than by 2434
appropriation, and the title shall pass free and clear of the lien 2435
for delinquent taxes as provided in division (D) of this section. 2436
The authority granted by this section is supplemental to the 2437
authority granted under sections 5722.01 to 5722.15 of the Revised 2438
Code. 2439

(C) With respect to any parcel of eligible delinquent land 2440
purchased or acquired by a county, municipal corporation, or 2441
township in which a declaration is in effect under this section, 2442
the county, municipal corporation, or township may obtain the 2443
consent of each taxing authority for release of any claim on the 2444

delinquent taxes and associated costs attaching to that property 2445
at the time of conveyance to the county, municipal corporation, or 2446
township. Consent shall be obtained in writing, and shall be 2447
certified by the taxing authority granting consent or by the 2448
fiscal officer or other person authorized by the taxing authority 2449
to provide such consent. Consent may be obtained before or after 2450
title to the eligible delinquent land is transferred to the 2451
county, municipal corporation, or township. 2452

The taxing authority of a taxing unit and a county, municipal 2453
corporation, or township in which a declaration is in effect under 2454
this section may enter into an agreement whereby the taxing 2455
authority consents in advance to release of the taxing authority's 2456
claim on delinquent taxes and associated costs with respect to all 2457
or a specified number of parcels of eligible delinquent land that 2458
may be purchased or acquired by the county, municipal corporation, 2459
or township for the purposes of this section. The agreement shall 2460
provide for any terms and conditions on the release of such claim 2461
as are mutually agreeable to the taxing authority and county, 2462
municipal corporation, or township, including any notice to be 2463
provided by the county, municipal corporation, or township to the 2464
taxing authority of the purchase or acquisition of eligible 2465
delinquent land situated in the taxing unit; any option vesting in 2466
the taxing authority to revoke its release with respect to any 2467
parcel of eligible delinquent land before the release becomes 2468
effective; and the manner in which notice of such revocation shall 2469
be effected. Nothing in this section or in such an agreement shall 2470
be construed to bar a taxing authority from revoking its advance 2471
consent with respect to any parcels of eligible delinquent land 2472
purchased or acquired by the county, municipal corporation, or 2473
township before the county, municipal corporation, or township 2474
enters into a purchase or other agreement for acquisition of the 2475
parcels. 2476

(D) The lien for the delinquent taxes and associated costs 2477
for which all of the taxing authorities have consented to release 2478
their claims under this section is hereby extinguished, and the 2479
transfer of title to such delinquent land to the county, municipal 2480
corporation, or township shall be transferred free and clear of 2481
the lien for such taxes and costs. If a taxing authority does not 2482
consent to the release of its claim on delinquent taxes and 2483
associated costs, the entire amount of the lien for such taxes and 2484
costs shall continue as otherwise provided by law until paid or 2485
otherwise discharged according to law. 2486

(E) All eligible delinquent land acquired by a county, 2487
municipal corporation, or township under this section is real 2488
property held for a public purpose and is exempted from taxation 2489
until the county, municipal corporation, or township sells or 2490
otherwise disposes of property. 2491

(F) If a county, municipal corporation, or township sells or 2492
otherwise disposes of delinquent land it purchased or acquired and 2493
for which all or a portion of a taxing authority's claim for 2494
delinquent taxes was released under this section, the net proceeds 2495
from such sale or disposition shall be used for such redevelopment 2496
purposes the board of county commissioners, the legislative 2497
authority of the municipal corporation, or the board of township 2498
trustees considers necessary or appropriate. 2499

Sec. 5733.05. As used in this section, "qualified research" 2500
means laboratory research, experimental research, and other 2501
similar types of research; research in developing or improving a 2502
product; or research in developing or improving the means of 2503
producing a product. It does not include market research, consumer 2504
surveys, efficiency surveys, management studies, ordinary testing 2505
or inspection of materials or products for quality control, 2506
historical research, or literary research. "Product" as used in 2507

this paragraph does not include services or intangible property. 2508

The annual report determines the value of the issued and 2509
outstanding shares of stock of the taxpayer, which under division 2510
(A) or divisions (B) and (C) of this section is the base or 2511
measure of the franchise tax liability. Such determination shall 2512
be made as of the date shown by the report to have been the 2513
beginning of the corporation's annual accounting period that 2514
includes the first day of January of the tax year. For the 2515
purposes of this chapter, the value of the issued and outstanding 2516
shares of stock of any corporation that is a financial institution 2517
shall be deemed to be the value as calculated in accordance with 2518
division (A) of this section. For the purposes of this chapter, 2519
the value of the issued and outstanding shares of stock of any 2520
corporation that is not a financial institution shall be deemed to 2521
be the values as calculated in accordance with divisions (B) and 2522
(C) of this section. Except as otherwise required by this section 2523
or section 5733.056 of the Revised Code, the value of a taxpayer's 2524
issued and outstanding shares of stock under division (A) or (C) 2525
of this section does not include any amount that is treated as a 2526
liability under generally accepted accounting principles. 2527

(A) The total value, as shown by the books of the financial 2528
institution, of its capital, surplus, whether earned or unearned, 2529
undivided profits, and reserves shall be determined as prescribed 2530
by section 5733.056 of the Revised Code for tax years 1998 and 2531
thereafter. 2532

(B) The sum of the corporation's net income during the 2533
corporation's taxable year, allocated or apportioned to this state 2534
as prescribed in divisions (B)(1) and (2) of this section, and 2535
subject to sections 5733.052, 5733.053, 5733.057, 5733.058, 2536
5733.059, and 5733.0510 of the Revised Code: 2537

(1) The net nonbusiness income allocated or apportioned to 2538
this state as provided by section 5733.051 of the Revised Code. 2539

(2) The amount of Ohio apportioned net business income, which shall be calculated by multiplying the corporation's net business income by a fraction. The numerator of the fraction is the sum of the following products: the property factor multiplied by twenty, the payroll factor multiplied by twenty, and the sales factor multiplied by sixty. The denominator of the fraction is one hundred, provided that the denominator shall be reduced by twenty if the property factor has a denominator of zero, by twenty if the payroll factor has a denominator of zero, and by sixty if the sales factor has a denominator of zero.

The property, payroll, and sales factors shall be determined as follows, but the numerator and the denominator of the factors shall not include the portion of any property, payroll, and sales otherwise includible in the factors to the extent that the portion relates to, or is used in connection with, the production of nonbusiness income allocated under section 5733.051 of the Revised Code:

(a) The property factor is a fraction computed as follows:

The numerator of the fraction is the average value of the corporation's real and tangible personal property owned or rented, and used in the trade or business in this state during the taxable year, and the denominator of the fraction is the average value of all the corporation's real and tangible personal property owned or rented, and used in the trade or business everywhere during such year. Real and tangible personal property used in the trade or business includes, but is not limited to, real and tangible personal property that the corporation rents, subrents, leases, or subleases to others if the income or loss from such rentals, subrentals, leases, or subleases is business income. There shall be excluded from the numerator and denominator of the fraction the original cost of all of the following property within Ohio: property with respect to which a "pollution control facility"

certificate has been issued pursuant to section 5709.21 of the Revised Code; property with respect to which an "industrial water pollution control certificate" has been issued pursuant to that section or former section 6111.31 of the Revised Code; and property used exclusively during the taxable year for qualified research.

(i) Property owned by the corporation is valued at its original cost. Property rented by the corporation is valued at eight times the net annual rental rate. "Net annual rental rate" means the annual rental rate paid by the corporation less any annual rental rate received by the corporation from subrentals.

(ii) The average value of property shall be determined by averaging the values at the beginning and the end of the taxable year, but the tax commissioner may require the averaging of monthly values during the taxable year, if reasonably required to reflect properly the average value of the corporation's property.

(b) The payroll factor is a fraction computed as follows:

The numerator of the fraction is the total amount paid in this state during the taxable year by the corporation for compensation, and the denominator of the fraction is the total compensation paid everywhere by the corporation during such year. There shall be excluded from the numerator and the denominator of the payroll factor the total compensation paid in this state to employees who are primarily engaged in qualified research.

(i) Compensation means any form of remuneration paid to an employee for personal services.

(ii) Compensation is paid in this state if: ~~(1)~~(I) the recipient's service is performed entirely within this state, ~~(2)~~(II) the recipient's service is performed both within and without this state, but the service performed without this state is incidental to the recipient's service within this state,

~~(3)~~(III) some of the service is performed within this state and 2603
either the base of operations, or if there is no base of 2604
operations, the place from which the service is directed or 2605
controlled is within this state, or the base of operations or the 2606
place from which the service is directed or controlled is not in 2607
any state in which some part of the service is performed, but the 2608
recipient's residence is in this state. 2609

(iii) Compensation is paid in this state to any employee of a 2610
common or contract motor carrier corporation, who performs the 2611
employee's regularly assigned duties on a motor vehicle in more 2612
than one state, in the same ratio by which the mileage traveled by 2613
such employee within the state bears to the total mileage traveled 2614
by such employee everywhere during the taxable year. 2615

(c) ~~Except as provided in section 5733.059 of the Revised~~ 2616
~~Code, the~~ The sales factor is a fraction computed as follows: 2617

~~The~~ Except as provided in this section, the numerator of the 2618
fraction is the total sales in this state by the corporation 2619
during the taxable year or part thereof, and the denominator of 2620
the fraction is the total sales by the corporation everywhere 2621
during such year or part thereof. In ~~determining~~ computing the 2622
numerator and denominator of the fraction, the following shall be 2623
eliminated from the fraction: receipts and any related gains or 2624
losses from the sale or other disposal of ~~a capital asset or an~~ 2625
~~asset described in section 1231 of the Internal Revenue Code shall~~ 2626
~~be eliminated~~ excluded assets; dividends or distributions; and 2627
interest or other similar amounts received for the use of, or for 2628
the forbearance of the use of, money. Also, in ~~determining~~ 2629
computing the numerator and denominator of the sales factor, in 2630
the case of a ~~reporting~~ corporation owning at least eighty per 2631
cent of the issued and outstanding common stock of one or more 2632
insurance companies or public utilities, except an electric 2633
company and a combined company, and, for tax years 2005 and 2634

thereafter, a telephone company, or owning at least twenty-five 2635
per cent of the issued and outstanding common stock of one or more 2636
financial institutions, receipts received by the ~~reporting~~ 2637
corporation from such utilities, insurance companies, and 2638
financial institutions shall be eliminated. As used in this 2639
division, "excluded assets" means property that is either: 2640
intangible property, other than trademarks, trade names, patents, 2641
copyrights, and similar intellectual property; or tangible 2642
personal property or real property where that property is a 2643
capital asset or an asset described in section 1231 of the 2644
Internal Revenue Code, without regard to the holding period 2645
specified therein. 2646

(i) For the purpose of this section and section 5733.03 of 2647
the Revised Code, ~~sales~~ receipts not eliminated or excluded from 2648
the fraction shall be sitused as follows: 2649

Receipts from rents and royalties from real property located 2650
in this state shall be sitused to this state. 2651

Receipts from rents and royalties of tangible personal 2652
property, to the extent the tangible personal property is used in 2653
this state, shall be sitused to this state. 2654

Receipts from the sale of electricity and of electric 2655
transmission and distribution services shall be sitused to this 2656
state in the manner provided under section 5733.059 of the Revised 2657
Code. 2658

Receipts from the sale of real property located in this state 2659
shall be sitused to this state. 2660

Receipts from the sale of tangible personal property ~~are in~~ 2661
shall be sitused to this state where if such property is received 2662
in this state by the purchaser. In the case of delivery of 2663
tangible personal property by common carrier or by other means of 2664
transportation, the place at which such property is ultimately 2665

received after all transportation has been completed shall be 2666
considered as the place at which such property is received by the 2667
purchaser. Direct delivery in this state, other than for purposes 2668
of transportation, to a person or firm designated by a purchaser 2669
constitutes delivery to the purchaser in this state, and direct 2670
delivery outside this state to a person or firm designated by a 2671
purchaser does not constitute delivery to the purchaser in this 2672
state, regardless of where title passes or other conditions of 2673
sale. 2674

~~Except as provided in section 5733.059 of the Revised Code,~~ 2675
~~sales, (ii) Receipts from all other than sales of tangible~~ 2676
~~personal property, are in this state if either:~~ 2677

~~(i) The income producing activity is performed solely in this~~ 2678
~~state;~~ 2679

~~(ii) The income producing activity is performed both within~~ 2680
~~and without this state and a greater proportion of the seller's~~ 2681
~~income producing activity is performed within this state than in~~ 2682
~~any other state, based on costs of performance not eliminated or~~ 2683
~~excluded from the fraction shall be sitused to this state as~~ 2684
~~follows:~~ 2685

Receipts from the sale, exchange, disposition, or other grant 2686
of the right to use trademarks, trade names, patents, copyrights, 2687
and similar intellectual property shall be sitused to this state 2688
to the extent that the receipts are based on the amount of use of 2689
that property in this state. If the receipts are not based on the 2690
amount of use of that property, but rather on the right to use the 2691
property and the payor has the right to use the property in this 2692
state, then the receipts from the sale, exchange, disposition, or 2693
other grant of the right to use such property shall be sitused to 2694
this state to the extent the receipts are based on the right to 2695
use the property in this state. 2696

Receipts from the sale of services, and receipts from any other sales not eliminated or excluded from the sales factor and not otherwise sitused under division (B)(2)(c) of this section, shall be sitused to this state in the proportion to the purchaser's benefit, with respect to the sale, in this state to the purchaser's benefit, with respect to the sale, everywhere. The physical location where the purchaser ultimately uses or receives the benefit of what was purchased shall be paramount in determining the proportion of the benefit in this state to the benefit everywhere.

(iii) Income from receipts eliminated or excluded from the sales factor under division (B)(2)(c) of this section shall not be presumed to be nonbusiness income.

(d) If the allocation and apportionment provisions of division (B) of this section do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may request, which request must be in writing and must accompany the report, a timely filed petition for reassessment, or a timely filed amended report, or the tax commissioner may require, in respect to all or any part of the taxpayer's allocated or apportioned base, if reasonable, any one or more of the following:

(i) Separate accounting;

(ii) The exclusion of any one or more of the factors;

(iii) The inclusion of one or more additional factors that will fairly represent the taxpayer's allocated or apportioned base in this state.

An alternative method will be effective only with approval by the tax commissioner.

Nothing in this section shall be construed to extend any statute of limitations set forth in this chapter.

(e) The tax commissioner may adopt rules providing for 2727
alternative allocation and apportionment methods, and alternative 2728
calculations of a corporation's base, that apply to corporations 2729
engaged in telecommunications. 2730

(C)(1) The total value, as shown on the books of each 2731
corporation that is not a qualified holding company, of the net 2732
book value of the corporation's assets less the net carrying value 2733
of its liabilities, and excluding from the corporation's assets 2734
land devoted exclusively to agricultural use as of the first 2735
Monday of June in the corporation's taxable year as determined by 2736
the county auditor of the county in which the land is located 2737
pursuant to section 5713.31 of the Revised Code, and making any 2738
adjustment required by division (D) of this section. For the 2739
purposes of determining that total value, any reserves shown on 2740
the corporation's books shall be considered liabilities or contra 2741
assets, as the case may be, except for any reserves that are 2742
deemed appropriations of retained earnings under generally 2743
accepted accounting principles. 2744

(2) The base upon which the tax is levied under division (C) 2745
of section 5733.06 of the Revised Code shall be computed by 2746
multiplying the amount determined under division (C)(1) of this 2747
section by the fraction determined under divisions (B)(2)(a) to 2748
(c) of this section and, if applicable, divisions (B)(2)(d)(ii) 2749
and (iii) of this section, and ~~with~~ without regard to section 2750
5733.052 of the Revised Code, but substituting "net worth" for 2751
"net income" wherever "net income" appears in division (B)(2)(c) 2752
in this section. For purposes of division (C)(2) of this section, 2753
the numerator and denominator of each of the fractions shall 2754
include the portion of any real and tangible personal property, 2755
payroll, and sales, respectively, relating to, or used in 2756
connection with the production of, net nonbusiness income 2757
allocated under section 5733.051 of the Revised Code. Nothing in 2758

this division shall allow any amount to be included in the 2759
numerator or denominator more than once. 2760

(D)(1) If, on the last day of the taxpayer's taxable year 2761
preceding the tax year, the taxpayer is a related member to a 2762
corporation that elects to be a qualifying holding company for the 2763
tax year beginning after the last day of the taxpayer's taxable 2764
year, or if, on the last day of the taxpayer's taxable year 2765
preceding the tax year, a corporation that elects to be a 2766
qualifying holding company for the tax year beginning after the 2767
last day of the taxpayer's taxable year is a related member to the 2768
taxpayer, then the taxpayer's total value for the purposes of 2769
division (C) of this section shall be adjusted by the qualifying 2770
amount. Except as otherwise provided under division (D)(2) of this 2771
section, "qualifying amount" means the amount that, when added to 2772
the taxpayer's total value, and when subtracted from the net 2773
carrying value of the taxpayer's liabilities computed without 2774
regard to division (C)(2) of this section, or when subtracted from 2775
the taxpayer's total value and when added to the net carrying 2776
value of the taxpayer's liabilities computed without regard to 2777
division (D) of this section, results in the taxpayer's 2778
debt-to-equity ratio equaling the debt-to-equity ratio of the 2779
qualifying controlled group on the last day of the taxable year 2780
ending prior to the first day of the tax year computed on a 2781
consolidated basis in accordance with general accepted accounting 2782
principles. For the purposes of division (D)(1) of this section, 2783
the corporation's total value, after the adjustment required by 2784
that division, shall not exceed the net book value of the 2785
corporation's assets. 2786

(2)(a) The amount added to the taxpayer's total value and 2787
subtracted from the net carrying value of the taxpayer's 2788
liabilities shall not exceed the amount of the net carrying value 2789
of the taxpayer's liabilities owed to the taxpayer's related 2790

members.	2791
(b) A liability owed to the taxpayer's related members	2792
includes, but is not limited to, any amount that the corporation	2793
owes to a person that is not a related member if the corporation's	2794
related member or related members in whole or in part guarantee	2795
any portion or all of that amount, or pledge, hypothecate,	2796
mortgage, or carry out any similar transactions to secure any	2797
portion or all of that amount.	2798
(3) The base upon which the tax is levied under division (C)	2799
of section 5733.06 of the Revised Code shall be computed by	2800
multiplying the amount determined under divisions (C) and (D) of	2801
this section but without regard to section 5733.052 of the Revised	2802
Code.	2803
(4) For purposes of division (D) of this section, "related	2804
member" has the same meaning as in section 5733.042 of the Revised	2805
Code.	2806
Sec. 5733.33. (A) As used in this section:	2807
(1) "Manufacturing machinery and equipment" means engines and	2808
machinery, and tools and implements, of every kind used, or	2809
designed to be used, in refining and manufacturing. "Manufacturing	2810
machinery and equipment" does not include property acquired after	2811
December 31, 1999, that is used:	2812
(a) For the transmission and distribution of electricity;	2813
(b) For the generation of electricity, if fifty per cent or	2814
more of the electricity that the property generates is consumed,	2815
during the one-hundred-twenty-month period commencing with the	2816
date the property is placed in service, by persons that are not	2817
related members to the person who generates the electricity.	2818
(2) "New manufacturing machinery and equipment" means	2819
manufacturing machinery and equipment, the original use in this	2820

state of which commences with the taxpayer or with a partnership 2821
of which the taxpayer is a partner. "New manufacturing machinery 2822
and equipment" does not include property acquired after December 2823
31, 1999, that is used: 2824

(a) For the transmission and distribution of electricity; 2825

(b) For the generation of electricity, if fifty per cent or 2826
more of the electricity that the property generates is consumed, 2827
during the one-hundred-twenty-month period commencing with the 2828
date the property is placed in service, by persons that are not 2829
related members to the person who generates the electricity. 2830

(3)(a) "Purchase" has the same meaning as in section 2831
179(d)(2) of the Internal Revenue Code. 2832

(b) For purposes of this section, any property that is not 2833
manufactured or assembled primarily by the taxpayer is considered 2834
purchased at the time the agreement to acquire the property 2835
becomes binding. Any property that is manufactured or assembled 2836
primarily by the taxpayer is considered purchased at the time the 2837
taxpayer places the property in service in the county for which 2838
the taxpayer will calculate the county excess amount. 2839

(c) Notwithstanding section 179(d) of the Internal Revenue 2840
Code, a taxpayer's direct or indirect acquisition of new 2841
manufacturing machinery and equipment is not purchased on or after 2842
July 1, 1995, if the taxpayer, or a person whose relationship to 2843
the taxpayer is described in subparagraphs (A), (B), or (C) of 2844
section 179(d)(2) of the Internal Revenue Code, had directly or 2845
indirectly entered into a binding agreement to acquire the 2846
property at any time prior to July 1, 1995. 2847

(4) "Qualifying period" means the period that begins July 1, 2848
1995, and ends December 31, ~~2005~~ 2015. 2849

(5) "County average new manufacturing machinery and equipment 2850
investment" means either of the following: 2851

(a) The average annual cost of new manufacturing machinery 2852
and equipment purchased for use in the county during baseline 2853
years, in the case of a taxpayer that was in existence for more 2854
than one year during baseline years. 2855

(b) Zero, in the case of a taxpayer that was not in existence 2856
for more than one year during baseline years. 2857

(6) "Partnership" includes a limited liability company formed 2858
under Chapter 1705. of the Revised Code or under the laws of any 2859
other state, provided that the company is not classified for 2860
federal income tax purposes as an association taxable as a 2861
corporation. 2862

(7) "Partner" includes a member of a limited liability 2863
company formed under Chapter 1705. of the Revised Code or under 2864
the laws of any other state, provided that the company is not 2865
classified for federal income tax purposes as an association 2866
taxable as a corporation. 2867

(8) "Distressed area" means either a municipal corporation 2868
that has a population of at least fifty thousand or a county that 2869
meets two of the following criteria of economic distress, or a 2870
municipal corporation the majority of the population of which is 2871
situated in such a county: 2872

(a) Its average rate of unemployment, during the most recent 2873
five-year period for which data are available, is equal to at 2874
least one hundred twenty-five per cent of the average rate of 2875
unemployment for the United States for the same period; 2876

(b) It has a per capita income equal to or below eighty per 2877
cent of the median county per capita income of the United States 2878
as determined by the most recently available figures from the 2879
United States census bureau; 2880

(c)(i) In the case of a municipal corporation, at least 2881

twenty per cent of the residents have a total income for the most recent census year that is below the official poverty line;

(ii) In the case of a county, in intercensal years, the county has a ratio of transfer payment income to total county income equal to or greater than twenty-five per cent.

(9) "Eligible area" means a distressed area, a labor surplus area, an inner city area, or a situational distress area.

(10) "Inner city area" means, in a municipal corporation that has a population of at least one hundred thousand and does not meet the criteria of a labor surplus area or a distressed area, targeted investment areas established by the municipal corporation within its boundaries that are comprised of the most recent census block tracts that individually have at least twenty per cent of their population at or below the state poverty level or other census block tracts contiguous to such census block tracts.

(11) "Labor surplus area" means an area designated as a labor surplus area by the United States department of labor.

(12) "Official poverty line" has the same meaning as in division (A) of section 3923.51 of the Revised Code.

(13) "Situational distress area" means a county or a municipal corporation that has experienced or is experiencing a closing or downsizing of a major employer, that will adversely affect the county's or municipal corporation's economy. In order to be designated as a situational distress area for a period not to exceed thirty-six months, the county or municipal corporation may petition the director of development. The petition shall include written documentation that demonstrates all of the following adverse effects on the local economy:

(a) The number of jobs lost by the closing or downsizing;

(b) The impact that the job loss has on the county's or

municipal corporation's unemployment rate as measured by the state	2912
director of job and family services;	2913
(c) The annual payroll associated with the job loss;	2914
(d) The amount of state and local taxes associated with the	2915
job loss;	2916
(e) The impact that the closing or downsizing has on the	2917
suppliers located in the county or municipal corporation.	2918
(14) "Cost" has the same meaning and limitation as in section	2919
179(d)(3) of the Internal Revenue Code.	2920
(15) "Baseline years" means:	2921
(a) Calendar years 1992, 1993, and 1994, with regard to a	2922
credit claimed for the purchase during calendar year 1995, 1996,	2923
1997, or 1998 of new manufacturing machinery and equipment;	2924
(b) Calendar years 1993, 1994, and 1995, with regard to a	2925
credit claimed for the purchase during calendar year 1999 of new	2926
manufacturing machinery and equipment;	2927
(c) Calendar years 1994, 1995, and 1996, with regard to a	2928
credit claimed for the purchase during calendar year 2000 of new	2929
manufacturing machinery and equipment;	2930
(d) Calendar years 1995, 1996, and 1997, with regard to a	2931
credit claimed for the purchase during calendar year 2001 of new	2932
manufacturing machinery and equipment;	2933
(e) Calendar years 1996, 1997, and 1998, with regard to a	2934
credit claimed for the purchase during calendar year 2002 of new	2935
manufacturing machinery and equipment;	2936
(f) Calendar years 1997, 1998, and 1999, with regard to a	2937
credit claimed for the purchase during calendar year 2003 of new	2938
manufacturing machinery and equipment;	2939
(g) Calendar years 1998, 1999, and 2000, with regard to a	2940

credit claimed for the purchase during calendar year 2004 of new manufacturing machinery and equipment;	2941 2942
(h) Calendar years 1999, 2000, and 2001, with regard to a credit claimed for the purchase during calendar year 2005 of new manufacturing machinery and equipment;	2943 2944 2945
<u>(i) Calendar years 2000, 2001, and 2002, with regard to a credit claimed for the purchase during calendar year 2006 of new manufacturing machinery and equipment;</u>	2946 2947 2948
<u>(j) Calendar years 2001, 2002, and 2003, with regard to a credit claimed for the purchase during calendar year 2007 of new manufacturing machinery and equipment;</u>	2949 2950 2951
<u>(k) Calendar years 2002, 2003, and 2004, with regard to a credit claimed for the purchase during calendar year 2008 of new manufacturing machinery and equipment;</u>	2952 2953 2954
<u>(l) Calendar years 2003, 2004, and 2005, with regard to a credit claimed for the purchase during calendar year 2009 of new manufacturing machinery and equipment;</u>	2955 2956 2957
<u>(m) Calendar years 2004, 2005, and 2006, with regard to a credit claimed for the purchase during calendar year 2010 of new manufacturing machinery and equipment;</u>	2958 2959 2960
<u>(n) Calendar years 2005, 2006, and 2007, with regard to a credit claimed for the purchase during calendar year 2011 of new manufacturing machinery and equipment;</u>	2961 2962 2963
<u>(o) Calendar years 2006, 2007, and 2008, with regard to a credit claimed for the purchase during calendar year 2012 of new manufacturing machinery and equipment;</u>	2964 2965 2966
<u>(p) Calendar years 2007, 2008, and 2009, with regard to a credit claimed for the purchase during calendar year 2013 of new manufacturing machinery and equipment;</u>	2967 2968 2969
<u>(q) Calendar years 2008, 2009, and 2010, with regard to a</u>	2970

credit claimed for the purchase during calendar year 2014 of new 2971
manufacturing machinery and equipment; 2972

(r) Calendar years 2009, 2010, and 2011, with regard to a 2973
credit claimed for the purchase during calendar year 2015 of new 2974
manufacturing machinery and equipment. 2975

(16) "Related member" has the same meaning as in section 2976
5733.042 of the Revised Code. 2977

(B)(1) Subject to division (I) of this section, a 2978
nonrefundable credit is allowed against the tax imposed by section 2979
5733.06 of the Revised Code for a taxpayer that purchases new 2980
manufacturing machinery and equipment during the qualifying 2981
period, provided that the new manufacturing machinery and 2982
equipment are installed in this state no later than December 31, 2983
~~2006~~ 2016. 2984

(2)(a) Except as otherwise provided in division (B)(2)(b) of 2985
this section, a credit may be claimed under this section in excess 2986
of one million dollars only if the cost of all manufacturing 2987
machinery and equipment owned in this state by the taxpayer 2988
claiming the credit on the last day of the calendar year exceeds 2989
the cost of all manufacturing machinery and equipment owned in 2990
this state by the taxpayer on the first day of that calendar year. 2991

As used in division (B)(2)(a) of this section, "calendar 2992
year" means the calendar year in which the machinery and equipment 2993
for which the credit is claimed was purchased. 2994

(b) Division (B)(2)(a) of this section does not apply if the 2995
taxpayer claiming the credit applies for and is issued a waiver of 2996
the requirement of that division. A taxpayer may apply to the 2997
director of development for such a waiver in the manner prescribed 2998
by the director, and the director may issue such a waiver if the 2999
director determines that granting the credit is necessary to 3000
increase or retain employees in this state, and that the credit 3001

has not caused relocation of manufacturing machinery and equipment 3002
among counties within this state for the primary purpose of 3003
qualifying for the credit. 3004

(C)(1) Except as otherwise provided in division (C)(2) and 3005
division (I) of this section, the credit amount is equal to seven 3006
and one-half per cent of the excess of the cost of the new 3007
manufacturing machinery and equipment purchased during the 3008
calendar year for use in a county over the county average new 3009
manufacturing machinery and equipment investment for that county. 3010

(2) Subject to division (I) of this section, as used in 3011
division (C)(2) of this section "county excess" means the 3012
taxpayer's excess cost for a county as computed under division 3013
(C)(1) of this section. 3014

Subject to division (I) of this section, a taxpayer with a 3015
county excess, whose purchases included purchases for use in any 3016
eligible area in the county, the credit amount is equal to 3017
thirteen and one-half per cent of the cost of the new 3018
manufacturing machinery and equipment purchased during the 3019
calendar year for use in the eligible areas in the county, 3020
provided that the cost subject to the thirteen and one-half per 3021
cent rate shall not exceed the county excess. If the county excess 3022
is greater than the cost of the new manufacturing machinery and 3023
equipment purchased during the calendar year for use in eligible 3024
areas in the county, the credit amount also shall include an 3025
amount equal to seven and one-half per cent of the amount of the 3026
difference. 3027

(3) If a taxpayer is allowed a credit for purchases of new 3028
manufacturing machinery and equipment in more than one county or 3029
eligible area, it shall aggregate the amount of those credits each 3030
year. 3031

(4) The taxpayer shall claim one-seventh of the credit amount 3032

for the tax year immediately following the calendar year in which 3033
the new manufacturing machinery and equipment is purchased for use 3034
in the county by the taxpayer or partnership. One-seventh of the 3035
taxpayer credit amount is allowed for each of the six ensuing tax 3036
years. Except for carried-forward amounts, the taxpayer is not 3037
allowed any credit amount remaining if the new manufacturing 3038
machinery and equipment is sold by the taxpayer or partnership or 3039
is transferred by the taxpayer or partnership out of the county 3040
before the end of the seven-year period unless, at the time of the 3041
sale or transfer, the new manufacturing machinery and equipment 3042
has been fully depreciated for federal income tax purposes. 3043

(5)(a) A taxpayer that acquires manufacturing machinery and 3044
equipment as a result of a merger with the taxpayer with whom 3045
commenced the original use in this state of the manufacturing 3046
machinery and equipment, or with a taxpayer that was a partner in 3047
a partnership with whom commenced the original use in this state 3048
of the manufacturing machinery and equipment, is entitled to any 3049
remaining or carried-forward credit amounts to which the taxpayer 3050
was entitled. 3051

(b) A taxpayer that enters into an agreement under division 3052
(C)(3) of section 5709.62 of the Revised Code and that acquires 3053
manufacturing machinery or equipment as a result of purchasing a 3054
large manufacturing facility, as defined in section 5709.61 of the 3055
Revised Code, from another taxpayer with whom commenced the 3056
original use in this state of the manufacturing machinery or 3057
equipment, and that operates the large manufacturing facility so 3058
purchased, is entitled to any remaining or carried-forward credit 3059
amounts to which the other taxpayer who sold the facility would 3060
have been entitled under this section had the other taxpayer not 3061
sold the manufacturing facility or equipment. 3062

(c) New manufacturing machinery and equipment is not 3063
considered sold if a pass-through entity transfers to another 3064

pass-through entity substantially all of its assets as part of a 3065
plan of reorganization under which substantially all gain and loss 3066
is not recognized by the pass-through entity that is transferring 3067
the new manufacturing machinery and equipment to the transferee 3068
and under which the transferee's basis in the new manufacturing 3069
machinery and equipment is determined, in whole or in part, by 3070
reference to the basis of the pass-through entity which 3071
transferred the new manufacturing machinery and equipment to the 3072
transferee. 3073

(d) Division (C)(5) of this section shall apply only if the 3074
acquiring taxpayer or transferee does not sell the new 3075
manufacturing machinery and equipment or transfer the new 3076
manufacturing machinery and equipment out of the county before the 3077
end of the seven-year period to which division (C)(4) of this 3078
section refers. 3079

(e) Division (C)(5)(b) of this section applies only to the 3080
extent that the taxpayer that sold the manufacturing machinery or 3081
equipment, upon request, timely provides to the tax commissioner 3082
any information that the tax commissioner considers to be 3083
necessary to ascertain any remaining or carried-forward amounts to 3084
which the taxpayer that sold the facility would have been entitled 3085
under this section had the taxpayer not sold the manufacturing 3086
machinery or equipment. Nothing in division (C)(5)(b) or (e) of 3087
this section shall be construed to allow a taxpayer to claim any 3088
credit amount with respect to the acquired manufacturing machinery 3089
or equipment that is greater than the amount that would have been 3090
available to the other taxpayer that sold the manufacturing 3091
machinery or equipment had the other taxpayer not sold the 3092
manufacturing machinery or equipment. 3093

(D) The taxpayer shall claim the credit in the order required 3094
under section 5733.98 of the Revised Code. Each year, any credit 3095
amount in excess of the tax due under section 5733.06 of the 3096

Revised Code after allowing for any other credits that precede the 3097
credit under this section in that order may be carried forward for 3098
three tax years. 3099

(E) A taxpayer purchasing new manufacturing machinery and 3100
equipment and intending to claim the credit shall file, with the 3101
department of development, a notice of intent to claim the credit 3102
on a form prescribed by the department of development. The 3103
department of development shall inform the tax commissioner of the 3104
notice of intent to claim the credit. 3105

(F) The director of development shall annually certify, by 3106
the first day of January of each year during the qualifying 3107
period, the eligible areas for the tax credit for the calendar 3108
year that includes that first day of January. The director shall 3109
send a copy of the certification to the tax commissioner. 3110

(G) New manufacturing machinery and equipment for which a 3111
taxpayer claims the credit under section 5733.31, 5733.311, 3112
5747.26, or 5747.261 of the Revised Code shall not be considered 3113
new manufacturing machinery and equipment for purposes of the 3114
credit under this section. 3115

(H)(1) Notwithstanding sections 5733.11 and 5747.13 of the 3116
Revised Code, but subject to division (H)(2) of this section, the 3117
tax commissioner may issue an assessment against a person with 3118
respect to a credit claimed under this section for new 3119
manufacturing machinery and equipment described in division 3120
(A)(1)(b) or (2)(b) of this section, if the machinery or equipment 3121
subsequently does not qualify for the credit. 3122

(2) Division (H)(1) of this section shall not apply after the 3123
twenty-fourth month following the last day of the period described 3124
in divisions (A)(1)(b) and (2)(b) of this section. 3125

(I) Notwithstanding any other provision of this section to 3126
the contrary, in the case of a qualifying controlled group, the 3127

credit available under this section to a taxpayer or taxpayers in 3128
the qualifying controlled group shall be computed as if all 3129
corporations in the group were a single corporation. The credit 3130
shall be allocated to such a taxpayer or taxpayers in the group in 3131
any amount elected for the taxable year by the group. Such 3132
election shall be revocable and amendable during the period 3133
described in division (B) of section 5733.12 of the Revised Code. 3134

This division applies to all purchases of new manufacturing 3135
machinery and equipment made on or after January 1, 2001, and to 3136
all baseline years used to compute any credit attributable to such 3137
purchases; provided, that this division may be applied solely at 3138
the election of the qualifying controlled group with respect to 3139
all purchases of new manufacturing machinery and equipment made 3140
before that date, and to all baseline years used to compute any 3141
credit attributable to such purchases. The qualifying controlled 3142
group at any time may elect to apply this division to purchases 3143
made prior to January 1, 2001, subject to the following: 3144

(1) The election is irrevocable; 3145

(2) The election need not accompany a timely filed report, 3146
but the election may accompany a subsequently filed but timely 3147
application for refund, a subsequently filed but timely amended 3148
report, or a subsequently filed but timely petition for 3149
reassessment. 3150

Sec. 5735.01. As used in this chapter: 3151

(A) "Motor vehicles" includes all vehicles, vessels, 3152
watercraft, engines, machines, or mechanical contrivances which 3153
are powered by internal combustion engines or motors. 3154

(B) "Motor fuel" means gasoline, diesel fuel, K-1 kerosene, 3155
or any other liquid motor fuel, including, but not limited to, 3156
liquid petroleum gas or liquid natural gas, but excluding 3157

substances prepackaged and sold in containers of five gallons or 3158
less. 3159

(C) "K-1 Kerosene" means fuel that conforms to the chemical 3160
and physical standards for kerosene no. 1-K as set forth in the 3161
american society for testing and materials (ASTM) designated 3162
D-3699 "standard for specification for kerosene," as that standard 3163
may be modified from time to time. For purposes of inspection and 3164
testing, laboratory analysis shall be conducted using methods 3165
recognized by the ASTM designation D-3699. 3166

(D) "Diesel fuel" means any liquid fuel capable of use in 3167
discrete form or as a blend component in the operation of engines 3168
of the diesel type, including transmix when mixed with diesel 3169
fuel. 3170

(E) "Gasoline" means any of the following: 3171

(1) All products, commonly or commercially known or sold as 3172
gasoline; 3173

(2) Any blend stocks or additives, including alcohol, that 3174
are sold for blending with gasoline, other than products typically 3175
sold in containers of five gallons or less; 3176

(3) Transmix when mixed with gasoline, unless certified, as 3177
required by the tax commissioner, for withdrawal from terminals 3178
for reprocessing at refineries; 3179

(4) Alcohol that is offered for sale or sold for use as, or 3180
commonly and commercially used as, a fuel for internal combustion 3181
engines. 3182

Gasoline does not include diesel fuel, commercial or 3183
industrial naphthas or solvents manufactured, imported, received, 3184
stored, distributed, sold, or used exclusively for purposes other 3185
than as a motor fuel for a motor vehicle or vessel. The blending 3186
of any of the products listed in the preceding sentence, 3187

regardless of name or characteristics, is conclusively presumed to 3188
have been done to produce gasoline, unless the product obtained by 3189
the blending is entirely incapable for use as fuel to operate a 3190
motor vehicle. An additive, blend stock, or alcohol is presumed to 3191
be sold for blending unless a certification is obtained as 3192
required by the tax commissioner. 3193

(F) "Public highways" means lands and lots over which the 3194
public, either as user or owner, generally has a right to pass, 3195
even though the same are closed temporarily by the authorities for 3196
the purpose of construction, reconstruction, maintenance, or 3197
repair. 3198

(G) "Waters within the boundaries of this state" means all 3199
streams, lakes, ponds, marshes, water courses, and all other 3200
bodies of surface water, natural or artificial, which are situated 3201
wholly or partially within this state or within its jurisdiction, 3202
except private impounded bodies of water. 3203

(H) "Person" includes individuals, partnerships, firms, 3204
associations, corporations, receivers, trustees in bankruptcy, 3205
estates, joint-stock companies, joint ventures, the state and its 3206
political subdivisions, and any combination of persons of any 3207
form. 3208

(I)(1) "Motor fuel dealer" means any person who satisfies any 3209
of the following: 3210

(a) The person imports from another state or foreign country 3211
or acquires motor fuel by any means into a terminal in this state; 3212

(b) The person imports motor fuel from another state or 3213
foreign country in bulk lot vehicles for subsequent sale and 3214
distribution in this state from bulk lot vehicles; 3215

(c) The person refines motor fuel in this state; 3216

(d) The person acquires motor fuel from a motor fuel dealer 3217

for subsequent sale and distribution by that person in this state 3218
from bulk lot vehicles; 3219

(e) The person possesses an unrevoked permissive motor fuel 3220
dealer's license. 3221

(2) Any person who obtains dyed diesel fuel for use other 3222
than the operation of motor vehicles upon the public highways or 3223
upon waters within the boundaries of this state, but later uses 3224
that motor fuel for the operation of motor vehicles upon the 3225
public highways or upon waters within the boundaries of this 3226
state, is deemed a motor fuel dealer as regards any unpaid motor 3227
fuel taxes levied on the motor fuel so used. 3228

(J) As used in sections 5735.05, 5735.25, 5735.29, and 3229
5735.30 of the Revised Code only: 3230

(1) With respect to gasoline, "received" or "receipt" shall 3231
be construed as follows: 3232

(a) Gasoline produced at a refinery in this state or 3233
delivered to a terminal in this state is deemed received when it 3234
is disbursed through a loading rack at that refinery or terminal; 3235

(b) Except as provided in division (J)(1)(a) of this section, 3236
gasoline imported into this state or purchased or otherwise 3237
acquired in this state by any person is deemed received within 3238
this state by that person when the gasoline is withdrawn from the 3239
container in which it was transported; 3240

(c) Gasoline delivered or disbursed by any means from a 3241
terminal directly to another terminal is not deemed received. 3242

(2) With respect to motor fuel other than gasoline, 3243
"received" or "receipt" means distributed or sold for use or used 3244
to generate power for the operation of motor vehicles upon the 3245
public highways or upon waters within the boundaries of this 3246
state. All diesel fuel that is not dyed diesel fuel, regardless of 3247

its use, shall be considered as used to generate power for the 3248
operation of motor vehicles upon the public highways or upon 3249
waters within the boundaries of this state when the fuel is sold 3250
or distributed to a person other than a licensed motor fuel dealer 3251
or to a person licensed under section 5735.026 of the Revised 3252
Code. 3253

(K) Motor fuel used for the operation of licensed motor 3254
vehicles employed in the maintenance, construction, or repair of 3255
public highways is deemed to be used for the operation of motor 3256
vehicles upon the public highways. 3257

(L) "Licensed motor fuel dealer" means any dealer possessing 3258
an unrevoked motor fuel dealer's license issued by the tax 3259
commissioner as provided in section 5735.02 of the Revised Code. 3260

(M) "Licensed retail dealer" means any retail dealer 3261
possessing an unrevoked retail dealer's license issued by the tax 3262
commissioner as provided in section 5735.022 of the Revised Code. 3263

(N) "Cents per gallon rate" means the amount computed by the 3264
tax commissioner under section 5735.011 of the Revised Code that 3265
is used to determine that portion of the tax levied by section 3266
5735.05 of the Revised Code that is computed in the manner 3267
prescribed by division (B)(2) of section 5735.06 of the Revised 3268
Code and that is applicable for the period that begins on the 3269
first day of July following the date on which the commissioner 3270
makes the computation. 3271

(O) "Retail dealer" means any person that sells or 3272
distributes motor fuel at a retail service station located in this 3273
state. 3274

(P) "Retail service station" means a location from which 3275
motor fuel is sold to the general public and is dispensed or 3276
pumped directly into motor vehicle fuel tanks for consumption. 3277

(Q) "Transit bus" means a motor vehicle ~~having a seating~~ 3278

~~capacity of more than ten persons which~~ that is operated for 3279
public transit or paratransit service on a regular and continuing 3280
basis within the state by or for a county, a municipal 3281
corporation, a county transit board pursuant to sections 306.01 to 3282
306.13 of the Revised Code, a regional transit authority pursuant 3283
to sections 306.30 to 306.54 of the Revised Code, or a regional 3284
transit commission pursuant to sections 306.80 to 306.90 of the 3285
Revised Code. Public transit or paratransit service may include 3286
fixed route, demand-responsive, or subscription bus service 3287
transportation, but does not include shared-ride taxi service, 3288
carpools, vanpools, jitney service, school bus transportation, or 3289
charter or sightseeing services. 3290

(R) "Export" means motor fuel delivered outside this state. 3291
Motor fuel delivered outside this state by or for the seller 3292
constitutes an export by the seller. Motor fuel delivered outside 3293
this state by or for the purchaser constitutes an export by the 3294
purchaser. 3295

(S) "Import" means motor fuel delivered into this state from 3296
outside this state. Motor fuel delivered into this state from 3297
outside this state by or for the seller constitutes an import by 3298
the seller. Motor fuel delivered into this state from outside this 3299
state by or for the purchaser constitutes an import by the 3300
purchaser. 3301

(T) "Terminal" means a motor fuel storage or distribution 3302
facility that is supplied by pipeline or marine vessel. 3303

(U) "Consumer" means a buyer of motor fuel for purposes other 3304
than resale in any form. 3305

(V) "Bulk lot vehicle" means railroad tank cars, transport 3306
tank trucks and tank wagons with a capacity of at least 1,400 3307
gallons. 3308

(W) "Licensed permissive motor fuel dealer" means any person 3309

possessing an unrevoked permissive motor fuel dealer's license 3310
issued by the tax commissioner under section 5735.021 of the 3311
Revised Code. 3312

(X) "Licensed terminal operator" means any person possessing 3313
an unrevoked terminal operator's license issued by the tax 3314
commissioner under section 5735.026 of the Revised Code. 3315

(Y) "Licensed exporter" means any person possessing an 3316
unrevoked exporter's license issued by the tax commissioner under 3317
section 5735.026 of the Revised Code. 3318

(Z) "Dyed diesel fuel" means any diesel fuel dyed pursuant to 3319
regulations issued by the internal revenue service or a rule 3320
promulgated by the tax commissioner. 3321

(AA) "Gross gallons" means U.S. gallons without temperature 3322
or barometric adjustments. 3323

(BB) "Net gallons" means U.S. gallons with a temperature 3324
adjustment to sixty degrees fahrenheit. 3325

Sec. 5747.01. Except as otherwise expressly provided or 3326
clearly appearing from the context, any term used in this chapter 3327
has the same meaning as when used in a comparable context in the 3328
Internal Revenue Code, and all other statutes of the United States 3329
relating to federal income taxes. 3330

As used in this chapter: 3331

(A) "Adjusted gross income" or "Ohio adjusted gross income" 3332
means federal adjusted gross income, as defined and used in the 3333
Internal Revenue Code, adjusted as provided in this section: 3334

(1) Add interest or dividends on obligations or securities of 3335
any state or of any political subdivision or authority of any 3336
state, other than this state and its subdivisions and authorities. 3337

(2) Add interest or dividends on obligations of any 3338

authority, commission, instrumentality, territory, or possession 3339
of the United States to the extent that the interest or dividends 3340
are exempt from federal income taxes but not from state income 3341
taxes. 3342

(3) Deduct interest or dividends on obligations of the United 3343
States and its territories and possessions or of any authority, 3344
commission, or instrumentality of the United States to the extent 3345
that the interest or dividends are included in federal adjusted 3346
gross income but exempt from state income taxes under the laws of 3347
the United States. 3348

(4) Deduct disability and survivor's benefits to the extent 3349
included in federal adjusted gross income. 3350

(5) Deduct benefits under Title II of the Social Security Act 3351
and tier 1 railroad retirement benefits to the extent included in 3352
federal adjusted gross income under section 86 of the Internal 3353
Revenue Code. 3354

(6) In the case of a taxpayer who is a beneficiary of a trust 3355
that makes an accumulation distribution as defined in section 665 3356
of the Internal Revenue Code, add, for the beneficiary's taxable 3357
years beginning before 2002 or after 2004, the portion, if any, of 3358
such distribution that does not exceed the undistributed net 3359
income of the trust for the three taxable years preceding the 3360
taxable year in which the distribution is made to the extent that 3361
the portion was not included in the trust's taxable income for any 3362
of the trust's taxable years beginning in 2002, 2003, or 2004. 3363
"Undistributed net income of a trust" means the taxable income of 3364
the trust increased by (a)(i) the additions to adjusted gross 3365
income required under division (A) of this section and (ii) the 3366
personal exemptions allowed to the trust pursuant to section 3367
642(b) of the Internal Revenue Code, and decreased by (b)(i) the 3368
deductions to adjusted gross income required under division (A) of 3369
this section, (ii) the amount of federal income taxes attributable 3370

to such income, and (iii) the amount of taxable income that has 3371
been included in the adjusted gross income of a beneficiary by 3372
reason of a prior accumulation distribution. Any undistributed net 3373
income included in the adjusted gross income of a beneficiary 3374
shall reduce the undistributed net income of the trust commencing 3375
with the earliest years of the accumulation period. 3376

(7) Deduct the amount of wages and salaries, if any, not 3377
otherwise allowable as a deduction but that would have been 3378
allowable as a deduction in computing federal adjusted gross 3379
income for the taxable year, had the targeted jobs credit allowed 3380
and determined under sections 38, 51, and 52 of the Internal 3381
Revenue Code not been in effect. 3382

(8) Deduct any interest or interest equivalent on public 3383
obligations and purchase obligations to the extent that the 3384
interest or interest equivalent is included in federal adjusted 3385
gross income. 3386

(9) Add any loss or deduct any gain resulting from the sale, 3387
exchange, or other disposition of public obligations to the extent 3388
that the loss has been deducted or the gain has been included in 3389
computing federal adjusted gross income. 3390

(10) Deduct or add amounts, as provided under section 5747.70 3391
of the Revised Code, related to contributions to variable college 3392
savings program accounts made or tuition credits purchased 3393
pursuant to Chapter 3334. of the Revised Code. 3394

(11)(a) Deduct, to the extent not otherwise allowable as a 3395
deduction or exclusion in computing federal or Ohio adjusted gross 3396
income for the taxable year, the amount the taxpayer paid during 3397
the taxable year for medical care insurance and qualified 3398
long-term care insurance for the taxpayer, the taxpayer's spouse, 3399
and dependents. No deduction for medical care insurance under 3400
division (A)(11) of this section shall be allowed either to any 3401

taxpayer who is eligible to participate in any subsidized health 3402
plan maintained by any employer of the taxpayer or of the 3403
taxpayer's spouse, or to any taxpayer who is entitled to, or on 3404
application would be entitled to, benefits under part A of Title 3405
XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 3406
301, as amended. For the purposes of division (A)(11)(a) of this 3407
section, "subsidized health plan" means a health plan for which 3408
the employer pays any portion of the plan's cost. The deduction 3409
allowed under division (A)(11)(a) of this section shall be the net 3410
of any related premium refunds, related premium reimbursements, or 3411
related insurance premium dividends received during the taxable 3412
year. 3413

(b) Deduct, to the extent not otherwise deducted or excluded 3414
in computing federal or Ohio adjusted gross income during the 3415
taxable year, the amount the taxpayer paid during the taxable 3416
year, not compensated for by any insurance or otherwise, for 3417
medical care of the taxpayer, the taxpayer's spouse, and 3418
dependents, to the extent the expenses exceed seven and one-half 3419
per cent of the taxpayer's federal adjusted gross income. 3420

(c) For purposes of division (A)(11) of this section, 3421
"medical care" has the meaning given in section 213 of the 3422
Internal Revenue Code, subject to the special rules, limitations, 3423
and exclusions set forth therein, and "qualified long-term care" 3424
has the same meaning given in section 7702(B)(b) of the Internal 3425
Revenue Code. 3426

(12)(a) Deduct any amount included in federal adjusted gross 3427
income solely because the amount represents a reimbursement or 3428
refund of expenses that in any year the taxpayer had deducted as 3429
an itemized deduction pursuant to section 63 of the Internal 3430
Revenue Code and applicable United States department of the 3431
treasury regulations. The deduction otherwise allowed under 3432
division (A)(12)(a) of this section shall be reduced to the extent 3433

the reimbursement is attributable to an amount the taxpayer 3434
deducted under this section in any taxable year. 3435

(b) Add any amount not otherwise included in Ohio adjusted 3436
gross income for any taxable year to the extent that the amount is 3437
attributable to the recovery during the taxable year of any amount 3438
deducted or excluded in computing federal or Ohio adjusted gross 3439
income in any taxable year. 3440

(13) Deduct any portion of the deduction described in section 3441
1341(a)(2) of the Internal Revenue Code, for repaying previously 3442
reported income received under a claim of right, that meets both 3443
of the following requirements: 3444

(a) It is allowable for repayment of an item that was 3445
included in the taxpayer's adjusted gross income for a prior 3446
taxable year and did not qualify for a credit under division (A) 3447
or (B) of section 5747.05 of the Revised Code for that year; 3448

(b) It does not otherwise reduce the taxpayer's adjusted 3449
gross income for the current or any other taxable year. 3450

(14) Deduct an amount equal to the deposits made to, and net 3451
investment earnings of, a medical savings account during the 3452
taxable year, in accordance with section 3924.66 of the Revised 3453
Code. The deduction allowed by division (A)(14) of this section 3454
does not apply to medical savings account deposits and earnings 3455
otherwise deducted or excluded for the current or any other 3456
taxable year from the taxpayer's federal adjusted gross income. 3457

(15)(a) Add an amount equal to the funds withdrawn from a 3458
medical savings account during the taxable year, and the net 3459
investment earnings on those funds, when the funds withdrawn were 3460
used for any purpose other than to reimburse an account holder 3461
for, or to pay, eligible medical expenses, in accordance with 3462
section 3924.66 of the Revised Code; 3463

(b) Add the amounts distributed from a medical savings 3464

account under division (A)(2) of section 3924.68 of the Revised Code during the taxable year. 3465
3466

(16) Add any amount claimed as a credit under section 3467
5747.059 of the Revised Code to the extent that such amount 3468
satisfies either of the following: 3469

(a) The amount was deducted or excluded from the computation 3470
of the taxpayer's federal adjusted gross income as required to be 3471
reported for the taxpayer's taxable year under the Internal 3472
Revenue Code; 3473

(b) The amount resulted in a reduction of the taxpayer's 3474
federal adjusted gross income as required to be reported for any 3475
of the taxpayer's taxable years under the Internal Revenue Code. 3476

(17) Deduct the amount contributed by the taxpayer to an 3477
individual development account program established by a county 3478
department of job and family services pursuant to sections 329.11 3479
to 329.14 of the Revised Code for the purpose of matching funds 3480
deposited by program participants. On request of the tax 3481
commissioner, the taxpayer shall provide any information that, in 3482
the tax commissioner's opinion, is necessary to establish the 3483
amount deducted under division (A)(17) of this section. 3484

(18) Beginning in taxable year 2001, if the taxpayer is 3485
married and files a joint return and the combined federal adjusted 3486
gross income of the taxpayer and the taxpayer's spouse for the 3487
taxable year does not exceed one hundred thousand dollars, or if 3488
the taxpayer is single and has a federal adjusted gross income for 3489
the taxable year not exceeding fifty thousand dollars, deduct 3490
amounts paid during the taxable year for qualified tuition and 3491
fees paid to an eligible institution for the taxpayer, the 3492
taxpayer's spouse, or any dependent of the taxpayer, who is a 3493
resident of this state and is enrolled in or attending a program 3494
that culminates in a degree or diploma at an eligible institution. 3495

The deduction may be claimed only to the extent that qualified tuition and fees are not otherwise deducted or excluded for any taxable year from federal or Ohio adjusted gross income. The deduction may not be claimed for educational expenses for which the taxpayer claims a credit under section 5747.27 of the Revised Code.

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

(20)(a)(i) Add five-sixths of the amount of depreciation expense allowed by subsection (k) of section 168 of the Internal Revenue Code, including the taxpayer's proportionate or distributive share of the amount of depreciation expense allowed by that subsection to a pass-through entity in which the taxpayer has a direct or indirect ownership interest.

(ii) Add five-sixths of the amount of qualifying section 179 depreciation expense, including a person's proportionate or distributive share of the amount of qualifying section 179 depreciation expense allowed to any pass-through entity in which the person has a direct or indirect ownership. For the purposes of this division, "qualifying section 179 depreciation expense" means the difference between (I) the amount of depreciation expense directly or indirectly allowed to the taxpayer under section 179 of the Internal Revenue Code, and (II) the amount of depreciation expense directly or indirectly allowed to the taxpayer under section 179 of the Internal Revenue Code as that section existed on December 31, 2002.

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

(b) Nothing in division (A)(20) of this section shall be 3528
construed to adjust or modify the adjusted basis of any asset. 3529

(c) To the extent the add-back required under division 3530
(A)(20)(a) of this section is attributable to property generating 3531
nonbusiness income or loss allocated under section 5747.20 of the 3532
Revised Code, the add-back shall be situated to the same location 3533
as the nonbusiness income or loss generated by the property for 3534
the purpose of determining the credit under division (A) of 3535
section 5747.05 of the Revised Code. Otherwise, the add-back shall 3536
be apportioned, subject to one or more of the four alternative 3537
methods of apportionment enumerated in section 5747.21 of the 3538
Revised Code. 3539

(d) For the purposes of division (A) of this section, net 3540
operating loss carryback and carryforward shall not include 3541
five-sixths of the allowance of any net operating loss deduction 3542
carryback or carryforward to the taxable year to the extent such 3543
loss resulted from depreciation allowed by section 168(k) of the 3544
Internal Revenue Code and by the qualifying section 179 3545
depreciation expense amount. 3546

(21)(a) If the taxpayer was required to add an amount under 3547
division (A)(20)(a) of this section for a taxable year, deduct 3548
one-fifth of the amount so added for each of the five succeeding 3549
taxable years. 3550

(b) If the amount deducted under division (A)(21)(a) of this 3551
section is attributable to an add-back allocated under division 3552
(A)(20)(c) of this section, the amount deducted shall be situated 3553
to the same location. Otherwise, the add-back shall be apportioned 3554
using the apportionment factors for the taxable year in which the 3555
deduction is taken, subject to one or more of the four alternative 3556
methods of apportionment enumerated in section 5747.21 of the 3557
Revised Code. 3558

(c) No deduction is available under division (A)(21)(a) of 3559
this section with regard to any depreciation allowed by section 3560
168(k) of the Internal Revenue Code and by the qualifying section 3561
179 depreciation expense amount to the extent that such 3562
depreciation resulted in or increased a federal net operating loss 3563
carryback or carryforward to a taxable year to which division 3564
(A)(20)(d) of this section does not apply. 3565

(B) "Business income" means income, including gain or loss, 3566
arising from transactions, activities, and sources in the regular 3567
course of a trade or business and includes income, gain, or loss 3568
from real property, tangible property, and intangible property if 3569
the acquisition, rental, management, and disposition of the 3570
property constitute integral parts of the regular course of a 3571
trade or business operation. "Business income" includes income, 3572
including gain or loss, from a partial or complete liquidation of 3573
a business, including, but not limited to, gain or loss from the 3574
sale or other disposition of goodwill. 3575

(C) "Nonbusiness income" means all income other than business 3576
income and may include, but is not limited to, compensation, rents 3577
and royalties from real or tangible personal property, capital 3578
gains, interest, dividends and distributions, patent or copyright 3579
royalties, or lottery winnings, prizes, and awards. 3580

(D) "Compensation" means any form of remuneration paid to an 3581
employee for personal services. 3582

(E) "Fiduciary" means a guardian, trustee, executor, 3583
administrator, receiver, conservator, or any other person acting 3584
in any fiduciary capacity for any individual, trust, or estate. 3585

(F) "Fiscal year" means an accounting period of twelve months 3586
ending on the last day of any month other than December. 3587

(G) "Individual" means any natural person. 3588

(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 any of the following, provided that division (I)(3) of this section applies only to taxable years of a trust beginning in 2002, 2003, or 2004:

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

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

(ii) A person who was domiciled in this state for the purposes of this chapter when the person directly or indirectly transferred assets to an irrevocable trust, but only if at least one of the trust's qualifying beneficiaries is domiciled in this

state for the purposes of this chapter during all or some portion 3619
of the trust's current taxable year; 3620

(iii) A person who was domiciled in this state for the 3621
purposes of this chapter when the trust document or instrument or 3622
part of the trust document or instrument became irrevocable, but 3623
only if at least one of the trust's qualifying beneficiaries is a 3624
resident domiciled in this state for the purposes of this chapter 3625
during all or some portion of the trust's current taxable year. 3626

(b) A trust is irrevocable to the extent that the transferor 3627
is not considered to be the owner of the net assets of the trust 3628
under sections 671 to 678 of the Internal Revenue Code. 3629

(c) With respect to a trust other than a charitable lead 3630
trust, "qualifying beneficiary" has the same meaning as "potential 3631
current beneficiary" as defined in section 1361(e)(2) of the 3632
Internal Revenue Code, and with respect to a charitable lead trust 3633
"qualifying beneficiary" is any current, future, or contingent 3634
beneficiary, but with respect to any trust "qualifying 3635
beneficiary" excludes a person or a governmental entity or 3636
instrumentality to any of which a contribution would qualify for 3637
the charitable deduction under section 170 of the Internal Revenue 3638
Code. 3639

(d) For the purposes of division (I)(3)(a) of this section, 3640
the extent to which a trust consists directly or indirectly, in 3641
whole or in part, of assets, net of any related liabilities, that 3642
were transferred directly or indirectly, in whole or part, to the 3643
trust by any of the sources enumerated in that division shall be 3644
ascertained by multiplying the fair market value of the trust's 3645
assets, net of related liabilities, by the qualifying ratio, which 3646
shall be computed as follows: 3647

(i) The first time the trust receives assets, the numerator 3648
of the qualifying ratio is the fair market value of those assets 3649

at that time, net of any related liabilities, from sources 3650
enumerated in division (I)(3)(a) of this section. The denominator 3651
of the qualifying ratio is the fair market value of all the 3652
trust's assets at that time, net of any related liabilities. 3653

(ii) Each subsequent time the trust receives assets, a 3654
revised qualifying ratio shall be computed. The numerator of the 3655
revised qualifying ratio is the sum of (1) the fair market value 3656
of the trust's assets immediately prior to the subsequent 3657
transfer, net of any related liabilities, multiplied by the 3658
qualifying ratio last computed without regard to the subsequent 3659
transfer, and (2) the fair market value of the subsequently 3660
transferred assets at the time transferred, net of any related 3661
liabilities, from sources enumerated in division (I)(3)(a) of this 3662
section. The denominator of the revised qualifying ratio is the 3663
fair market value of all the trust's assets immediately after the 3664
subsequent transfer, net of any related liabilities. 3665

(e) For the purposes of division (I)(3)(a)(i) of this 3666
section: 3667

(i) A trust is described in division (I)(3)(e)(i) of this 3668
section if the trust is a testamentary trust and the testator of 3669
that testamentary trust was domiciled in this state at the time of 3670
the testator's death for purposes of the taxes levied under 3671
Chapter 5731. of the Revised Code. 3672

(ii) A trust is described in division (I)(3)(e)(ii) of this 3673
section if the transfer is a qualifying transfer described in any 3674
of divisions (I)(3)(f)(i) to (vi) of this section, the trust is an 3675
irrevocable inter vivos trust, and at least one of the trust's 3676
qualifying beneficiaries is domiciled in this state for purposes 3677
of this chapter during all or some portion of the trust's current 3678
taxable year. 3679

(f) For the purposes of division (I)(3)(e)(ii) of this 3680

section, a "qualifying transfer" is a transfer of assets, net of 3681
any related liabilities, directly or indirectly to a trust, if the 3682
transfer is described in any of the following: 3683

(i) The transfer is made to a trust, created by the decedent 3684
before the decedent's death and while the decedent was domiciled 3685
in this state for the purposes of this chapter, and, prior to the 3686
death of the decedent, the trust became irrevocable while the 3687
decedent was domiciled in this state for the purposes of this 3688
chapter. 3689

(ii) The transfer is made to a trust to which the decedent, 3690
prior to the decedent's death, had directly or indirectly 3691
transferred assets, net of any related liabilities, while the 3692
decedent was domiciled in this state for the purposes of this 3693
chapter, and prior to the death of the decedent the trust became 3694
irrevocable while the decedent was domiciled in this state for the 3695
purposes of this chapter. 3696

(iii) The transfer is made on account of a contractual 3697
relationship existing directly or indirectly between the 3698
transferor and either the decedent or the estate of the decedent 3699
at any time prior to the date of the decedent's death, and the 3700
decedent was domiciled in this state at the time of death for 3701
purposes of the taxes levied under Chapter 5731. of the Revised 3702
Code. 3703

(iv) The transfer is made to a trust on account of a 3704
contractual relationship existing directly or indirectly between 3705
the transferor and another person who at the time of the 3706
decedent's death was domiciled in this state for purposes of this 3707
chapter. 3708

(v) The transfer is made to a trust on account of the will of 3709
a testator. 3710

(vi) The transfer is made to a trust created by or caused to 3711

be created by a court, and the trust was directly or indirectly 3712
created in connection with or as a result of the death of an 3713
individual who, for purposes of the taxes levied under Chapter 3714
5731. of the Revised Code, was domiciled in this state at the time 3715
of the individual's death. 3716

(g) The tax commissioner may adopt rules to ascertain the 3717
part of a trust residing in this state. 3718

(J) "Nonresident" means an individual or estate that is not a 3719
resident. An individual who is a resident for only part of a 3720
taxable year is a nonresident for the remainder of that taxable 3721
year. 3722

(K) "Pass-through entity" has the same meaning as in section 3723
5733.04 of the Revised Code. 3724

(L) "Return" means the notifications and reports required to 3725
be filed pursuant to this chapter for the purpose of reporting the 3726
tax due and includes declarations of estimated tax when so 3727
required. 3728

(M) "Taxable year" means the calendar year or the taxpayer's 3729
fiscal year ending during the calendar year, or fractional part 3730
thereof, upon which the adjusted gross income is calculated 3731
pursuant to this chapter. 3732

(N) "Taxpayer" means any person subject to the tax imposed by 3733
section 5747.02 of the Revised Code or any pass-through entity 3734
that makes the election under division (D) of section 5747.08 of 3735
the Revised Code. 3736

(O) "Dependents" means dependents as defined in the Internal 3737
Revenue Code and as claimed in the taxpayer's federal income tax 3738
return for the taxable year or which the taxpayer would have been 3739
permitted to claim had the taxpayer filed a federal income tax 3740
return. 3741

(P) "Principal county of employment" means, in the case of a 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" or "Ohio taxable income" applies only to estates and trusts, and means federal taxable income, as defined and used in the Internal Revenue Code, adjusted as follows:

(1) Add interest or dividends, net of ordinary, necessary, and reasonable expenses not deducted in computing federal taxable income, 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, but only to the extent that such net amount is not otherwise includible in Ohio taxable income and is described in either division (S)(1)(a) or (b) of this section:

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

(b) The net amount is attributable to the S portion of an

electing small business trust for the taxable year.	3772
(2) Add interest or dividends, net of ordinary, necessary, and reasonable expenses not deducted in computing federal taxable income, on obligations of any authority, commission, instrumentality, territory, or possession of the United States to the extent that the interest or dividends are exempt from federal income taxes but not from state income taxes, but only to the extent that such net amount is not otherwise includible in Ohio taxable income and is described in either division (S)(1)(a) or (b) of this section;	3773 3774 3775 3776 3777 3778 3779 3780 3781
(3) Add the amount of personal exemption allowed to the estate pursuant to section 642(b) of the Internal Revenue Code;	3782 3783
(4) Deduct interest or dividends, net of related expenses deducted in computing federal taxable income, on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent that the interest or dividends are exempt from state taxes under the laws of the United States, but only to the extent that such amount is included in federal taxable income and is described in either division (S)(1)(a) or (b) of this section;	3784 3785 3786 3787 3788 3789 3790 3791
(5) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal taxable income for the taxable year, had the targeted jobs credit allowed under sections 38, 51, and 52 of the Internal Revenue Code not been in effect, but only to the extent such amount relates either to income included in federal taxable income for the taxable year or to income of the S portion of an electing small business trust for the taxable year;	3792 3793 3794 3795 3796 3797 3798 3799 3800
(6) Deduct any interest or interest equivalent, net of related expenses deducted in computing federal taxable income, on	3801 3802

public obligations and purchase obligations, but only to the 3803
extent that such net amount relates either to income included in 3804
federal taxable income for the taxable year or to income of the S 3805
portion of an electing small business trust for the taxable year; 3806

(7) Add any loss or deduct any gain resulting from sale, 3807
exchange, or other disposition of public obligations to the extent 3808
that such loss has been deducted or such gain has been included in 3809
computing either federal taxable income or income of the S portion 3810
of an electing small business trust for the taxable year; 3811

(8) Except in the case of the final return of an estate, add 3812
any amount deducted by the taxpayer on both its Ohio estate tax 3813
return pursuant to section 5731.14 of the Revised Code, and on its 3814
federal income tax return in determining federal taxable income; 3815

(9)(a) Deduct any amount included in federal taxable income 3816
solely because the amount represents a reimbursement or refund of 3817
expenses that in a previous year the decedent had deducted as an 3818
itemized deduction pursuant to section 63 of the Internal Revenue 3819
Code and applicable treasury regulations. The deduction otherwise 3820
allowed under division (S)(9)(a) of this section shall be reduced 3821
to the extent the reimbursement is attributable to an amount the 3822
taxpayer or decedent deducted under this section in any taxable 3823
year. 3824

(b) Add any amount not otherwise included in Ohio taxable 3825
income for any taxable year to the extent that the amount is 3826
attributable to the recovery during the taxable year of any amount 3827
deducted or excluded in computing federal or Ohio taxable income 3828
in any taxable year, but only to the extent such amount has not 3829
been distributed to beneficiaries for the taxable year. 3830

(10) Deduct any portion of the deduction described in section 3831
1341(a)(2) of the Internal Revenue Code, for repaying previously 3832
reported income received under a claim of right, that meets both 3833

of the following requirements: 3834

(a) It is allowable for repayment of an item that was 3835
included in the taxpayer's taxable income or the decedent's 3836
adjusted gross income for a prior taxable year and did not qualify 3837
for a credit under division (A) or (B) of section 5747.05 of the 3838
Revised Code for that year. 3839

(b) It does not otherwise reduce the taxpayer's taxable 3840
income or the decedent's adjusted gross income for the current or 3841
any other taxable year. 3842

(11) Add any amount claimed as a credit under section 3843
5747.059 of the Revised Code to the extent that the amount 3844
satisfies either of the following: 3845

(a) The amount was deducted or excluded from the computation 3846
of the taxpayer's federal taxable income as required to be 3847
reported for the taxpayer's taxable year under the Internal 3848
Revenue Code; 3849

(b) The amount resulted in a reduction in the taxpayer's 3850
federal taxable income as required to be reported for any of the 3851
taxpayer's taxable years under the Internal Revenue Code. 3852

(12) Deduct any amount, net of related expenses deducted in 3853
computing federal taxable income, that a trust is required to 3854
report as farm income on its federal income tax return, but only 3855
if the assets of the trust include at least ten acres of land 3856
satisfying the definition of "land devoted exclusively to 3857
agricultural use" under section 5713.30 of the Revised Code, 3858
regardless of whether the land is valued for tax purposes as such 3859
land under sections 5713.30 to 5713.38 of the Revised Code. If the 3860
trust is a pass-through entity investor, section 5747.231 of the 3861
Revised Code applies in ascertaining if the trust is eligible to 3862
claim the deduction provided by division (S)(12) of this section 3863
in connection with the pass-through entity's farm income. 3864

Except for farm income attributable to the S portion of an electing small business trust, the deduction provided by division (S)(12) of this section is allowed only to the extent that the trust has not distributed such farm income. Division (S)(12) of this section applies only to taxable years of a trust beginning in 2002, 2003, or 2004.

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

(14) Add or deduct the amount the taxpayer would be required to add or deduct under division (A)(20) or (21) of this section if the taxpayer's Ohio taxable income were computed in the same manner as an individual's Ohio adjusted gross income is computed under this section. In the case of a trust, division (S)(14) of this section applies only to any of the trust's taxable years beginning in 2002, 2003, or 2004.

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

(U) As used in divisions (A)(8), (A)(9), (S)(6), and (S)(7) 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.

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

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

(X) "Banking day" has the same meaning as in section 1304.01

of the Revised Code.	3895
(Y) "Month" means a calendar month.	3896
(Z) "Quarter" means the first three months, the second three months, the third three months, or the last three months of the taxpayer's taxable year.	3897 3898 3899
(AA)(1) "Eligible institution" means a state university or state institution of higher education as defined in section 3345.011 of the Revised Code, or a private, nonprofit college, university, or other post-secondary institution located in this state that possesses a certificate of authorization issued by the Ohio board of regents pursuant to Chapter 1713. of the Revised Code or a certificate of registration issued by the state board of career colleges and schools under Chapter 3332. of the Revised Code.	3900 3901 3902 3903 3904 3905 3906 3907 3908
(2) "Qualified tuition and fees" means tuition and fees imposed by an eligible institution as a condition of enrollment or attendance, not exceeding two thousand five hundred dollars in each of the individual's first two years of post-secondary education. If the individual is a part-time student, "qualified tuition and fees" includes tuition and fees paid for the academic equivalent of the first two years of post-secondary education during a maximum of five taxable years, not exceeding a total of five thousand dollars. "Qualified tuition and fees" does not include:	3909 3910 3911 3912 3913 3914 3915 3916 3917 3918
(a) Expenses for any course or activity involving sports, games, or hobbies unless the course or activity is part of the individual's degree or diploma program;	3919 3920 3921
(b) The cost of books, room and board, student activity fees, athletic fees, insurance expenses, or other expenses unrelated to the individual's academic course of instruction;	3922 3923 3924
(c) Tuition, fees, or other expenses paid or reimbursed	3925

through an employer, scholarship, grant in aid, or other 3926
educational benefit program. 3927

(BB)(1) "Modified business income" means the business income 3928
included in a trust's Ohio taxable income after such taxable 3929
income is first reduced by the qualifying trust amount, if any. 3930

(2) "Qualifying trust amount" of a trust means capital gains 3931
and losses from the sale, exchange, or other disposition of equity 3932
or ownership interests in, or debt obligations of, a qualifying 3933
investee to the extent included in the trust's Ohio taxable 3934
income, but only if the following requirements are satisfied: 3935

(a) The book value of the qualifying investee's physical 3936
assets in this state and everywhere, as of the last day of the 3937
qualifying investee's fiscal or calendar year ending immediately 3938
prior to the date on which the trust recognizes the gain or loss, 3939
is available to the trust. 3940

(b) The requirements of section 5747.011 of the Revised Code 3941
are satisfied for the trust's taxable year in which the trust 3942
recognizes the gain or loss. 3943

Any gain or loss that is not a qualifying trust amount is 3944
modified business income, qualifying investment income, or 3945
modified nonbusiness income, as the case may be. 3946

(3) "Modified nonbusiness income" means a trust's Ohio 3947
taxable income other than modified business income, other than the 3948
qualifying trust amount, and other than qualifying investment 3949
income, as defined in section 5747.012 of the Revised Code, to the 3950
extent such qualifying investment income is not otherwise part of 3951
modified business income. 3952

(4) "Modified Ohio taxable income" applies only to trusts, 3953
and means the sum of the amounts described in divisions (BB)(4)(a) 3954
to (c) of this section: 3955

(a) The fraction, calculated under ~~division (B)(2)~~ of section 3956
~~5733.05~~ 5747.013, and applying section ~~5733.057~~ 5747.231 of the 3957
Revised Code, ~~as if the trust were a corporation subject to the~~ 3958
~~tax imposed by section 5733.06 of the Revised Code~~, multiplied by 3959
the sum of the following amounts: 3960

(i) The trust's modified business income; 3961

(ii) The trust's qualifying investment income, as defined in 3962
section 5747.012 of the Revised Code, but only to the extent the 3963
qualifying investment income does not otherwise constitute 3964
modified business income and does not otherwise constitute a 3965
qualifying trust amount. 3966

(b) The qualifying trust amount multiplied by a fraction, the 3967
numerator of which is the sum of the book value of the qualifying 3968
investee's physical assets in this state on the last day of the 3969
qualifying investee's fiscal or calendar year ending immediately 3970
prior to the day on which the trust recognizes the qualifying 3971
trust amount, and the denominator of which is the sum of the book 3972
value of the qualifying investee's total physical assets 3973
everywhere on the last day of the qualifying investee's fiscal or 3974
calendar year ending immediately prior to the day on which the 3975
trust recognizes the qualifying trust amount. If, for a taxable 3976
year, the trust recognizes a qualifying trust amount with respect 3977
to more than one qualifying investee, the amount described in 3978
division (BB)(4)(b) of this section shall equal the sum of the 3979
products so computed for each such qualifying investee. 3980

(c)(i) With respect to a trust or portion of a trust that is 3981
a resident as ascertained in accordance with division (I)(3)(d) of 3982
this section, its modified nonbusiness income. 3983

(ii) With respect to a trust or portion of a trust that is 3984
not a resident as ascertained in accordance with division 3985
(I)(3)(d) of this section, the amount of its modified nonbusiness 3986

income satisfying the descriptions in divisions (B)(2) to (5) of 3987
section 5747.20 of the Revised Code. 3988

If the allocation and apportionment of a trust's income under 3989
divisions (BB)(4)(a) and (c) of this section do not fairly 3990
represent the modified Ohio taxable income of the trust in this 3991
state, the alternative methods described in division (C) of 3992
section 5747.21 of the Revised Code may be applied in the manner 3993
and to the same extent provided in that section. 3994

(5)(a) Except as set forth in division (BB)(5)(b) of this 3995
section, "qualifying investee" means a person in which a trust has 3996
an equity or ownership interest, or a person or unit of government 3997
the debt obligations of either of which are owned by a trust. For 3998
the purposes of division (BB)(2)(a) of this section and for the 3999
purpose of computing the fraction described in division (BB)(4)(b) 4000
of this section, all of the following apply: 4001

(i) If the qualifying investee is a member of a qualifying 4002
controlled group on the last day of the qualifying investee's 4003
fiscal or calendar year ending immediately prior to the date on 4004
which the trust recognizes the gain or loss, then "qualifying 4005
investee" includes all persons in the qualifying controlled group 4006
on such last day. 4007

(ii) If the qualifying investee, or if the qualifying 4008
investee and any members of the qualifying controlled group of 4009
which the qualifying investee is a member on the last day of the 4010
qualifying investee's fiscal or calendar year ending immediately 4011
prior to the date on which the trust recognizes the gain or loss, 4012
separately or cumulatively own, directly or indirectly, on the 4013
last day of the qualifying investee's fiscal or calendar year 4014
ending immediately prior to the date on which the trust recognizes 4015
the qualifying trust amount, more than fifty per cent of the 4016
equity of a pass-through entity, then the qualifying investee and 4017
the other members are deemed to own the proportionate share of the 4018

pass-through entity's physical assets which the pass-through 4019
entity directly or indirectly owns on the last day of the 4020
pass-through entity's calendar or fiscal year ending within or 4021
with the last day of the qualifying investee's fiscal or calendar 4022
year ending immediately prior to the date on which the trust 4023
recognizes the qualifying trust amount. 4024

(iii) For the purposes of division (BB)(5)(a)(iii) of this 4025
section, "upper level pass-through entity" means a pass-through 4026
entity directly or indirectly owning any equity of another 4027
pass-through entity, and "lower level pass-through entity" means 4028
that other pass-through entity. 4029

An upper level pass-through entity, whether or not it is also 4030
a qualifying investee, is deemed to own, on the last day of the 4031
upper level pass-through entity's calendar or fiscal year, the 4032
proportionate share of the lower level pass-through entity's 4033
physical assets that the lower level pass-through entity directly 4034
or indirectly owns on the last day of the lower level pass-through 4035
entity's calendar or fiscal year ending within or with the last 4036
day of the upper level pass-through entity's fiscal or calendar 4037
year. If the upper level pass-through entity directly and 4038
indirectly owns less than fifty per cent of the equity of the 4039
lower level pass-through entity on each day of the upper level 4040
pass-through entity's calendar or fiscal year in which or with 4041
which ends the calendar or fiscal year of the lower level 4042
pass-through entity and if, based upon clear and convincing 4043
evidence, complete information about the location and cost of the 4044
physical assets of the lower pass-through entity is not available 4045
to the upper level pass-through entity, then solely for purposes 4046
of ascertaining if a gain or loss constitutes a qualifying trust 4047
amount, the upper level pass-through entity shall be deemed as 4048
owning no equity of the lower level pass-through entity for each 4049
day during the upper level pass-through entity's calendar or 4050

fiscal year in which or with which ends the lower level 4051
pass-through entity's calendar or fiscal year. Nothing in division 4052
(BB)(5)(a)(iii) of this section shall be construed to provide for 4053
any deduction or exclusion in computing any trust's Ohio taxable 4054
income. 4055

(b) With respect to a trust that is not a resident for the 4056
taxable year and with respect to a part of a trust that is not a 4057
resident for the taxable year, "qualifying investee" for that 4058
taxable year does not include a C corporation if both of the 4059
following apply: 4060

(i) During the taxable year the trust or part of the trust 4061
recognizes a gain or loss from the sale, exchange, or other 4062
disposition of equity or ownership interests in, or debt 4063
obligations of, the C corporation. 4064

(ii) Such gain or loss constitutes nonbusiness income. 4065

(6) "Available" means information is such that a person is 4066
able to learn of the information by the due date plus extensions, 4067
if any, for filing the return for the taxable year in which the 4068
trust recognizes the gain or loss. 4069

(CC) "Qualifying controlled group" has the same meaning as in 4070
section 5733.04 of the Revised Code. 4071

(DD) "Related member" has the same meaning as in section 4072
5733.042 of the Revised Code. 4073

(EE) Any term used in this chapter that is not otherwise 4074
defined in this section and that is not used in a comparable 4075
context in the Internal Revenue Code and other statutes of the 4076
United States relating to federal income taxes has the same 4077
meaning as in section 5733.40 of the Revised Code. 4078

Sec. 5747.013. (A) As used in this section: 4079

(1) "Electric company," "combined company," and "telephone 4080

company" have the same meanings as in section 5727.01 of the 4081
Revised Code. 4082

(2) "Qualified research" means laboratory research, 4083
experimental research, and other similar types of research; 4084
research in developing or improving a product; or research in 4085
developing or improving the means of producing a product. It does 4086
not include market research, consumer surveys, efficiency surveys, 4087
management studies, ordinary testing or inspection of material or 4088
products for quality control, historical research, or literary 4089
research. "Product," as used in this paragraph, does not include 4090
services or intangible property. 4091

(B) The fraction to be used in calculating a trust's modified 4092
Ohio taxable income under division (BB)(4)(a) of section 5747.01 4093
of the Revised Code shall be determined as follows: The numerator 4094
of the fraction is the sum of the following products: the property 4095
factor multiplied by twenty, the payroll factor multiplied by 4096
twenty, and the sales factor multiplied by sixty. The denominator 4097
of the fraction is one hundred, provided that the denominator 4098
shall be reduced by twenty if the property factor has a 4099
denominator of zero, by twenty if the payroll factor has a 4100
denominator of zero, and by sixty if the sales factor has a 4101
denominator of zero. 4102

The property, payroll, and sales factors shall be determined 4103
as follows: 4104

(1) The property factor is a fraction the numerator of which 4105
is the average value of the trust's real and tangible personal 4106
property owned or rented and used in the trade or business in this 4107
state during the taxable year, and the denominator of which is the 4108
average value of all the trust's real and tangible personal 4109
property owned or rented and used in the trade or business 4110
everywhere during such year. Real and tangible personal property 4111
that is owned but leased to a lessee to be used in the lessee's 4112

trade or business shall not be included in the property factor of 4113
the owner. There shall be excluded from the numerator and 4114
denominator of the fraction the original cost of all of the 4115
following property within Ohio: property with respect to which a 4116
"pollution control facility" certificate has been issued pursuant 4117
to section 5709.21 of the Revised Code; property with respect to 4118
which an "industrial water pollution control certificate" has been 4119
issued pursuant to that section or former section 6111.31 of the 4120
Revised Code; and property used exclusively during the taxable 4121
year for qualified research. 4122

(a) Property owned by the trust is valued at its original 4123
cost. Property rented by the trust is valued at eight times the 4124
net annual rental rate. "Net annual rental rate" means the annual 4125
rental rate paid by the trust less any annual rental rate received 4126
by the trust from subrentals. 4127

(b) The average value of property shall be determined by 4128
averaging the values at the beginning and the end of the taxable 4129
year, but the tax commissioner may require the averaging of 4130
monthly values during the taxable year, if reasonably required to 4131
reflect properly the average value of the trust's property. 4132

(2) The payroll factor is a fraction the numerator of which 4133
is the total amount paid in this state during the taxable year by 4134
the trust for compensation, and the denominator of which is the 4135
total compensation paid everywhere by the trust during such year. 4136
There shall be excluded from the numerator and the denominator of 4137
the payroll factor the total compensation paid in this state to 4138
employees who are primarily engaged in qualified research. 4139

(a) Compensation is paid in this state if: (i) the 4140
recipient's service is performed entirely within this state; (ii) 4141
the recipient's service is performed both within and without this 4142
state, but the service performed without this state is incidental 4143
to the recipient's service within this state; or (iii) some of the 4144

service is performed within this state and either the base of 4145
operations, or if there is no base of operations, the place from 4146
which the service is directed or controlled, is within this state, 4147
or the base of operations or the place from which the service is 4148
directed or controlled is not in any state in which some part of 4149
the service is performed, but the recipient's residence is in this 4150
state. 4151

(b) Compensation is paid in this state to any employee of a 4152
common or contract motor carrier corporation, who performs the 4153
employee's regularly assigned duties on a motor vehicle in more 4154
than one state, in the same ratio by which the mileage traveled by 4155
such employee within the state bears to the total mileage traveled 4156
by such employee everywhere during the taxable year. 4157

(3) The sales factor is a fraction the numerator of which is 4158
the total sales in this state by the trust during the taxable 4159
year, and the denominator of which is the total sales by the trust 4160
everywhere during such year. In determining the numerator and 4161
denominator of the fraction, receipts from the sale or other 4162
disposal of a capital asset or an asset described in section 1231 4163
of the Internal Revenue Code shall be eliminated. Also, in 4164
determining the numerator and denominator of the sales factor, in 4165
the case of a trust owning at least eighty per cent of the issued 4166
and outstanding common stock of one or more insurance companies or 4167
public utilities, except an electric company and a combined 4168
company, and, for tax years 2005 and thereafter, a telephone 4169
company, or owning at least twenty-five per cent of the issued and 4170
outstanding common stock of one or more financial institutions, 4171
receipts received by the trust from such insurance companies, 4172
utilities, and financial institutions shall be eliminated. 4173

For the purpose of this section and section 5747.08 of the 4174
Revised Code, sales of tangible personal property are in this 4175
state where such property is received in this state by the 4176

purchaser. In the case of delivery of tangible personal property 4177
by common carrier or by other means of transportation, the place 4178
at which such property is ultimately received after all 4179
transportation has been completed shall be considered as the place 4180
at which such property is received by the purchaser. Direct 4181
delivery in this state, other than for purposes of transportation, 4182
to a person or firm designated by a purchaser constitutes delivery 4183
to the purchaser in this state, and direct delivery outside this 4184
state to a person or firm designated by a purchaser does not 4185
constitute delivery to the purchaser in this state, regardless of 4186
where title passes or other conditions of sale. 4187

Sales, other than sales of tangible personal property, are in 4188
this state if either: 4189

(a) The income-producing activity is performed solely in this 4190
state; or 4191

(b) The income-producing activity is performed both within 4192
and without this state and a greater proportion of the seller's 4193
income-producing activity is performed within this state than in 4194
any other state, based on costs of performance. 4195

Sec. 5747.03. (A) All money collected under this chapter 4196
arising from the taxes imposed by section 5747.02 or 5747.41 of 4197
the Revised Code shall be credited to the general revenue fund, 4198
except that the treasurer of state shall: 4199

(1) Credit an amount equal to four and two-tenths per cent of 4200
those taxes collected under this chapter to the local government 4201
fund, which is hereby created in the state treasury, for 4202
distribution in accordance with section 5747.50 of the Revised 4203
Code; 4204

(2) Credit an amount equal to five and seven-tenths per cent 4205
of those taxes collected under this chapter to the library and 4206

local government support fund, which is hereby created in the 4207
state treasury, for distribution in accordance with section 4208
5747.47 of the Revised Code; 4209

(3) At the beginning of each calendar quarter, credit to the 4210
Ohio political party fund, pursuant to section 3517.16 of the 4211
Revised Code, an amount equal to the total dollar value realized 4212
from the taxpayer exercise of the income tax checkoff option on 4213
tax forms processed during the preceding calendar quarter; 4214

(4) Credit an amount equal to six-tenths of one per cent of 4215
those taxes collected under this chapter to the local government 4216
revenue assistance fund for distribution in accordance with 4217
section 5747.61 of the Revised Code. 4218

(B)(1) Following the crediting of moneys pursuant to division 4219
(A) of this section, the remainder deposited in the general 4220
revenue fund shall be distributed pursuant to division (F) of 4221
section 321.24 and section 323.156 of the Revised Code; to make 4222
subsidy payments to institutions of higher education from 4223
appropriations to the Ohio board of regents; to support 4224
expenditures for programs and services for the mentally ill, 4225
mentally retarded, developmentally disabled, and elderly; for 4226
primary and secondary education; for medical assistance; and for 4227
any other purposes authorized by law, subject to the limitation 4228
that at least fifty per cent of the income tax collected by the 4229
state from the tax imposed by section 5747.02 of the Revised Code 4230
shall be returned pursuant to Section 9 of Article XII, Ohio 4231
Constitution. 4232

(2) To ensure that such constitutional requirement is 4233
satisfied the tax commissioner shall, on or before the thirtieth 4234
day of June of each year, from the best information available to 4235
the tax commissioner, determine and certify for each county to the 4236
director of budget and management the amount of taxes collected 4237
under this chapter from the tax imposed under section 5747.02 of 4238

the Revised Code during the preceding calendar year that are 4239
required to be returned to the county by Section 9 of Article XII, 4240
Ohio Constitution. The director shall provide for payment from the 4241
general revenue fund to the county in the amount, if any, that the 4242
sum of the amount so certified for that county exceeds the sum of 4243
the following: 4244

(a) The sum of the payments from the general revenue fund for 4245
the preceding calendar year to the credit of the county's 4246
undivided income tax fund pursuant to division (F) of section 4247
321.24 and section 323.156 of the Revised Code; 4248

(b) The sum of the amounts from the general revenue fund 4249
distributed in the county during the preceding calendar year for 4250
subsidy payments to institutions of higher education from 4251
appropriations to the Ohio board of regents; for programs and 4252
services for mentally ill, mentally retarded, developmentally 4253
disabled, and elderly persons; for primary and secondary 4254
education; and for medical assistance. 4255

(c) The amount distributed to the county during the preceding 4256
calendar year from the local government fund; 4257

(d) The amount distributed to the county during the preceding 4258
calendar year from the library and local government support fund; 4259

(e) The amount distributed to the county during the preceding 4260
calendar year from the local government revenue assistance fund. 4261

Payments under this division shall be credited to the 4262
county's undivided income tax fund, except that, notwithstanding 4263
section 5705.14 of the Revised Code, such payments may be 4264
transferred by the board of county commissioners to the county 4265
general fund by resolution adopted with the affirmative vote of 4266
two-thirds of the members thereof. 4267

(C) All payments received in each month from taxes imposed 4268
under Chapter 5748. of the Revised Code and any penalties or 4269

interest thereon shall be paid into the school district income tax 4270
fund, which is hereby created in the state treasury, except that 4271
an amount equal to the following portion of such payments shall be 4272
paid into the general school district income tax administrative 4273
fund, which is hereby created in the state treasury: 4274

(1) One and three-quarters of one per cent of those received 4275
in fiscal year 1996; 4276

(2) One and one-half per cent of those received in fiscal 4277
year 1997 and thereafter. 4278

Money in the school district income tax administrative fund 4279
shall be used by the tax commissioner to defray costs incurred in 4280
administering the school district's income tax, including the cost 4281
of providing employers with information regarding the rate of tax 4282
imposed by any school district. Any moneys remaining in the fund 4283
after such use shall be deposited in the school district income 4284
tax fund. 4285

All interest earned on moneys in the school district income 4286
tax fund shall be credited to the fund. 4287

(D)(1)(a) Within thirty days of the end of each calendar 4288
quarter ending on the last day of March, June, September, and 4289
December, the director of budget and management shall make a 4290
payment from the school district income tax fund to each school 4291
district for which school district income tax revenue was received 4292
during that quarter. The amount of the payment shall equal the 4293
balance in the school district's account at the end of that 4294
quarter. 4295

(b) After a school district ceases to levy an income tax, the 4296
director of budget and management shall adjust the payments under 4297
division (D)(1)(a) of this section to retain sufficient money in 4298
the school district's account to pay refunds. For the calendar 4299
quarters ending on the last day of March and December of the 4300

calendar year following the last calendar year the tax is levied, 4301
the director shall make the payments in the amount required under 4302
division (D)(1)(a) of this section. For the calendar quarter 4303
ending on the last day of June of the calendar year following the 4304
last calendar year the tax is levied, the director shall make a 4305
payment equal to nine-tenths of the balance in the account at the 4306
end of that quarter. For the calendar quarter ending on the last 4307
day of September of the calendar year following the last calendar 4308
year the tax is levied, the director shall make no payment. For 4309
the second and succeeding calendar years following the last 4310
calendar year the tax is levied, the director shall make one 4311
payment each year, within thirty days of the last day of June, in 4312
an amount equal to the balance in the district's account on the 4313
last day of June. 4314

(2) Moneys paid to a school district under this division 4315
shall be deposited in its school district income tax fund. All 4316
interest earned on moneys in the school district income tax fund 4317
shall be apportioned by the tax commissioner pro rata among the 4318
school districts in the proportions and at the times the districts 4319
are entitled to receive payments under this division. 4320

Section 2. That existing sections 321.45, 323.152, 323.25, 4321
718.01, 4503.065, 5705.19, 5709.61, 5709.62, 5709.63, 5709.631, 4322
5709.633, 5709.85, 5709.883, 5721.25, 5722.01, 5722.02, 5733.05, 4323
5733.33, 5735.01, 5747.01, and 5747.03 of the Revised Code are 4324
hereby repealed. 4325

Section 3. That Section 3.18 of Am. Sub. H.B. 95 of the 125th 4326
General Assembly be amended to read as follows: 4327

Sec. 3.18. The amendments in Sections 3.16 and 3.17 of ~~this~~ 4328
~~act~~ Am. Sub. H.B. 95 of the 125th General Assembly provide for or 4329
are essential to the implementation of a tax levy. Therefore, 4330

under Ohio Constitution, Article II, Section 1d, those Sections 4331
are not subject to the referendum and go into effect January 1, 4332
~~2004~~ 2005. 4333

Section 4. That existing Section 3.18 of Am. Sub. H.B. 95 of 4334
the 125th General Assembly is hereby repealed. 4335

Section 5. This section and the amendments by this act to 4336
Section 3.18 of Am. Sub. H.B. 95 of the 125th General Assembly 4337
provide for or are essential to the implementation of a tax levy. 4338
Therefore, under Ohio Constitution, Article II, Section 1d, this 4339
section and those amendments are not subject to the referendum and 4340
go into immediate effect. 4341

Section 6. That Section 89.07 of Am. Sub. H.B. 95 of the 4342
125th General Assembly be amended to read as follows: 4343

Sec. 89.07. AIR FORCE INSTITUTE OF TECHNOLOGY 4344

The foregoing appropriation item 235-508, Air Force Institute 4345
of Technology, shall be used to strengthen the research and 4346
educational linkages between the Wright Patterson Air Force Base 4347
and institutions of higher education in Ohio. Of the foregoing 4348
appropriation item 235-508, Air Force Institute of Technology, 4349
\$1,317,173 in fiscal year 2004 and \$1,315,929 in fiscal year 2005 4350
shall be used for research projects that connect the Air Force 4351
Research Laboratories with university partners. The institute 4352
shall provide annual reports to the Third Frontier Commission, 4353
that discuss existing, planned, or possible collaborations between 4354
programs and funding recipients related to technology, research 4355
development, commercialization, and support for Ohio's economic 4356
development. 4357

Of the foregoing appropriation item 235-508, Air Force 4358
Institute of Technology, \$477,237 in fiscal year 2004 and \$476,786 4359

in fiscal year 2005 shall be used ~~to match federal dollars to~~ by 4360
the University of Dayton to establish and support a chair in Nano 4361
Technology in support of the Wright Brothers Institute. ~~Funds~~ 4362
~~shall be used by the Wright Brothers Institute to create or expand~~ 4363
~~Ohio based technology and commercial development collaborations~~ 4364
~~between industry, academia, and government in areas which include~~ 4365
~~carbon nano-tube materials technology, genome based biotechnology,~~ 4366
~~knowledge creation information technology, cognitive systems~~ 4367
~~modeling and engineering, or other related projects as deemed~~ 4368
~~appropriate by the institute through the Miami Valley Economic~~ 4369
Development Research Corporation. 4370

Of the foregoing appropriation item 235-508, Air Force 4371
Institute of Technology, \$302,113 in fiscal year 2004 and \$261,145 4372
in fiscal year 2005 shall be used by the Miami Valley Economic 4373
Development Research Corporation to ~~directly~~ support collaborative 4374
research between academia, industry, and the Air Force for the 4375
Wright Brothers Institute ~~Nanomaterials and Advanced Data~~ 4376
~~Management and Analysis~~ and related initiatives in nanomaterials 4377
and advanced data management and analysis or other technology 4378
projects as determined by the Miami Valley Economic Development 4379
Research Corporation. 4380

OHIO SUPERCOMPUTER CENTER 4381

The foregoing appropriation item 235-510, Ohio Supercomputer 4382
Center, shall be used by the Board of Regents to support the 4383
operation of the center, located at The Ohio State University, as 4384
a statewide resource available to Ohio research universities both 4385
public and private. It is also intended that the center be made 4386
accessible to private industry as appropriate. Policies of the 4387
center shall be established by a governance committee, 4388
representative of Ohio's research universities and private 4389
industry, to be appointed by the Chancellor of the Board of 4390
Regents and established for this purpose. 4391

The Ohio Supercomputer Center shall report on expanding solutions-oriented, computational science services to industrial and other customers, including alignment programs and recipients, and develop a plan for a computational science initiative in collaboration with the Wright Centers of Innovation program and the Computer Science Graduate Studies Program.

COOPERATIVE EXTENSION SERVICE

The foregoing appropriation item 235-511, Cooperative Extension Service, shall be disbursed through the Board of Regents to The Ohio State University in monthly payments, unless otherwise determined by the Director of Budget and Management pursuant to section 126.09 of the Revised Code.

Of the foregoing appropriation item 235-511, Cooperative Extension Service, \$182,842 in fiscal year 2004 and \$178,271 in fiscal year 2005 shall be used for additional staffing for county agents for expanded 4-H activities. Of the foregoing appropriation item 235-511, Cooperative Extension Service, \$182,842 in fiscal year 2004 and \$178,271 in fiscal year 2005 shall be used by the Cooperative Extension Service, through the Enterprise Center for Economic Development in cooperation with other agencies, for a public-private effort to create and operate a small business economic development program to enhance the development of alternatives to the growing of tobacco, and implement, through applied research and demonstration, the production and marketing of other high-value crops and value-added products. Of the foregoing appropriation item 235-511, Cooperative Extension Service, \$56,594 in fiscal year 2004 and \$55,179 in fiscal year 2005 shall be used for farm labor mediation and education programs. Of the foregoing appropriation item 235-511, Cooperative Extension Service, \$187,195 in fiscal year 2004 and \$182,515 in fiscal year 2005 shall be used to support the Ohio State University Marion Enterprise Center.

Of the foregoing appropriation item 235-511, Cooperative 4424
Extension Service, \$792,750 in fiscal year 2004 and \$772,931 in 4425
fiscal year 2005 shall be used to support the Ohio Watersheds 4426
Initiative. 4427

CENTRAL STATE SUPPLEMENT 4428

The foregoing appropriation item 235-514, Central State 4429
Supplement, shall be used by Central State University to keep 4430
undergraduate fees below the statewide average, consistent with 4431
its mission of service to many first-generation college students 4432
from groups historically underrepresented in higher education and 4433
from families with limited incomes. 4434

PERFORMANCE STANDARDS FOR MEDICAL EDUCATION 4435

The Board of Regents, in consultation with the state-assisted 4436
medical colleges, shall develop performance standards for medical 4437
education. Special emphasis in the standards shall be placed on 4438
attempting to ensure that at least 50 per cent of the aggregate 4439
number of students enrolled in state-assisted medical colleges 4440
continue to enter residency as primary care physicians. Primary 4441
care physicians are general family practice physicians, general 4442
internal medicine practitioners, and general pediatric care 4443
physicians. The Board of Regents shall monitor medical school 4444
performance in relation to their plans for reaching the 50 per 4445
cent systemwide standard for primary care physicians. 4446

Section 7. That existing Section 89.07 of Am. Sub. H.B. 95 of 4447
the 125th General Assembly is hereby repealed. 4448

Section 8. This section and the amendments by this act to 4449
Section 89.07 of Am. Sub. H.B. 95 of the 125th General Assembly 4450
are not subject to the referendum. Therefore, under Ohio 4451
Constitution, Article II, Section 1d and section 1.471 of the 4452
Revised Code, this section and those amendments go into immediate 4453

effect when this act becomes law. 4454

Section 9. If unspent and unobligated cash balances in the 4455
General Revenue Fund are sufficient, the Director of Budget and 4456
Management, upon receiving a request from the Director of 4457
Development, may increase by up to \$5 million over both fiscal 4458
years of the 2004-2005 biennium appropriations in existing General 4459
Revenue Fund appropriation items for, or in new General Revenue 4460
Fund appropriation items created by the Director of Budget and 4461
Management for, the Department of Development, to support economic 4462
development projects for which appropriations otherwise would not 4463
be available. These increases are hereby appropriated. 4464

This section is not subject to the referendum. Therefore, 4465
under Ohio Constitution, Article II, Section 1d and section 1.471 4466
of the Revised Code, this section goes into immediate effect when 4467
this act becomes law. 4468

Section 10. (A) The amendment by this act of section 323.152 4469
of the Revised Code applies to tax year 2004 and thereafter. 4470

(B) The amendment by this act of section 4503.065 of the 4471
Revised Code applies to taxes levied in 2005 and thereafter. 4472

Section 11. The amendment by this act of section 5705.19 of 4473
the Revised Code applies to resolutions adopted under that section 4474
on or after the effective date of this act. 4475

Section 12. Except as otherwise specifically provided in this 4476
act, the sections of law amended or enacted in this act, and the 4477
items of law of which the sections of law amended or enacted in 4478
this act are composed, are subject to the referendum. Therefore, 4479
under Ohio Constitution, Article II, Section 1c and section 1.471 4480
of the Revised Code, the sections of law amended or enacted by 4481
this act, and the items of law of which the sections of law as 4482

amended or enacted by this act are composed, take effect on the 4483
ninety-first day after this act is filed with the Secretary of 4484
State. If, however, a referendum petition is filed against any 4485
such section of law as amended or enacted by this act, or against 4486
any item of law of which any such section of law as amended or 4487
enacted by this act is composed, the section of law as amended or 4488
enacted, or item of law, unless rejected at the referendum, takes 4489
effect at the earliest time permitted by law. 4490

Section 13. The amendment or enactment by this act of 4491
sections 5733.05, 5747.01, and 5747.013 of the Revised Code 4492
provide for or are essential to implementation of a tax levy. 4493
Therefore, under Ohio Constitution, Article II, Section 1d, the 4494
amendments and enactments, and the items of which they are 4495
composed, are not subject to the referendum and go into immediate 4496
effect when this act becomes law. 4497

This section is essential to implementation of a tax levy 4498
and, under Ohio Constitution, Article II, Section 1d, is not 4499
subject to the referendum and goes into immediate effect when this 4500
act becomes law. 4501