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Senator Amstutz

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A B I L L

To amend sections 5725.24, 5733.01, 5733.98, 1
5739.011, and 5747.98 and to enact sections 2
149.311, 5725.151, 5733.47, and 5747.76 of the 3
Revised Code to authorize refundable tax credits 4
for rehabilitating historic buildings and to 5
exempt from the sales and use taxes property used 6
to clean manufacturing equipment that produces 7
dairy products. 8

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

Section 1. That sections 5725.24, 5733.01, 5733.98, 5739.011, 9
and 5747.98 be amended and sections 149.311, 5725.151, 5733.47, 10
and 5747.76 of the Revised Code be enacted to read as follows: 11

Sec. 149.311. (A) As used in this section: 12

(1) "Historic building" means a building, including its structural components, that is located in this state and that is either individually listed on the national register of historic places under 16 U.S.C. 470a, located in a registered historic district, and certified by the state historic preservation officer as being of historic significance to the district, or is individually listed as a historic landmark designated by a local government certified under 16 U.S.C. 470a(c).

(2) "Qualified rehabilitation expenditures" means expenditures paid or incurred during the rehabilitation period, and before and after that period as determined under 26 U.S.C. 47, by an owner of a historic building to rehabilitate the building. "Qualified rehabilitation expenditures" includes architectural or engineering fees paid or incurred in connection with the rehabilitation, and expenses incurred in the preparation of nomination forms for listing on the national register of historic places. "Qualified rehabilitation expenditures" does not include any of the following:

(a) The cost of acquiring, expanding, or enlarging a historic building;

(b) Expenditures attributable to work done to facilities related to the building, such as parking lots, sidewalks, and landscaping;

(c) New building construction costs.

(3) "Owner" of a historic building means a person holding the fee simple interest in the building.

(4) "Certificate owner" means the owner of a historic building to which a rehabilitation tax credit certificate was issued under this section.

(5) "Registered historic district" means a historic district

listed in the national register of historic places under 16 U.S.C. 43
470a, a historic district designated by a local government 44
certified under 16 U.S.C. 470a(c), or a local historic district 45
certified under 36 C.F.R. 67.8 and 67.9. 46

(6) "Rehabilitation" means the process of repairing or 47
altering a historic building or buildings, making possible an 48
efficient use while preserving those portions and features of the 49
building and its site and environment that are significant to its 50
historic, architectural, and cultural values. 51

(7) "Rehabilitation period" means one of the following: 52

(a) If the rehabilitation initially was not planned to be 53
completed in stages, a period chosen by the owner not to exceed 54
twenty-four months during which rehabilitation occurs; 55

(b) If the rehabilitation initially was planned to be 56
completed in stages, a period chosen by the owner not to exceed 57
sixty months during which rehabilitation occurs. 58

(8) "State historic preservation officer" or "officer" means 59
the state historic preservation officer appointed by the governor 60
under 16 U.S.C. 470a. 61

(9) "Application period" means either of the following time 62
periods during which an application for a rehabilitation tax 63
credit certificate may be filed under this section: 64

(a) July 1, 2007, through June 30, 2008; 65

(b) July 1, 2008, through June 30, 2009. 66

(B) On or after July 1, 2007, but before July 1, 2009, the 67
owner of a historic building may apply to the state historic 68
preservation officer for a rehabilitation tax credit certificate 69
for qualified rehabilitation expenditures paid or incurred after 70
the effective date of this section for rehabilitation of a 71
historic building. The form and manner of filing such applications 72

shall be prescribed by rule of the director of development, and 73
applications expire at the end of each application period. Before 74
July 1, 2007, the director, after consultation with the tax 75
commissioner and in accordance with Chapter 119. of the Revised 76
Code, shall adopt rules that establish all of the following: 77

(1) Forms and procedures by which applicants may apply for 78
rehabilitation tax credit certificates; 79

(2) Criteria for reviewing, evaluating, and approving 80
applications for certificates within the limitation on the number 81
of applications that may be approved in an application period 82
under division (D) of this section, criteria for assuring that the 83
certificates issued encompass a mixture of high and low qualified 84
rehabilitation expenditures, and criteria for issuing certificates 85
under division (C)(3)(b) of this section; 86

(3) Eligibility requirements for obtaining a certificate 87
under this section; 88

(4) The form of rehabilitation tax credit certificates; 89

(5) Reporting requirements and monitoring procedures; 90

(6) Any other rules necessary to implement and administer 91
this section. 92

(C) The state historic preservation officer shall accept 93
applications in the order in which they are filed. Within seven 94
days after an application is filed, the officer shall forward it 95
to the director of development who shall review the application 96
and determine whether all of the following criteria are met: 97

(1) That the building that is the subject of the application 98
is a historic building and the applicant is the owner of the 99
building; 100

(2) That the rehabilitation will satisfy standards prescribed 101
by the United States secretary of the interior under 16 U.S.C. 102

470, et seq., as amended, and 36 C.F.R. 67.7 or a successor to 103
that section; 104

(3) That receiving a rehabilitation tax credit certificate 105
under this section is a major factor in: 106

(a) The applicant's decision to rehabilitate the historic 107
building; or 108

(b) To increase the level of investment in such 109
rehabilitation. 110

An applicant shall demonstrate to the satisfaction of the 111
state historic preservation officer and director of development 112
that the rehabilitation will satisfy the standards described in 113
division (C)(2) of this section before the applicant begins the 114
physical rehabilitation of the historic building. 115

(D) If the director of development determines that the 116
criteria in divisions (C)(1), (2), and (3) of this section are 117
met, the director, in conjunction with the tax commissioner, shall 118
conduct a cost and benefit analysis for the historic building that 119
is the subject of an application filed under this section to 120
determine whether rehabilitation of the historic building will 121
result in a net revenue gain in state and local taxes once the 122
building is used. The director shall not approve an application 123
and issue a rehabilitation tax credit certificate to an applicant 124
unless the cost and benefit analysis of the historic building 125
determines that there will be a net revenue gain in state and 126
local taxes once the building is used. A rehabilitation tax credit 127
certificate shall not be issued before rehabilitation of a 128
historic building is completed. The director shall not approve 129
more than one hundred applications in an application period. 130

(E) Issuance of a certificate represents a finding by the 131
director of development of the matters described in divisions 132
(C)(1), (2), and (3) of this section only; issuance of a 133

certificate does not represent a verification or certification by 134
the director of the amount of qualified rehabilitation 135
expenditures for which a tax credit may be claimed under section 136
5725.151, 5733.47, or 5747.76 of the Revised Code. The amount of 137
qualified rehabilitation expenditures for which a tax credit may 138
be claimed is subject to inspection and examination by the tax 139
commissioner or employees of the commissioner under section 140
5703.19 of the Revised Code and any other applicable law. Upon the 141
issuance of a certificate, the director shall certify to the tax 142
commissioner, in the form and manner requested by the tax 143
commissioner, the name of the applicant, the amount of qualified 144
rehabilitation expenditures shown on the certificate, and any 145
other information required by the rules adopted under this 146
section. 147

(F)(1) On or before the first day of December in 2007, 2008, 148
and 2009, the director of development and tax commissioner jointly 149
shall submit to the president of the senate and the speaker of the 150
house of representatives a report on the tax credit program 151
established under this section and sections 5725.151, 5733.47, and 152
5747.76 of the Revised Code. The report shall present an overview 153
of the program and shall include information on the number of 154
rehabilitation tax credit certificates issued under this section 155
during an application period, an update on the status of each 156
historic building for which an application was approved under this 157
section, the dollar amount of the tax credits granted under 158
sections 5725.151, 5733.47, and 5747.76 of the Revised Code, and 159
any other information the director and commissioner consider 160
relevant to the topics addressed in the report. 161

(2) On or before December 1, 2010, the director of 162
development and tax commissioner jointly shall submit to the 163
president of the senate and the speaker of the house of 164
representatives a comprehensive report that includes the 165

information required by division (F)(1) of this section and a 166
detailed analysis of the effectiveness of issuing tax credits for 167
rehabilitating historic buildings. The report shall be prepared 168
with the assistance of an economic research organization jointly 169
chosen by the director and commissioner. 170

Sec. 5725.151. (A) As used in this section, "certificate 171
owner" has the same meaning as in section 149.311 of the Revised 172
Code. 173

(B) There is allowed a refundable credit against the tax 174
imposed by section 5707.03 and assessed under section 5725.15 of 175
the Revised Code for a dealer in intangibles subject to that tax 176
that is a certificate owner of a rehabilitation tax credit 177
certificate issued under section 149.311 of the Revised Code. The 178
credit shall equal twenty-five per cent of the dollar amount 179
indicated on the certificate. The credit shall be claimed in the 180
calendar year specified in the certificate. 181

(C) A dealer in intangibles claiming a credit under this 182
section shall retain the rehabilitation tax credit certificate for 183
four years following the end of the year in which the credit was 184
claimed, and shall make the certificate available for inspection 185
by the tax commissioner upon the request of the tax commissioner 186
during that period. 187

(D) For the purpose of division (C) of section 5725.24 of the 188
Revised Code, reductions in the amount of taxes collected on 189
account of credits allowed under this section shall be applied to 190
reduce the amount credited to the general revenue fund and shall 191
not be applied to reduce the amount to be credited to the 192
undivided local government funds of the counties in which such 193
taxes originate. 194

Sec. 5725.24. (A) As used in this section, "qualifying 195

dealer" means a dealer in intangibles that is a qualifying dealer 196
in intangibles as defined in section 5733.45 of the Revised Code 197
or a member of a qualifying controlled group, as defined in 198
section 5733.04 of the Revised Code, of which an insurance company 199
also is a member on the first day of January of the year in and 200
for which the tax imposed by section 5707.03 of the Revised Code 201
is required to be paid by the dealer. 202

(B) The taxes levied by section 5725.18 of the Revised Code 203
and collected pursuant to this chapter shall be paid into the 204
state treasury to the credit of the general revenue fund. 205

(C) The taxes levied by section 5707.03 of the Revised Code 206
on the value of shares in and capital employed by dealers in 207
intangibles other than those that are qualifying dealers shall be 208
for the use of the general revenue fund of the state and the local 209
government funds of the several counties in which the taxes 210
originate as provided in this division. 211

On or before the first day of each month on which there is 212
money in the state treasury for disbursement under this division, 213
the tax commissioner shall provide for payment to the county 214
treasurer of each county of five-eighths of the amount of the 215
taxes collected on account of shares in and capital employed by 216
dealers in intangibles other than those that are qualifying 217
dealers, representing capital employed in the county. The balance 218
of the money received and credited on account of taxes assessed on 219
shares in and capital employed by such dealers in intangibles 220
shall be credited to the general revenue fund. 221

Reductions in the amount of taxes collected on account of 222
credits allowed under section 5725.151 of the Revised Code shall 223
be applied to reduce the amount credited to the general revenue 224
fund and shall not be applied to reduce the amount to be credited 225
to the undivided local government funds of the counties in which 226
such taxes originate. 227

For the purpose of this division, such taxes are deemed to 228
originate in the counties in which such dealers in intangibles 229
have their offices. 230

Money received into the treasury of a county pursuant to this 231
section shall be credited to the undivided local government fund 232
of the county and shall be distributed by the budget commission as 233
provided by law. 234

(D) All of the taxes levied under section 5707.03 of the 235
Revised Code on the value of the shares in and capital employed by 236
dealers in intangibles that are qualifying dealers shall be paid 237
into the state treasury to the credit of the general revenue fund. 238

Sec. 5733.01. (A) The tax provided by this chapter for 239
domestic corporations shall be the amount charged against each 240
corporation organized for profit under the laws of this state and 241
each nonprofit corporation organized pursuant to Chapter 1729. of 242
the Revised Code, except as provided in sections 5733.09 and 243
5733.10 of the Revised Code, for the privilege of exercising its 244
franchise during the calendar year in which that amount is 245
payable, and the tax provided by this chapter for foreign 246
corporations shall be the amount charged against each corporation 247
organized for profit and each nonprofit corporation organized or 248
operating in the same or similar manner as nonprofit corporations 249
organized under Chapter 1729. of the Revised Code, under the laws 250
of any state or country other than this state, except as provided 251
in sections 5733.09 and 5733.10 of the Revised Code, for the 252
privilege of doing business in this state, owning or using a part 253
or all of its capital or property in this state, holding a 254
certificate of compliance with the laws of this state authorizing 255
it to do business in this state, or otherwise having nexus in or 256
with this state under the Constitution of the United States, 257
during the calendar year in which that amount is payable. 258

(B) A corporation is subject to the tax imposed by section 259
5733.06 of the Revised Code for each calendar year that it is so 260
organized, doing business, owning or using a part or all of its 261
capital or property, holding a certificate of compliance, or 262
otherwise having nexus in or with this state under the 263
Constitution of the United States, on the first day of January of 264
that calendar year. 265

(C) Any corporation subject to this chapter that is not 266
subject to the federal income tax shall file its returns and 267
compute its tax liability as required by this chapter in the same 268
manner as if that corporation were subject to the federal income 269
tax. 270

(D) For purposes of this chapter, a federally chartered 271
financial institution shall be deemed to be organized under the 272
laws of the state within which its principal office is located. 273

(E) For purposes of this chapter, any person, as defined in 274
section 5701.01 of the Revised Code, shall be treated as a 275
corporation if the person is classified for federal income tax 276
purposes as an association taxable as a corporation, and an equity 277
interest in the person shall be treated as capital stock of the 278
person. 279

(F) For the purposes of this chapter, "disregarded entity" 280
has the same meaning as in division (D) of section 5745.01 of the 281
Revised Code. 282

(1) A person's interest in a disregarded entity, whether held 283
directly or indirectly, shall be treated as the person's ownership 284
of the assets and liabilities of the disregarded entity, and the 285
income, including gain or loss, shall be included in the person's 286
net income under this chapter. 287

(2) Any sale, exchange, or other disposition of the person's 288
interest in the disregarded entity, whether held directly or 289

indirectly, shall be treated as a sale, exchange, or other 290
disposition of the person's share of the disregarded entity's 291
underlying assets or liabilities, and the gain or loss from such 292
sale, exchange, or disposition shall be included in the person's 293
net income under this chapter. 294

(3) The disregarded entity's payroll, property, and sales 295
factors shall be included in the person's factors. 296

(G) The tax a corporation is required to pay under this 297
chapter shall be as follows: 298

(1)(a) For financial institutions, the greater of the minimum 299
payment required under division (E) of section 5733.06 of the 300
Revised Code or the difference between all taxes charged the 301
financial institution under this chapter, without regard to 302
division (G)(2) of this section, less any credits allowable 303
against such tax. 304

(b) A corporation satisfying the description in division 305
(E)(5), (6), (7), (8), or (10) of section 5751.01 of the Revised 306
Code that is not a financial institution, insurance company, or 307
dealer in intangibles is subject to the taxes imposed under this 308
chapter as a corporation and not subject to tax as a financial 309
institution, and shall pay the greater of the minimum payment 310
required under division (E) of section 5733.06 of the Revised Code 311
or the difference between all the taxes charged under this 312
chapter, without regard to division (G)(2) of this section, less 313
any credits allowable against such tax. 314

(2) For all corporations other than those persons described 315
in division (G)(1)(a) or (b) of this section, the amount under 316
division (G)(2)(a) of this section applicable to the tax year 317
specified less the amount under division (G)(2)(b) of this 318
section: 319

(a)(i) For tax year 2005, the greater of the minimum payment 320

required under division (E) of section 5733.06 of the Revised Code	321
or the difference between all taxes charged the corporation under	322
this chapter and any credits allowable against such tax;	323
(ii) For tax year 2006, the greater of the minimum payment	324
required under division (E) of section 5733.06 of the Revised Code	325
or four-fifths of the difference between all taxes charged the	326
corporation under this chapter and any credits allowable against	327
such tax, except the qualifying pass-through entity tax credit	328
described in division (A)(29) and the refundable credits described	329
in divisions (A)(30), (31) , (32) , and (33) to <u>(34)</u> of section	330
5733.98 of the Revised Code;	331
(iii) For tax year 2007, the greater of the minimum payment	332
required under division (E) of section 5733.06 of the Revised Code	333
or three-fifths of the difference between all taxes charged the	334
corporation under this chapter and any credits allowable against	335
such tax, except the qualifying pass-through entity tax credit	336
described in division (A)(29) and the refundable credits described	337
in divisions (A)(30), (31) , (32) , and (33) to <u>(34)</u> of section	338
5733.98 of the Revised Code;	339
(iv) For tax year 2008, the greater of the minimum payment	340
required under division (E) of section 5733.06 of the Revised Code	341
or two-fifths of the difference between all taxes charged the	342
corporation under this chapter and any credits allowable against	343
such tax, except the qualifying pass-through entity tax credit	344
described in division (A)(29) and the refundable credits described	345
in divisions (A)(30), (31) , (32) , and (33) to <u>(34)</u> of section	346
5733.98 of the Revised Code;	347
(v) For tax year 2009, the greater of the minimum payment	348
required under division (E) of section 5733.06 of the Revised Code	349
or one-fifth of the difference between all taxes charged the	350
corporation under this chapter and any credits allowable against	351

such tax, except the qualifying pass-through entity tax credit 352
described in division (A)(29) and the refundable credits described 353
in divisions (A)(30), (31), ~~and (32)~~, and (33) of section 5733.98 354
of the Revised Code; 355

(vi) For tax year 2010 and each tax year thereafter, no tax. 356

(b) A corporation shall subtract from the amount calculated 357
under division (G)(2)(a)(ii), (iii), (iv), or (v) of this section 358
any qualifying pass-through entity tax credit described in 359
division (A)(29) and any refundable credits described in divisions 360
(A)(30), ~~(31), (32), and (33)~~ to (34) of section 5733.98 of the 361
Revised Code to which the corporation is entitled. Any unused 362
qualifying pass-through entity tax credit is not refundable. 363

(c) For the purposes of computing the amount of a credit that 364
may be carried forward to a subsequent tax year under division 365
(G)(2) of this section, a credit is utilized against the tax for a 366
tax year to the extent the credit applies against the tax for that 367
tax year, even if the difference is then multiplied by the 368
applicable fraction under division (G)(2)(a) of this section. 369

(3) Nothing in division (G) of this section eliminates or 370
reduces the tax imposed by section 5733.41 of the Revised Code on 371
a qualifying pass-through entity. 372

Sec. 5733.47. (A) As used in this section, "certificate 373
owner" has the same meaning as in section 149.311 of the Revised 374
Code. 375

(B) There is allowed a refundable credit against the tax 376
imposed under section 5733.06 of the Revised Code for a taxpayer 377
that is a certificate owner of a rehabilitation tax credit 378
certificate issued under section 149.311 of the Revised Code. The 379
credit shall equal twenty-five per cent of the dollar amount 380
indicated on the certificate. The credit shall be claimed for the 381

tax year specified in the certificate and in the order required 382
under section 5733.98 of the Revised Code. For purposes of making 383
tax payments under this chapter, taxes equal to the amount of the 384
refundable credit shall be considered to be paid to the state on 385
the first day of the tax year. 386

(C) A taxpayer claiming a credit under this section shall 387
retain the rehabilitation tax credit certificate for four years 388
following the end of the tax year to which the credit was applied, 389
and shall make the certificate available for inspection by the tax 390
commissioner upon the request of the tax commissioner during that 391
period. 392

(D) If, pursuant to division (G) of section 5733.01 of the 393
Revised Code, a taxpayer no longer pays a tax under this chapter, 394
the taxpayer may nonetheless file an annual report under section 395
5733.02 of the Revised Code and claim the refundable credit 396
authorized by this section. Nothing in this division allows a 397
taxpayer to claim the credit under this section more than once. 398

Sec. 5733.98. (A) To provide a uniform procedure for 399
calculating the amount of tax imposed by section 5733.06 of the 400
Revised Code that is due under this chapter, a taxpayer shall 401
claim any credits to which it is entitled in the following order, 402
except as otherwise provided in section 5733.058 of the Revised 403
Code: 404

(1) For tax year 2005, the credit for taxes paid by a 405
qualifying pass-through entity allowed under section 5733.0611 of 406
the Revised Code; 407

(2) The credit allowed for financial institutions under 408
section 5733.45 of the Revised Code; 409

(3) The credit for qualifying affiliated groups under section 410
5733.068 of the Revised Code; 411

(4) The subsidiary corporation credit under section 5733.067 of the Revised Code;	412 413
(5) The savings and loan assessment credit under section 5733.063 of the Revised Code;	414 415
(6) The credit for recycling and litter prevention donations under section 5733.064 of the Revised Code;	416 417
(7) The credit for employers that enter into agreements with child day-care centers under section 5733.36 of the Revised Code;	418 419
(8) The credit for employers that reimburse employee child care expenses under section 5733.38 of the Revised Code;	420 421
(9) The credit for maintaining railroad active grade crossing warning devices under section 5733.43 of the Revised Code;	422 423
(10) The credit for purchases of lights and reflectors under section 5733.44 of the Revised Code;	424 425
(11) The job retention credit under division (B) of section 5733.0610 of the Revised Code;	426 427
(12) The credit for purchases of new manufacturing machinery and equipment under section 5733.31 or section 5733.311 of the Revised Code;	428 429 430
(13) The second credit for purchases of new manufacturing machinery and equipment under section 5733.33 of the Revised Code;	431 432
(14) The job training credit under section 5733.42 of the Revised Code;	433 434
(15) The credit for qualified research expenses under section 5733.351 of the Revised Code;	435 436
(16) The enterprise zone credit under section 5709.66 of the Revised Code;	437 438
(17) The credit for the eligible costs associated with a voluntary action under section 5733.34 of the Revised Code;	439 440

(18) The credit for employers that establish on-site child day-care centers under section 5733.37 of the Revised Code;	441 442
(19) The ethanol plant investment credit under section 5733.46 of the Revised Code;	443 444
(20) The credit for purchases of qualifying grape production property under section 5733.32 of the Revised Code;	445 446
(21) The export sales credit under section 5733.069 of the Revised Code;	447 448
(22) The credit for research and development and technology transfer investors under section 5733.35 of the Revised Code;	449 450
(23) The enterprise zone credits under section 5709.65 of the Revised Code;	451 452
(24) The credit for using Ohio coal under section 5733.39 of the Revised Code;	453 454
(25) The credit for small telephone companies under section 5733.57 of the Revised Code;	455 456
(26) The credit for eligible nonrecurring 9-1-1 charges under section 5733.55 of the Revised Code;	457 458
(27) For tax year 2005, the credit for providing programs to aid the communicatively impaired under division (A) of section 5733.56 of the Revised Code;	459 460 461
(28) The research and development credit under section 5733.352 of the Revised Code;	462 463
(29) For tax years 2006 and subsequent tax years, the credit for taxes paid by a qualifying pass-through entity allowed under section 5733.0611 of the Revised Code;	464 465 466
(30) <u>The refundable credit for rehabilitating a historic building under section 5733.47 of the Revised Code;</u>	467 468
<u>(31)</u> The refundable jobs creation credit under division (A)	469

of section 5733.0610 of the Revised Code;	470
(31) <u>(32)</u> The refundable credit for tax withheld under	471
division (B)(2) of section 5747.062 of the Revised Code;	472
(32) <u>(33)</u> The refundable credit under section 5733.49 of the	473
Revised Code for losses on loans made to the Ohio venture capital	474
program under sections 150.01 to 150.10 of the Revised Code;	475
(33) <u>(34)</u> For tax years 2006, 2007, and 2008, the refundable	476
credit allowable under division (B) of section 5733.56 of the	477
Revised Code.	478
(B) For any credit except the credits enumerated in divisions	479
(A)(30), (31) , (32) , and (33) <u>to (34)</u> of this section, the amount	480
of the credit for a tax year shall not exceed the tax due after	481
allowing for any other credit that precedes it in the order	482
required under this section. Any excess amount of a particular	483
credit may be carried forward if authorized under the section	484
creating that credit.	485
Sec. 5739.011. (A) As used in this section:	486
(1) "Manufacturer" means a person who is engaged in	487
manufacturing, processing, assembling, or refining a product for	488
sale and, solely for the purposes of division (B)(12) of this	489
section, a person who meets all the qualifications of that	490
division.	491
(2) "Manufacturing facility" means a single location where a	492
manufacturing operation is conducted, including locations	493
consisting of one or more buildings or structures in a contiguous	494
area owned or controlled by the manufacturer.	495
(3) "Materials handling" means the movement of the product	496
being or to be manufactured, during which movement the product is	497
not undergoing any substantial change or alteration in its state	498
or form.	499

(4) "Testing" means a process or procedure to identify the 500
properties or assure the quality of a material or product. 501

(5) "Completed product" means a manufactured item that is in 502
the form and condition as it will be sold by the manufacturer. An 503
item is completed when all processes that change or alter its 504
state or form or enhance its value are finished, even though the 505
item subsequently will be tested to ensure its quality or be 506
packaged for storage or shipment. 507

(6) "Continuous manufacturing operation" means the process in 508
which raw materials or components are moved through the steps 509
whereby manufacturing occurs. Materials handling of raw materials 510
or parts from the point of receipt or preproduction storage or of 511
a completed product, to or from storage, to or from packaging, or 512
to the place from which the completed product will be shipped, is 513
not a part of a continuous manufacturing operation. 514

(B) For purposes of division (B)(42)(g) of section 5739.02 of 515
the Revised Code, the "thing transferred" includes, but is not 516
limited to, any of the following: 517

(1) Production machinery and equipment that act upon the 518
product or machinery and equipment that treat the materials or 519
parts in preparation for the manufacturing operation; 520

(2) Materials handling equipment that moves the product 521
through a continuous manufacturing operation; equipment that 522
temporarily stores the product during the manufacturing operation; 523
or, excluding motor vehicles licensed to operate on public 524
highways, equipment used in intraplant or interplant transfers of 525
work in process where the plant or plants between which such 526
transfers occur are manufacturing facilities operated by the same 527
person; 528

(3) Catalysts, solvents, water, acids, oil, and similar 529
consumables that interact with the product and that are an 530

integral part of the manufacturing operation;	531
(4) Machinery, equipment, and other tangible personal property used during the manufacturing operation that control, physically support, produce power for, lubricate, or are otherwise necessary for the functioning of production machinery and equipment and the continuation of the manufacturing operation;	532 533 534 535 536
(5) Machinery, equipment, fuel, power, material, parts, and other tangible personal property used to manufacture machinery, equipment, or other tangible personal property used in manufacturing a product for sale;	537 538 539 540
(6) Machinery, equipment, and other tangible personal property used by a manufacturer to test raw materials, the product being manufactured, or the completed product;	541 542 543
(7) Machinery and equipment used to handle or temporarily store scrap that is intended to be reused in the manufacturing operation at the same manufacturing facility;	544 545 546
(8) Coke, gas, water, steam, and similar substances used in the manufacturing operation; machinery and equipment used for, and fuel consumed in, producing or extracting those substances; machinery, equipment, and other tangible personal property used to treat, filter, pump, or otherwise make the substance suitable for use in the manufacturing operation; and machinery and equipment used for, and fuel consumed in, producing electricity for use in the manufacturing operation;	547 548 549 550 551 552 553 554
(9) Machinery, equipment, and other tangible personal property used to transport or transmit electricity, coke, gas, water, steam, or similar substances used in the manufacturing operation from the point of generation, if produced by the manufacturer, or from the point where the substance enters the manufacturing facility, if purchased by the manufacturer, to the manufacturing operation;	555 556 557 558 559 560 561

(10) Machinery, equipment, and other tangible personal 562
property that treats, filters, cools, refines, or otherwise 563
renders water, steam, acid, oil, solvents, or similar substances 564
used in the manufacturing operation reusable, provided that the 565
substances are intended for reuse and not for disposal, sale, or 566
transportation from the manufacturing facility; 567

(11) Parts, components, and repair and installation services 568
for items described in division (B) of this section; 569

(12) Machinery and equipment, detergents, supplies, solvents, 570
and any other tangible personal property located at a 571
manufacturing facility that are used in the process of removing 572
soil, dirt, or other contaminants from, or otherwise preparing in 573
a suitable condition for use, towels, linens, articles of 574
clothing, floor mats, mop heads, or other similar items, to be 575
supplied to a consumer as part of laundry and dry cleaning 576
services as defined in division (BB) of section 5739.01 of the 577
Revised Code, only when the towels, linens, articles of clothing, 578
floor mats, mop heads, or other similar items belong to the 579
provider of the services; 580

(13) Equipment and supplies used to clean processing 581
equipment that is part of a continuous manufacturing operation to 582
produce milk, ice cream, yogurt, cheese, and similar dairy 583
products for human consumption. 584

(C) For purposes of division (B)(42)(g) of section 5739.02 of 585
the Revised Code, the "thing transferred" does not include any of 586
the following: 587

(1) Tangible personal property used in administrative, 588
personnel, security, inventory control, record-keeping, ordering, 589
billing, or similar functions; 590

(2) Tangible personal property used in storing raw materials 591
or parts prior to the commencement of the manufacturing operation 592

or used to handle or store a completed product, including storage	593
that actively maintains a completed product in a marketable state	594
or form;	595
(3) Tangible personal property used to handle or store scrap	596
or waste intended for disposal, sale, or other disposition, other	597
than reuse in the manufacturing operation at the same	598
manufacturing facility;	599
(4) Tangible personal property that is or is to be	600
incorporated into realty;	601
(5) Machinery, equipment, and other tangible personal	602
property used for ventilation, dust or gas collection, humidity or	603
temperature regulation, or similar environmental control, except	604
machinery, equipment, and other tangible personal property that	605
totally regulates the environment in a special and limited area of	606
the manufacturing facility where the regulation is essential for	607
production to occur;	608
(6) Tangible personal property used for the protection and	609
safety of workers, unless the property is attached to or	610
incorporated into machinery and equipment used in a continuous	611
manufacturing operation;	612
(7) Tangible personal property used to store fuel, water,	613
solvents, acid, oil, or similar items consumed in the	614
manufacturing operation;	615
(8) Machinery <u>Except as provided in division (B)(13) of this</u>	616
<u>section, machinery</u> , equipment, and other tangible personal	617
property used to clean, repair, or maintain real or personal	618
property in the manufacturing facility;	619
(9) Motor vehicles registered for operation on public	620
highways.	621
(D) For purposes of division (B)(42)(g) of section 5739.02 of	622

the Revised Code, if the "thing transferred" is a machine used by
a manufacturer in both a taxable and an exempt manner, it shall be
totally taxable or totally exempt from taxation based upon its
quantified primary use. If the "things transferred" are fungibles,
they shall be taxed based upon the proportion of the fungibles
used in a taxable manner.

Sec. 5747.76. (A) As used in this section, "certificate
owner" has the same meaning as in section 149.311 of the Revised
Code.

(B) There is allowed a refundable credit against the tax
imposed under section 5747.02 of the Revised Code for a taxpayer
that is the certificate owner of a rehabilitation tax credit
certificate issued under section 149.311 of the Revised Code. The
credit shall equal twenty-five per cent of the dollar amount
indicated on the certificate. The credit shall be claimed for the
taxable year specified in the certificate and in the order
required under section 5747.98 of the Revised Code. For purposes
of making tax payments under this chapter, taxes equal to the
amount of the refundable credit shall be considered to be paid to
the state on the first day of the taxable year.

(C) Nothing in this section limits or disallows pass-through
treatment of the credit if the certificate owner is a pass-through
entity.

(D) A taxpayer claiming a credit under this section shall
retain the rehabilitation tax credit certificate for four years
following the end of the taxable year to which the credit was
applied, and shall make the certificate available for inspection
by the tax commissioner upon the request of the tax commissioner
during that period.

Sec. 5747.98. (A) To provide a uniform procedure for

calculating the amount of tax due under section 5747.02 of the	653
Revised Code, a taxpayer shall claim any credits to which the	654
taxpayer is entitled in the following order:	655
(1) The retirement income credit under division (B) of	656
section 5747.055 of the Revised Code;	657
(2) The senior citizen credit under division (C) of section	658
5747.05 of the Revised Code;	659
(3) The lump sum distribution credit under division (D) of	660
section 5747.05 of the Revised Code;	661
(4) The dependent care credit under section 5747.054 of the	662
Revised Code;	663
(5) The lump sum retirement income credit under division (C)	664
of section 5747.055 of the Revised Code;	665
(6) The lump sum retirement income credit under division (D)	666
of section 5747.055 of the Revised Code;	667
(7) The lump sum retirement income credit under division (E)	668
of section 5747.055 of the Revised Code;	669
(8) The low-income credit under section 5747.056 of the	670
Revised Code;	671
(9) The credit for displaced workers who pay for job training	672
under section 5747.27 of the Revised Code;	673
(10) The campaign contribution credit under section 5747.29	674
of the Revised Code;	675
(11) The twenty-dollar personal exemption credit under	676
section 5747.022 of the Revised Code;	677
(12) The joint filing credit under division (G) of section	678
5747.05 of the Revised Code;	679
(13) The nonresident credit under division (A) of section	680
5747.05 of the Revised Code;	681

(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	682 683
(15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	684 685
(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	686 687
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	688 689
(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	690 691
(19) The job retention credit under division (B) of section 5747.058 of the Revised Code;	692 693
(20) The credit for purchases of new manufacturing machinery and equipment under section 5747.26 or section 5747.261 of the Revised Code;	694 695 696
(21) The second credit for purchases of new manufacturing machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code;	697 698 699
(22) The job training credit under section 5747.39 of the Revised Code;	700 701
(23) The enterprise zone credit under section 5709.66 of the Revised Code;	702 703
(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	704 705
(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	706 707
(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;	708 709
(27) The credit for purchases of qualifying grape production	710

property under section 5747.28 of the Revised Code;	711
(28) The export sales credit under section 5747.057 of the Revised Code;	712 713
(29) The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	714 715
(30) The enterprise zone credits under section 5709.65 of the Revised Code;	716 717
(31) The research and development credit under section 5747.331 of the Revised Code;	718 719
(32) <u>The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;</u>	720 721
(33) The refundable jobs creation credit under division (A) of section 5747.058 of the Revised Code;	722 723
(33) (34) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	724 725
(34) (35) The refundable credits for taxes paid by a qualifying pass-through entity granted under division (J) of section 5747.08 of the Revised Code;	726 727 728
(35) (36) The refundable credit for tax withheld under division (B)(1) of section 5747.062 of the Revised Code;	729 730
(36) (37) The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code.	731 732 733
(B) For any credit, except the credits enumerated in divisions (A)(32) to (36) (37) of this section and the credit granted under division (I) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a	734 735 736 737 738 739

particular credit may be carried forward if authorized under the 740
section creating that credit. Nothing in this chapter shall be 741
construed to allow a taxpayer to claim, directly or indirectly, a 742
credit more than once for a taxable year. 743

Section 2. That existing sections 5725.24, 5733.01, 5733.98, 744
5739.011, and 5747.98 of the Revised Code are hereby repealed. 745

Section 3. The amendment by this act of section 5739.011 of 746
the Revised Code takes effect on the first day of the first month 747
following the effective date of this act. 748