

As Introduced

**127th General Assembly
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S. B. No. 162

Senator Stivers

Cosponsors: Senators Goodman, Coughlin, Smith, Schuring, Schaffer

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A B I L L

To amend sections 5747.01, 5747.02, 5747.05, 5747.08, 1
and 5747.98 of the Revised Code to exempt from the 2
personal income tax any unearned income of an 3
individual who is age sixty-five or older. 4

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

Section 1. That sections 5747.01, 5747.02, 5747.05, 5747.08, 5
and 5747.98 of the Revised Code be amended to read as follows: 6

Sec. 5747.01. Except as otherwise expressly provided or 7
clearly appearing from the context, any term used in this chapter 8
that is not otherwise defined in this section has the same meaning 9
as when used in a comparable context in the laws of the United 10
States relating to federal income taxes or if not used in a 11
comparable context in those laws, has the same meaning as in 12
section 5733.40 of the Revised Code. Any reference in this chapter 13
to the Internal Revenue Code includes other laws of the United 14
States relating to federal income taxes. 15

As used in this chapter: 16

(A) "Adjusted gross income" or "Ohio adjusted gross income" 17
means federal adjusted gross income, as defined and used in the 18
Internal Revenue Code, adjusted as provided in this section: 19

(1) Add interest or dividends on obligations or securities of any state or of any political subdivision or authority of any state, other than this state and its subdivisions and authorities.	20 21 22
(2) Add interest or dividends 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.	23 24 25 26 27
(3) Deduct interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent that the interest or dividends are included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.	28 29 30 31 32 33
(4) Deduct disability and survivor's benefits to the extent included in federal adjusted gross income.	34 35
(5) Deduct benefits under Title II of the Social Security Act and tier 1 railroad retirement benefits to the extent included in federal adjusted gross income under section 86 of the Internal Revenue Code.	36 37 38 39
(6) In the case of a taxpayer who is a beneficiary of a trust that makes an accumulation distribution as defined in section 665 of the Internal Revenue Code, add, for the beneficiary's taxable years beginning before 2002, the portion, if any, of such distribution that does not exceed the undistributed net income of the trust for the three taxable years preceding the taxable year in which the distribution is made to the extent that the portion was not included in the trust's taxable income for any of the trust's taxable years beginning in 2002 or thereafter. "Undistributed net income of a trust" means the taxable income of the trust increased by (a)(i) the additions to adjusted gross	40 41 42 43 44 45 46 47 48 49 50

income required under division (A) of this section and (ii) the 51
personal exemptions allowed to the trust pursuant to section 52
642(b) of the Internal Revenue Code, and decreased by (b)(i) the 53
deductions to adjusted gross income required under division (A) of 54
this section, (ii) the amount of federal income taxes attributable 55
to such income, and (iii) the amount of taxable income that has 56
been included in the adjusted gross income of a beneficiary by 57
reason of a prior accumulation distribution. Any undistributed net 58
income included in the adjusted gross income of a beneficiary 59
shall reduce the undistributed net income of the trust commencing 60
with the earliest years of the accumulation period. 61

(7) Deduct the amount of wages and salaries, if any, not 62
otherwise allowable as a deduction but that would have been 63
allowable as a deduction in computing federal adjusted gross 64
income for the taxable year, had the targeted jobs credit allowed 65
and determined under sections 38, 51, and 52 of the Internal 66
Revenue Code not been in effect. 67

(8) Deduct any interest or interest equivalent on public 68
obligations and purchase obligations to the extent that the 69
interest or interest equivalent is included in federal adjusted 70
gross income. 71

(9) Add any loss or deduct any gain resulting from the sale, 72
exchange, or other disposition of public obligations to the extent 73
that the loss has been deducted or the gain has been included in 74
computing federal adjusted gross income. 75

(10) Deduct or add amounts, as provided under section 5747.70 76
of the Revised Code, related to contributions to variable college 77
savings program accounts made or tuition units purchased pursuant 78
to Chapter 3334. of the Revised Code. 79

(11)(a) Deduct, to the extent not otherwise allowable as a 80
deduction or exclusion in computing federal or Ohio adjusted gross 81

income for the taxable year, the amount the taxpayer paid during 82
the taxable year for medical care insurance and qualified 83
long-term care insurance for the taxpayer, the taxpayer's spouse, 84
and dependents. No deduction for medical care insurance under 85
division (A)(11) of this section shall be allowed either to any 86
taxpayer who is eligible to participate in any subsidized health 87
plan maintained by any employer of the taxpayer or of the 88
taxpayer's spouse, or to any taxpayer who is entitled to, or on 89
application would be entitled to, benefits under part A of Title 90
XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 91
301, as amended. For the purposes of division (A)(11)(a) of this 92
section, "subsidized health plan" means a health plan for which 93
the employer pays any portion of the plan's cost. The deduction 94
allowed under division (A)(11)(a) of this section shall be the net 95
of any related premium refunds, related premium reimbursements, or 96
related insurance premium dividends received during the taxable 97
year. 98

(b) Deduct, to the extent not otherwise deducted or excluded 99
in computing federal or Ohio adjusted gross income during the 100
taxable year, the amount the taxpayer paid during the taxable 101
year, not compensated for by any insurance or otherwise, for 102
medical care of the taxpayer, the taxpayer's spouse, and 103
dependents, to the extent the expenses exceed seven and one-half 104
per cent of the taxpayer's federal adjusted gross income. 105

(c) For purposes of division (A)(11) of this section, 106
"medical care" has the meaning given in section 213 of the 107
Internal Revenue Code, subject to the special rules, limitations, 108
and exclusions set forth therein, and "qualified long-term care" 109
has the same meaning given in section 7702B(c) of the Internal 110
Revenue Code. 111

(12)(a) Deduct any amount included in federal adjusted gross 112
income solely because the amount represents a reimbursement or 113

refund of expenses that in any year the taxpayer had deducted as 114
an itemized deduction pursuant to section 63 of the Internal 115
Revenue Code and applicable United States department of the 116
treasury regulations. The deduction otherwise allowed under 117
division (A)(12)(a) of this section shall be reduced to the extent 118
the reimbursement is attributable to an amount the taxpayer 119
deducted under this section in any taxable year. 120

(b) Add any amount not otherwise included in Ohio adjusted 121
gross income for any taxable year to the extent that the amount is 122
attributable to the recovery during the taxable year of any amount 123
deducted or excluded in computing federal or Ohio adjusted gross 124
income in any taxable year. 125

(13) Deduct any portion of the deduction described in section 126
1341(a)(2) of the Internal Revenue Code, for repaying previously 127
reported income received under a claim of right, that meets both 128
of the following requirements: 129

(a) It is allowable for repayment of an item that was 130
included in the taxpayer's adjusted gross income for a prior 131
taxable year and did not qualify for a credit under division (A) 132
or (B) of section 5747.05 of the Revised Code for that year; 133

(b) It does not otherwise reduce the taxpayer's adjusted 134
gross income for the current or any other taxable year. 135

(14) Deduct an amount equal to the deposits made to, and net 136
investment earnings of, a medical savings account during the 137
taxable year, in accordance with section 3924.66 of the Revised 138
Code. The deduction allowed by division (A)(14) of this section 139
does not apply to medical savings account deposits and earnings 140
otherwise deducted or excluded for the current or any other 141
taxable year from the taxpayer's federal adjusted gross income. 142

(15)(a) Add an amount equal to the funds withdrawn from a 143
medical savings account during the taxable year, and the net 144

investment earnings on those funds, when the funds withdrawn were 145
used for any purpose other than to reimburse an account holder 146
for, or to pay, eligible medical expenses, in accordance with 147
section 3924.66 of the Revised Code; 148

(b) Add the amounts distributed from a medical savings 149
account under division (A)(2) of section 3924.68 of the Revised 150
Code during the taxable year. 151

(16) Add any amount claimed as a credit under section 152
5747.059 of the Revised Code to the extent that such amount 153
satisfies either of the following: 154

(a) The amount was deducted or excluded from the computation 155
of the taxpayer's federal adjusted gross income as required to be 156
reported for the taxpayer's taxable year under the Internal 157
Revenue Code; 158

(b) The amount resulted in a reduction of the taxpayer's 159
federal adjusted gross income as required to be reported for any 160
of the taxpayer's taxable years under the Internal Revenue Code. 161

(17) Deduct the amount contributed by the taxpayer to an 162
individual development account program established by a county 163
department of job and family services pursuant to sections 329.11 164
to 329.14 of the Revised Code for the purpose of matching funds 165
deposited by program participants. On request of the tax 166
commissioner, the taxpayer shall provide any information that, in 167
the tax commissioner's opinion, is necessary to establish the 168
amount deducted under division (A)(17) of this section. 169

(18) Beginning in taxable year 2001 but not for any taxable 170
year beginning after December 31, 2005, if the taxpayer is married 171
and files a joint return and the combined federal adjusted gross 172
income of the taxpayer and the taxpayer's spouse for the taxable 173
year does not exceed one hundred thousand dollars, or if the 174
taxpayer is single and has a federal adjusted gross income for the 175

taxable year not exceeding fifty thousand dollars, deduct amounts 176
paid during the taxable year for qualified tuition and fees paid 177
to an eligible institution for the taxpayer, the taxpayer's 178
spouse, or any dependent of the taxpayer, who is a resident of 179
this state and is enrolled in or attending a program that 180
culminates in a degree or diploma at an eligible institution. The 181
deduction may be claimed only to the extent that qualified tuition 182
and fees are not otherwise deducted or excluded for any taxable 183
year from federal or Ohio adjusted gross income. The deduction may 184
not be claimed for educational expenses for which the taxpayer 185
claims a credit under section 5747.27 of the Revised Code. 186

(19) Add any reimbursement received during the taxable year 187
of any amount the taxpayer deducted under division (A)(18) of this 188
section in any previous taxable year to the extent the amount is 189
not otherwise included in Ohio adjusted gross income. 190

(20)(a)(i) Add five-sixths of the amount of depreciation 191
expense allowed by subsection (k) of section 168 of the Internal 192
Revenue Code, including the taxpayer's proportionate or 193
distributive share of the amount of depreciation expense allowed 194
by that subsection to a pass-through entity in which the taxpayer 195
has a direct or indirect ownership interest. 196

(ii) Add five-sixths of the amount of qualifying section 179 197
depreciation expense, including a person's proportionate or 198
distributive share of the amount of qualifying section 179 199
depreciation expense allowed to any pass-through entity in which 200
the person has a direct or indirect ownership. For the purposes of 201
this division, "qualifying section 179 depreciation expense" means 202
the difference between (I) the amount of depreciation expense 203
directly or indirectly allowed to the taxpayer under section 179 204
of the Internal Revenue Code, and (II) the amount of depreciation 205
expense directly or indirectly allowed to the taxpayer under 206
section 179 of the Internal Revenue Code as that section existed 207

on December 31, 2002.	208
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.	209 210 211 212
(b) Nothing in division (A)(20) of this section shall be construed to adjust or modify the adjusted basis of any asset.	213 214
(c) To the extent the add-back required under division (A)(20)(a) of this section is attributable to property generating nonbusiness income or loss allocated under section 5747.20 of the Revised Code, the add-back shall be situated to the same location as the nonbusiness income or loss generated by the property for the purpose of determining the credit under division (A) of section 5747.05 of the Revised Code. Otherwise, the add-back shall be apportioned, subject to one or more of the four alternative methods of apportionment enumerated in section 5747.21 of the Revised Code.	215 216 217 218 219 220 221 222 223 224
(d) For the purposes of division (A) of this section, net operating loss carryback and carryforward shall not include five-sixths of the allowance of any net operating loss deduction carryback or carryforward to the taxable year to the extent such loss resulted from depreciation allowed by section 168(k) of the Internal Revenue Code and by the qualifying section 179 depreciation expense amount.	225 226 227 228 229 230 231
(21)(a) If the taxpayer was required to add an amount under division (A)(20)(a) of this section for a taxable year, deduct one-fifth of the amount so added for each of the five succeeding taxable years.	232 233 234 235
(b) If the amount deducted under division (A)(21)(a) of this section is attributable to an add-back allocated under division (A)(20)(c) of this section, the amount deducted shall be situated	236 237 238

to the same location. Otherwise, the add-back shall be apportioned 239
using the apportionment factors for the taxable year in which the 240
deduction is taken, subject to one or more of the four alternative 241
methods of apportionment enumerated in section 5747.21 of the 242
Revised Code. 243

(c) No deduction is available under division (A)(21)(a) of 244
this section with regard to any depreciation allowed by section 245
168(k) of the Internal Revenue Code and by the qualifying section 246
179 depreciation expense amount to the extent that such 247
depreciation resulted in or increased a federal net operating loss 248
carryback or carryforward to a taxable year to which division 249
(A)(20)(d) of this section does not apply. 250

(22) Deduct, to the extent not otherwise deducted or excluded 251
in computing federal or Ohio adjusted gross income for the taxable 252
year, the amount the taxpayer received during the taxable year as 253
reimbursement for life insurance premiums under section 5919.31 of 254
the Revised Code. 255

(23) Deduct, to the extent not otherwise deducted or excluded 256
in computing federal or Ohio adjusted gross income for the taxable 257
year, the amount the taxpayer received during the taxable year as 258
a death benefit paid by the adjutant general under section 5919.33 259
of the Revised Code. 260

(24) In the case of a taxpayer who is sixty-five years of age 261
or older, deduct, to the extent not otherwise deducted or excluded 262
in computing federal or Ohio adjusted gross income for the taxable 263
year, all income that is not earned income. 264

As used in division (A)(24) of this section: 265

(a) "Earned income" means wages, salaries, tips, deferred 266
compensation, and other employee compensation, and net earnings 267
from self-employment as defined in section 1402(a) of the Internal 268
Revenue Code. 269

(b) "Sixty-five years of age or older" means a taxpayer who 270
has attained sixty-five years of age on or before the last day of 271
the taxable year. 272

(B) "Business income" means income, including gain or loss, 273
arising from transactions, activities, and sources in the regular 274
course of a trade or business and includes income, gain, or loss 275
from real property, tangible property, and intangible property if 276
the acquisition, rental, management, and disposition of the 277
property constitute integral parts of the regular course of a 278
trade or business operation. "Business income" includes income, 279
including gain or loss, from a partial or complete liquidation of 280
a business, including, but not limited to, gain or loss from the 281
sale or other disposition of goodwill. 282

(C) "Nonbusiness income" means all income other than business 283
income and may include, but is not limited to, compensation, rents 284
and royalties from real or tangible personal property, capital 285
gains, interest, dividends and distributions, patent or copyright 286
royalties, or lottery winnings, prizes, and awards. 287

(D) "Compensation" means any form of remuneration paid to an 288
employee for personal services. 289

(E) "Fiduciary" means a guardian, trustee, executor, 290
administrator, receiver, conservator, or any other person acting 291
in any fiduciary capacity for any individual, trust, or estate. 292

(F) "Fiscal year" means an accounting period of twelve months 293
ending on the last day of any month other than December. 294

(G) "Individual" means any natural person. 295

(H) "Internal Revenue Code" means the "Internal Revenue Code 296
of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 297

(I) "Resident" means any of the following, provided that 298
division (I)(3) of this section applies only to taxable years of a 299

trust beginning in 2002 or thereafter:	300
(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code;	301 302
(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.	303 304 305 306 307
(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.	308 309 310
For the purposes of division (I)(3) of this section:	311
(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:	312 313 314 315 316 317
(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;	318 319 320 321
(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 of the trust's current taxable year;	322 323 324 325 326 327
(iii) A person who was domiciled in this state for the purposes of this chapter when the trust document or instrument or	328 329

part of the trust document or instrument became irrevocable, but 330
only if at least one of the trust's qualifying beneficiaries is a 331
resident domiciled in this state for the purposes of this chapter 332
during all or some portion of the trust's current taxable year. If 333
a trust document or instrument became irrevocable upon the death 334
of a person who at the time of death was domiciled in this state 335
for purposes of this chapter, that person is a person described in 336
division (I)(3)(a)(iii) of this section. 337

(b) A trust is irrevocable to the extent that the transferor 338
is not considered to be the owner of the net assets of the trust 339
under sections 671 to 678 of the Internal Revenue Code. 340

(c) With respect to a trust other than a charitable lead 341
trust, "qualifying beneficiary" has the same meaning as "potential 342
current beneficiary" as defined in section 1361(e)(2) of the 343
Internal Revenue Code, and with respect to a charitable lead trust 344
"qualifying beneficiary" is any current, future, or contingent 345
beneficiary, but with respect to any trust "qualifying 346
beneficiary" excludes a person or a governmental entity or 347
instrumentality to any of which a contribution would qualify for 348
the charitable deduction under section 170 of the Internal Revenue 349
Code. 350

(d) For the purposes of division (I)(3)(a) of this section, 351
the extent to which a trust consists directly or indirectly, in 352
whole or in part, of assets, net of any related liabilities, that 353
were transferred directly or indirectly, in whole or part, to the 354
trust by any of the sources enumerated in that division shall be 355
ascertained by multiplying the fair market value of the trust's 356
assets, net of related liabilities, by the qualifying ratio, which 357
shall be computed as follows: 358

(i) The first time the trust receives assets, the numerator 359
of the qualifying ratio is the fair market value of those assets 360
at that time, net of any related liabilities, from sources 361

enumerated in division (I)(3)(a) of this section. The denominator 362
of the qualifying ratio is the fair market value of all the 363
trust's assets at that time, net of any related liabilities. 364

(ii) Each subsequent time the trust receives assets, a 365
revised qualifying ratio shall be computed. The numerator of the 366
revised qualifying ratio is the sum of (1) the fair market value 367
of the trust's assets immediately prior to the subsequent 368
transfer, net of any related liabilities, multiplied by the 369
qualifying ratio last computed without regard to the subsequent 370
transfer, and (2) the fair market value of the subsequently 371
transferred assets at the time transferred, net of any related 372
liabilities, from sources enumerated in division (I)(3)(a) of this 373
section. The denominator of the revised qualifying ratio is the 374
fair market value of all the trust's assets immediately after the 375
subsequent transfer, net of any related liabilities. 376

(iii) Whether a transfer to the trust is by or from any of 377
the sources enumerated in division (I)(3)(a) of this section shall 378
be ascertained without regard to the domicile of the trust's 379
beneficiaries. 380

(e) For the purposes of division (I)(3)(a)(i) of this 381
section: 382

(i) A trust is described in division (I)(3)(e)(i) of this 383
section if the trust is a testamentary trust and the testator of 384
that testamentary trust was domiciled in this state at the time of 385
the testator's death for purposes of the taxes levied under 386
Chapter 5731. of the Revised Code. 387

(ii) A trust is described in division (I)(3)(e)(ii) of this 388
section if the transfer is a qualifying transfer described in any 389
of divisions (I)(3)(f)(i) to (vi) of this section, the trust is an 390
irrevocable inter vivos trust, and at least one of the trust's 391
qualifying beneficiaries is domiciled in this state for purposes 392

of this chapter during all or some portion of the trust's current 393
taxable year. 394

(f) For the purposes of division (I)(3)(e)(ii) of this 395
section, a "qualifying transfer" is a transfer of assets, net of 396
any related liabilities, directly or indirectly to a trust, if the 397
transfer is described in any of the following: 398

(i) The transfer is made to a trust, created by the decedent 399
before the decedent's death and while the decedent was domiciled 400
in this state for the purposes of this chapter, and, prior to the 401
death of the decedent, the trust became irrevocable while the 402
decedent was domiciled in this state for the purposes of this 403
chapter. 404

(ii) The transfer is made to a trust to which the decedent, 405
prior to the decedent's death, had directly or indirectly 406
transferred assets, net of any related liabilities, while the 407
decedent was domiciled in this state for the purposes of this 408
chapter, and prior to the death of the decedent the trust became 409
irrevocable while the decedent was domiciled in this state for the 410
purposes of this chapter. 411

(iii) The transfer is made on account of a contractual 412
relationship existing directly or indirectly between the 413
transferor and either the decedent or the estate of the decedent 414
at any time prior to the date of the decedent's death, and the 415
decedent was domiciled in this state at the time of death for 416
purposes of the taxes levied under Chapter 5731. of the Revised 417
Code. 418

(iv) The transfer is made to a trust on account of a 419
contractual relationship existing directly or indirectly between 420
the transferor and another person who at the time of the 421
decedent's death was domiciled in this state for purposes of this 422
chapter. 423

(v) The transfer is made to a trust on account of the will of a testator. 424
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(vi) The transfer is made to a trust created by or caused to be created by a court, and the trust was directly or indirectly created in connection with or as a result of the death of an individual who, for purposes of the taxes levied under Chapter 5731. of the Revised Code, was domiciled in this state at the time of the individual's death. 426
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(g) The tax commissioner may adopt rules to ascertain the part of a trust residing in this state. 432
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(J) "Nonresident" means an individual or estate that is not a resident. An individual who is a resident for only part of a taxable year is a nonresident for the remainder of that taxable year. 434
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(K) "Pass-through entity" has the same meaning as in section 5733.04 of the Revised Code. 438
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(L) "Return" means the notifications and reports required to be filed pursuant to this chapter for the purpose of reporting the tax due and includes declarations of estimated tax when so required. 440
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(M) "Taxable year" means the calendar year or the taxpayer's fiscal year ending during the calendar year, or fractional part thereof, upon which the adjusted gross income is calculated pursuant to this chapter. 444
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(N) "Taxpayer" means any person subject to the tax imposed by section 5747.02 of the Revised Code or any pass-through entity that makes the election under division (D) of section 5747.08 of the Revised Code. 448
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(O) "Dependents" means dependents as defined in the Internal Revenue Code and as claimed in the taxpayer's federal income tax 452
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return for the taxable year or which the taxpayer would have been 454
permitted to claim had the taxpayer filed a federal income tax 455
return. 456

(P) "Principal county of employment" means, in the case of a 457
nonresident, the county within the state in which a taxpayer 458
performs services for an employer or, if those services are 459
performed in more than one county, the county in which the major 460
portion of the services are performed. 461

(Q) As used in sections 5747.50 to 5747.55 of the Revised 462
Code: 463

(1) "Subdivision" means any county, municipal corporation, 464
park district, or township. 465

(2) "Essential local government purposes" includes all 466
functions that any subdivision is required by general law to 467
exercise, including like functions that are exercised under a 468
charter adopted pursuant to the Ohio Constitution. 469

(R) "Overpayment" means any amount already paid that exceeds 470
the figure determined to be the correct amount of the tax. 471

(S) "Taxable income" or "Ohio taxable income" applies only to 472
estates and trusts, and means federal taxable income, as defined 473
and used in the Internal Revenue Code, adjusted as follows: 474

(1) Add interest or dividends, net of ordinary, necessary, 475
and reasonable expenses not deducted in computing federal taxable 476
income, on obligations or securities of any state or of any 477
political subdivision or authority of any state, other than this 478
state and its subdivisions and authorities, but only to the extent 479
that such net amount is not otherwise includible in Ohio taxable 480
income and is described in either division (S)(1)(a) or (b) of 481
this section: 482

(a) The net amount is not attributable to the S portion of an 483

electing small business trust and has not been distributed to 484
beneficiaries for the taxable year; 485

(b) The net amount is attributable to the S portion of an 486
electing small business trust for the taxable year. 487

(2) Add interest or dividends, net of ordinary, necessary, 488
and reasonable expenses not deducted in computing federal taxable 489
income, on obligations of any authority, commission, 490
instrumentality, territory, or possession of the United States to 491
the extent that the interest or dividends are exempt from federal 492
income taxes but not from state income taxes, but only to the 493
extent that such net amount is not otherwise includible in Ohio 494
taxable income and is described in either division (S)(1)(a) or 495
(b) of this section; 496

(3) Add the amount of personal exemption allowed to the 497
estate pursuant to section 642(b) of the Internal Revenue Code; 498

(4) Deduct interest or dividends, net of related expenses 499
deducted in computing federal taxable income, on obligations of 500
the United States and its territories and possessions or of any 501
authority, commission, or instrumentality of the United States to 502
the extent that the interest or dividends are exempt from state 503
taxes under the laws of the United States, but only to the extent 504
that such amount is included in federal taxable income and is 505
described in either division (S)(1)(a) or (b) of this section; 506

(5) Deduct the amount of wages and salaries, if any, not 507
otherwise allowable as a deduction but that would have been 508
allowable as a deduction in computing federal taxable income for 509
the taxable year, had the targeted jobs credit allowed under 510
sections 38, 51, and 52 of the Internal Revenue Code not been in 511
effect, but only to the extent such amount relates either to 512
income included in federal taxable income for the taxable year or 513
to income of the S portion of an electing small business trust for 514

the taxable year; 515

(6) Deduct any interest or interest equivalent, net of 516
related expenses deducted in computing federal taxable income, on 517
public obligations and purchase obligations, but only to the 518
extent that such net amount relates either to income included in 519
federal taxable income for the taxable year or to income of the S 520
portion of an electing small business trust for the taxable year; 521

(7) Add any loss or deduct any gain resulting from sale, 522
exchange, or other disposition of public obligations to the extent 523
that such loss has been deducted or such gain has been included in 524
computing either federal taxable income or income of the S portion 525
of an electing small business trust for the taxable year; 526

(8) Except in the case of the final return of an estate, add 527
any amount deducted by the taxpayer on both its Ohio estate tax 528
return pursuant to section 5731.14 of the Revised Code, and on its 529
federal income tax return in determining federal taxable income; 530

(9)(a) Deduct any amount included in federal taxable income 531
solely because the amount represents a reimbursement or refund of 532
expenses that in a previous year the decedent had deducted as an 533
itemized deduction pursuant to section 63 of the Internal Revenue 534
Code and applicable treasury regulations. The deduction otherwise 535
allowed under division (S)(9)(a) of this section shall be reduced 536
to the extent the reimbursement is attributable to an amount the 537
taxpayer or decedent deducted under this section in any taxable 538
year. 539

(b) Add any amount not otherwise included in Ohio taxable 540
income for any taxable year to the extent that the amount is 541
attributable to the recovery during the taxable year of any amount 542
deducted or excluded in computing federal or Ohio taxable income 543
in any taxable year, but only to the extent such amount has not 544
been distributed to beneficiaries for the taxable year. 545

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

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

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

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

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

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

(12) Deduct any amount, net of related expenses deducted in computing federal taxable income, that a trust is required to report as farm income on its federal income tax return, but only if the assets of the trust include at least ten acres of land satisfying the definition of "land devoted exclusively to agricultural use" under section 5713.30 of the Revised Code, regardless of whether the land is valued for tax purposes as such land under sections 5713.30 to 5713.38 of the Revised Code. If the trust is a pass-through entity investor, section 5747.231 of the

Revised Code applies in ascertaining if the trust is eligible to 577
claim the deduction provided by division (S)(12) of this section 578
in connection with the pass-through entity's farm income. 579

Except for farm income attributable to the S portion of an 580
electing small business trust, the deduction provided by division 581
(S)(12) of this section is allowed only to the extent that the 582
trust has not distributed such farm income. Division (S)(12) of 583
this section applies only to taxable years of a trust beginning in 584
2002 or thereafter. 585

(13) Add the net amount of income described in section 641(c) 586
of the Internal Revenue Code to the extent that amount is not 587
included in federal taxable income. 588

(14) Add or deduct the amount the taxpayer would be required 589
to add or deduct under division (A)(20) or (21) of this section if 590
the taxpayer's Ohio taxable income were computed in the same 591
manner as an individual's Ohio adjusted gross income is computed 592
under this section. In the case of a trust, division (S)(14) of 593
this section applies only to any of the trust's taxable years 594
beginning in 2002 or thereafter. 595

(T) "School district income" and "school district income tax" 596
have the same meanings as in section 5748.01 of the Revised Code. 597

(U) As used in divisions (A)(8), (A)(9), (S)(6), and (S)(7) 598
of this section, "public obligations," "purchase obligations," and 599
"interest or interest equivalent" have the same meanings as in 600
section 5709.76 of the Revised Code. 601

(V) "Limited liability company" means any limited liability 602
company formed under Chapter 1705. of the Revised Code or under 603
the laws of any other state. 604

(W) "Pass-through entity investor" means any person who, 605
during any portion of a taxable year of a pass-through entity, is 606
a partner, member, shareholder, or equity investor in that 607

pass-through entity. 608

(X) "Banking day" has the same meaning as in section 1304.01 609
of the Revised Code. 610

(Y) "Month" means a calendar month. 611

(Z) "Quarter" means the first three months, the second three 612
months, the third three months, or the last three months of the 613
taxpayer's taxable year. 614

(AA)(1) "Eligible institution" means a state university or 615
state institution of higher education as defined in section 616
3345.011 of the Revised Code, or a private, nonprofit college, 617
university, or other post-secondary institution located in this 618
state that possesses a certificate of authorization issued by the 619
Ohio board of regents pursuant to Chapter 1713. of the Revised 620
Code or a certificate of registration issued by the state board of 621
career colleges and schools under Chapter 3332. of the Revised 622
Code. 623

(2) "Qualified tuition and fees" means tuition and fees 624
imposed by an eligible institution as a condition of enrollment or 625
attendance, not exceeding two thousand five hundred dollars in 626
each of the individual's first two years of post-secondary 627
education. If the individual is a part-time student, "qualified 628
tuition and fees" includes tuition and fees paid for the academic 629
equivalent of the first two years of post-secondary education 630
during a maximum of five taxable years, not exceeding a total of 631
five thousand dollars. "Qualified tuition and fees" does not 632
include: 633

(a) Expenses for any course or activity involving sports, 634
games, or hobbies unless the course or activity is part of the 635
individual's degree or diploma program; 636

(b) The cost of books, room and board, student activity fees, 637
athletic fees, insurance expenses, or other expenses unrelated to 638

the individual's academic course of instruction; 639

(c) Tuition, fees, or other expenses paid or reimbursed 640
through an employer, scholarship, grant in aid, or other 641
educational benefit program. 642

(BB)(1) "Modified business income" means the business income 643
included in a trust's Ohio taxable income after such taxable 644
income is first reduced by the qualifying trust amount, if any. 645

(2) "Qualifying trust amount" of a trust means capital gains 646
and losses from the sale, exchange, or other disposition of equity 647
or ownership interests in, or debt obligations of, a qualifying 648
investee to the extent included in the trust's Ohio taxable 649
income, but only if the following requirements are satisfied: 650

(a) The book value of the qualifying investee's physical 651
assets in this state and everywhere, as of the last day of the 652
qualifying investee's fiscal or calendar year ending immediately 653
prior to the date on which the trust recognizes the gain or loss, 654
is available to the trust. 655

(b) The requirements of section 5747.011 of the Revised Code 656
are satisfied for the trust's taxable year in which the trust 657
recognizes the gain or loss. 658

Any gain or loss that is not a qualifying trust amount is 659
modified business income, qualifying investment income, or 660
modified nonbusiness income, as the case may be. 661

(3) "Modified nonbusiness income" means a trust's Ohio 662
taxable income other than modified business income, other than the 663
qualifying trust amount, and other than qualifying investment 664
income, as defined in section 5747.012 of the Revised Code, to the 665
extent such qualifying investment income is not otherwise part of 666
modified business income. 667

(4) "Modified Ohio taxable income" applies only to trusts, 668

and means the sum of the amounts described in divisions (BB)(4)(a) 669
to (c) of this section: 670

(a) The fraction, calculated under section 5747.013, and 671
applying section 5747.231 of the Revised Code, multiplied by the 672
sum of the following amounts: 673

(i) The trust's modified business income; 674

(ii) The trust's qualifying investment income, as defined in 675
section 5747.012 of the Revised Code, but only to the extent the 676
qualifying investment income does not otherwise constitute 677
modified business income and does not otherwise constitute a 678
qualifying trust amount. 679

(b) The qualifying trust amount multiplied by a fraction, the 680
numerator of which is the sum of the book value of the qualifying 681
investee's physical assets in this state on the last day of the 682
qualifying investee's fiscal or calendar year ending immediately 683
prior to the day on which the trust recognizes the qualifying 684
trust amount, and the denominator of which is the sum of the book 685
value of the qualifying investee's total physical assets 686
everywhere on the last day of the qualifying investee's fiscal or 687
calendar year ending immediately prior to the day on which the 688
trust recognizes the qualifying trust amount. If, for a taxable 689
year, the trust recognizes a qualifying trust amount with respect 690
to more than one qualifying investee, the amount described in 691
division (BB)(4)(b) of this section shall equal the sum of the 692
products so computed for each such qualifying investee. 693

(c)(i) With respect to a trust or portion of a trust that is 694
a resident as ascertained in accordance with division (I)(3)(d) of 695
this section, its modified nonbusiness income. 696

(ii) With respect to a trust or portion of a trust that is 697
not a resident as ascertained in accordance with division 698
(I)(3)(d) of this section, the amount of its modified nonbusiness 699

income satisfying the descriptions in divisions (B)(2) to (5) of 700
section 5747.20 of the Revised Code, except as otherwise provided 701
in division (BB)(4)(c)(ii) of this section. With respect to a 702
trust or portion of a trust that is not a resident as ascertained 703
in accordance with division (I)(3)(d) of this section, the trust's 704
portion of modified nonbusiness income recognized from the sale, 705
exchange, or other disposition of a debt interest in or equity 706
interest in a section 5747.212 entity, as defined in section 707
5747.212 of the Revised Code, without regard to division (A) of 708
that section, shall not be allocated to this state in accordance 709
with section 5747.20 of the Revised Code but shall be apportioned 710
to this state in accordance with division (B) of section 5747.212 711
of the Revised Code without regard to division (A) of that 712
section. 713

If the allocation and apportionment of a trust's income under 714
divisions (BB)(4)(a) and (c) of this section do not fairly 715
represent the modified Ohio taxable income of the trust in this 716
state, the alternative methods described in division (C) of 717
section 5747.21 of the Revised Code may be applied in the manner 718
and to the same extent provided in that section. 719

(5)(a) Except as set forth in division (BB)(5)(b) of this 720
section, "qualifying investee" means a person in which a trust has 721
an equity or ownership interest, or a person or unit of government 722
the debt obligations of either of which are owned by a trust. For 723
the purposes of division (BB)(2)(a) of this section and for the 724
purpose of computing the fraction described in division (BB)(4)(b) 725
of this section, all of the following apply: 726

(i) If the qualifying investee is a member of a qualifying 727
controlled group on the last day of the qualifying investee's 728
fiscal or calendar year ending immediately prior to the date on 729
which the trust recognizes the gain or loss, then "qualifying 730
investee" includes all persons in the qualifying controlled group 731

on such last day. 732

(ii) If the qualifying investee, or if the qualifying 733
investee and any members of the qualifying controlled group of 734
which the qualifying investee is a member on the last day of the 735
qualifying investee's fiscal or calendar year ending immediately 736
prior to the date on which the trust recognizes the gain or loss, 737
separately or cumulatively own, directly or indirectly, on the 738
last day of the qualifying investee's fiscal or calendar year 739
ending immediately prior to the date on which the trust recognizes 740
the qualifying trust amount, more than fifty per cent of the 741
equity of a pass-through entity, then the qualifying investee and 742
the other members are deemed to own the proportionate share of the 743
pass-through entity's physical assets which the pass-through 744
entity directly or indirectly owns on the last day of the 745
pass-through entity's calendar or fiscal year ending within or 746
with the last day of the qualifying investee's fiscal or calendar 747
year ending immediately prior to the date on which the trust 748
recognizes the qualifying trust amount. 749

(iii) For the purposes of division (BB)(5)(a)(iii) of this 750
section, "upper level pass-through entity" means a pass-through 751
entity directly or indirectly owning any equity of another 752
pass-through entity, and "lower level pass-through entity" means 753
that other pass-through entity. 754

An upper level pass-through entity, whether or not it is also 755
a qualifying investee, is deemed to own, on the last day of the 756
upper level pass-through entity's calendar or fiscal year, the 757
proportionate share of the lower level pass-through entity's 758
physical assets that the lower level pass-through entity directly 759
or indirectly owns on the last day of the lower level pass-through 760
entity's calendar or fiscal year ending within or with the last 761
day of the upper level pass-through entity's fiscal or calendar 762
year. If the upper level pass-through entity directly and 763

indirectly owns less than fifty per cent of the equity of the 764
lower level pass-through entity on each day of the upper level 765
pass-through entity's calendar or fiscal year in which or with 766
which ends the calendar or fiscal year of the lower level 767
pass-through entity and if, based upon clear and convincing 768
evidence, complete information about the location and cost of the 769
physical assets of the lower pass-through entity is not available 770
to the upper level pass-through entity, then solely for purposes 771
of ascertaining if a gain or loss constitutes a qualifying trust 772
amount, the upper level pass-through entity shall be deemed as 773
owning no equity of the lower level pass-through entity for each 774
day during the upper level pass-through entity's calendar or 775
fiscal year in which or with which ends the lower level 776
pass-through entity's calendar or fiscal year. Nothing in division 777
(BB)(5)(a)(iii) of this section shall be construed to provide for 778
any deduction or exclusion in computing any trust's Ohio taxable 779
income. 780

(b) With respect to a trust that is not a resident for the 781
taxable year and with respect to a part of a trust that is not a 782
resident for the taxable year, "qualifying investee" for that 783
taxable year does not include a C corporation if both of the 784
following apply: 785

(i) During the taxable year the trust or part of the trust 786
recognizes a gain or loss from the sale, exchange, or other 787
disposition of equity or ownership interests in, or debt 788
obligations of, the C corporation. 789

(ii) Such gain or loss constitutes nonbusiness income. 790

(6) "Available" means information is such that a person is 791
able to learn of the information by the due date plus extensions, 792
if any, for filing the return for the taxable year in which the 793
trust recognizes the gain or loss. 794

(CC) "Qualifying controlled group" has the same meaning as in section 5733.04 of the Revised Code.	795 796
(DD) "Related member" has the same meaning as in section 5733.042 of the Revised Code.	797 798
(EE)(1) For the purposes of division (EE) of this section:	799
(a) "Qualifying person" means any person other than a qualifying corporation.	800 801
(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:	802 803 804
(i) A corporation that has made an election under subchapter S, chapter one, subtitle A, of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year;	805 806 807 808
(ii) A subsidiary that is wholly owned by any corporation that has made an election under subchapter S, chapter one, subtitle A of the Internal Revenue Code for its taxable year ending within, or on the last day of, the investor's taxable year.	809 810 811 812
(2) For the purposes of this chapter, unless expressly stated otherwise, no qualifying person indirectly owns any asset directly or indirectly owned by any qualifying corporation.	813 814 815
(FF) For purposes of this chapter and Chapter 5751. of the Revised Code:	816 817
(1) "Trust" does not include a qualified pre-income tax trust.	818 819
(2) A "qualified pre-income tax trust" is any pre-income tax trust that makes a qualifying pre-income tax trust election as described in division (FF)(3) of this section.	820 821 822
(3) A "qualifying pre-income tax trust election" is an election by a pre-income tax trust to subject to the tax imposed	823 824

by section 5751.02 of the Revised Code the pre-income tax trust 825
and all pass-through entities of which the trust owns or controls, 826
directly, indirectly, or constructively through related interests, 827
five per cent or more of the ownership or equity interests. The 828
trustee shall notify the tax commissioner in writing of the 829
election on or before April 15, 2006. The election, if timely 830
made, shall be effective on and after January 1, 2006, and shall 831
apply for all tax periods and tax years until revoked by the 832
trustee of the trust. 833

(4) A "pre-income tax trust" is a trust that satisfies all of 834
the following requirements: 835

(a) The document or instrument creating the trust was 836
executed by the grantor before January 1, 1972; 837

(b) The trust became irrevocable upon the creation of the 838
trust; and 839

(c) The grantor was domiciled in this state at the time the 840
trust was created. 841

Sec. 5747.02. (A) For the purpose of providing revenue for 842
the support of schools and local government functions, to provide 843
relief to property taxpayers, to provide revenue for the general 844
revenue fund, and to meet the expenses of administering the tax 845
levied by this chapter, there is hereby levied on every 846
individual, trust, and estate residing in or earning or receiving 847
income in this state, on every individual, trust, and estate 848
earning or receiving lottery winnings, prizes, or awards pursuant 849
to Chapter 3770. of the Revised Code, and on every individual, 850
trust, and estate otherwise having nexus with or in this state 851
under the Constitution of the United States, an annual tax 852
measured in the case of individuals by Ohio adjusted gross income 853
less an exemption for the taxpayer, the taxpayer's spouse, and 854
each dependent as provided in section 5747.025 of the Revised 855

Code; measured in the case of trusts by modified Ohio taxable 856
 income under division (D) of this section; and measured in the 857
 case of estates by Ohio taxable income. The tax imposed by this 858
 section on the balance thus obtained is hereby levied as follows: 859

(1) For taxable years beginning in 2004: 860

OHIO ADJUSTED GROSS INCOME LESS 861

EXEMPTIONS (INDIVIDUALS)

OR 862

MODIFIED OHIO 863

TAXABLE INCOME (TRUSTS) 864

OR 865

OHIO TAXABLE INCOME (ESTATES) TAX 866

\$5,000 or less .743% 867

More than \$5,000 but not more \$37.15 plus 1.486% of the amount 868
 than \$10,000 in excess of \$5,000

More than \$10,000 but not more \$111.45 plus 2.972% of the 869
 than \$15,000 amount in excess of \$10,000

More than \$15,000 but not more \$260.05 plus 3.715% of the 870
 than \$20,000 amount in excess of \$15,000

More than \$20,000 but not more \$445.80 plus 4.457% of the 871
 than \$40,000 amount in excess of \$20,000

More than \$40,000 but not more \$1,337.20 plus 5.201% of the 872
 than \$80,000 amount in excess of \$40,000

More than \$80,000 but not more \$3,417.60 plus 5.943% of the 873
 than \$100,000 amount in excess of \$80,000

More than \$100,000 but not more \$4,606.20 plus 6.9% of the 874
 than \$200,000 amount in excess of \$100,000

More than \$200,000 \$11,506.20 plus 7.5% of the 875
 amount in excess of \$200,000

(2) For taxable years beginning in 2005: 876

OHIO ADJUSTED GROSS INCOME LESS 877

EXEMPTIONS (INDIVIDUALS)

OR		878
MODIFIED OHIO		879
TAXABLE INCOME (TRUSTS)		880
OR		881
OHIO TAXABLE INCOME (ESTATES)	TAX	882
\$5,000 or less	.712%	883
More than \$5,000 but not more than \$10,000	\$35.60 plus 1.424% of the amount in excess of \$5,000	884
More than \$10,000 but not more than \$15,000	\$106.80 plus 2.847% of the amount in excess of \$10,000	885
More than \$15,000 but not more than \$20,000	\$249.15 plus 3.559% of the amount in excess of \$15,000	886
More than \$20,000 but not more than \$40,000	\$427.10 plus 4.27% of the amount in excess of \$20,000	887
More than \$40,000 but not more than \$80,000	\$1,281.10 plus 4.983% of the amount in excess of \$40,000	888
More than \$80,000 but not more than \$100,000	\$3,274.30 plus 5.693% of the amount in excess of \$80,000	889
More than \$100,000 but not more than \$200,000	\$4,412.90 plus 6.61% of the amount in excess of \$100,000	890
More than \$200,000	\$11,022.90 plus 7.185% of the amount in excess of \$200,000	891
(3) For taxable years beginning in 2006:		892
OHIO ADJUSTED GROSS INCOME LESS		893
EXEMPTIONS (INDIVIDUALS)		
OR		894
MODIFIED OHIO		895
TAXABLE INCOME (TRUSTS)		896
OR		897
OHIO TAXABLE INCOME (ESTATES)	TAX	898
\$5,000 or less	.681%	899
More than \$5,000 but not more than \$10,000	\$34.05 plus 1.361% of the amount in excess of \$5,000	900

More than \$10,000 but not more than \$15,000	\$102.10 plus 2.722% of the amount in excess of \$10,000	901
More than \$15,000 but not more than \$20,000	\$238.20 plus 3.403% of the amount in excess of \$15,000	902
More than \$20,000 but not more than \$40,000	\$408.35 plus 4.083% of the amount in excess of \$20,000	903
More than \$40,000 but not more than \$80,000	\$1,224.95 plus 4.764% of the amount in excess of \$40,000	904
More than \$80,000 but not more than \$100,000	\$3,130.55 plus 5.444% of the amount in excess of \$80,000	905
More than \$100,000 but not more than \$200,000	\$4,219.35 plus 6.32% of the amount in excess of \$100,000	906
More than \$200,000	\$10,539.35 plus 6.87% of the amount in excess of \$200,000	907
(4) For taxable years beginning in 2007:		908
OHIO ADJUSTED GROSS INCOME LESS		909
EXEMPTIONS (INDIVIDUALS)		
OR		910
MODIFIED OHIO		911
TAXABLE INCOME (TRUSTS)		912
OR		913
OHIO TAXABLE INCOME (ESTATES)	TAX	914
\$5,000 or less	.649%	915
More than \$5,000 but not more than \$10,000	\$32.45 plus 1.299% of the amount in excess of \$5,000	916
More than \$10,000 but not more than \$15,000	\$97.40 plus 2.598% of the amount in excess of \$10,000	917
More than \$15,000 but not more than \$20,000	\$227.30 plus 3.247% of the amount in excess of \$15,000	918
More than \$20,000 but not more than \$40,000	\$389.65 plus 3.895% of the amount in excess of \$20,000	919
More than \$40,000 but not more than \$80,000	\$1,168.65 plus 4.546% of the amount in excess of \$40,000	920

More than \$80,000 but not more than \$100,000	\$2,987.05 plus 5.194% of the amount in excess of \$80,000	921
More than \$100,000 but not more than \$200,000	\$4,025.85 plus 6.031% of the amount in excess of \$100,000	922
More than \$200,000	\$10,056.85 plus 6.555% of the amount in excess of \$200,000	923
(5) For taxable years beginning in 2008:		924
OHIO ADJUSTED GROSS INCOME LESS EXEMPTIONS (INDIVIDUALS)		925
OR		926
MODIFIED OHIO		927
TAXABLE INCOME (TRUSTS)		928
OR		929
OHIO TAXABLE INCOME (ESTATES)	TAX	930
\$5,000 or less	.618%	931
More than \$5,000 but not more than \$10,000	\$30.90 plus 1.236% of the amount in excess of \$5,000	932
More than \$10,000 but not more than \$15,000	\$92.70 plus 2.473% of the amount in excess of \$10,000	933
More than \$15,000 but not more than \$20,000	\$216.35 plus 3.091% of the amount in excess of \$15,000	934
More than \$20,000 but not more than \$40,000	\$370.90 plus 3.708% of the amount in excess of \$20,000	935
More than \$40,000 but not more than \$80,000	\$1,112.50 plus 4.327% of the amount in excess of \$40,000	936
More than \$80,000 but not more than \$100,000	\$2,843.30 plus 4.945% of the amount in excess of \$80,000	937
More than \$100,000 but not more than \$200,000	\$3,832.30 plus 5.741% of the amount in excess of \$100,000	938
More than \$200,000	\$9,573.30 plus 6.24% of the amount in excess of \$200,000	939
(6) For taxable years beginning in 2009 or thereafter:		940

OHIO ADJUSTED GROSS INCOME LESS		941
EXEMPTIONS (INDIVIDUALS)		
OR		942
MODIFIED OHIO		943
TAXABLE INCOME (TRUSTS)		944
OR		945
OHIO TAXABLE INCOME (ESTATES)	TAX	946
\$5,000 or less	.587%	947
More than \$5,000 but not more than \$10,000	\$29.35 plus 1.174% of the amount in excess of \$5,000	948
More than \$10,000 but not more than \$15,000	\$88.05 plus 2.348% of the amount in excess of \$10,000	949
More than \$15,000 but not more than \$20,000	\$205.45 plus 2.935% of the amount in excess of \$15,000	950
More than \$20,000 but not more than \$40,000	\$352.20 plus 3.521% of the amount in excess of \$20,000	951
More than \$40,000 but not more than \$80,000	\$1,056.40 plus 4.109% of the amount in excess of \$40,000	952
More than \$80,000 but not more than \$100,000	\$2,700.00 plus 4.695% of the amount in excess of \$80,000	953
More than \$100,000 but not more than \$200,000	\$3,639.00 plus 5.451% of the amount in excess of \$100,000	954
More than \$200,000	\$9,090.00 plus 5.925% of the amount in excess of \$200,000	955
In July of each year, beginning in 2010, the tax commissioner shall adjust the income amounts prescribed in this division by multiplying the percentage increase in the gross domestic product deflator computed that year under section 5747.025 of the Revised Code by each of the income amounts resulting from the adjustment under this division in the preceding year, adding the resulting product to the corresponding income amount resulting from the adjustment in the preceding year, and rounding the resulting sum to the nearest multiple of fifty dollars. The tax commissioner		956 957 958 959 960 961 962 963 964

also shall recompute each of the tax dollar amounts to the extent 965
necessary to reflect the adjustment of the income amounts. The 966
rates of taxation shall not be adjusted. 967

The adjusted amounts apply to taxable years beginning in the 968
calendar year in which the adjustments are made. The tax 969
commissioner shall not make such adjustments in any year in which 970
the amount resulting from the adjustment would be less than the 971
amount resulting from the adjustment in the preceding year. 972

(B) If the director of budget and management makes a 973
certification to the tax commissioner under division (B) of 974
section 131.44 of the Revised Code, the amount of tax as 975
determined under division (A) of this section shall be reduced by 976
the percentage prescribed in that certification for taxable years 977
beginning in the calendar year in which that certification is 978
made. 979

(C) The levy of this tax on income does not prevent a 980
municipal corporation, a joint economic development zone created 981
under section 715.691, or a joint economic development district 982
created under section 715.70 or 715.71 or sections 715.72 to 983
715.81 of the Revised Code from levying a tax on income. 984

(D) This division applies only to taxable years of a trust 985
beginning in 2002 or thereafter. 986

(1) The tax imposed by this section on a trust shall be 987
computed by multiplying the Ohio modified taxable income of the 988
trust by the rates prescribed by division (A) of this section. 989

(2) A credit is allowed against the tax computed under 990
division (D) of this section equal to the lesser of (1) the tax 991
paid to another state or the District of Columbia on the trust's 992
modified nonbusiness income, other than the portion of the trust's 993
nonbusiness income that is qualifying investment income as defined 994
in section 5747.012 of the Revised Code, or (2) the effective tax 995

rate, based on modified Ohio taxable income, multiplied by the 996
trust's modified nonbusiness income other than the portion of 997
trust's nonbusiness income that is qualifying investment income. 998
The credit applies before any other applicable credits. 999

(3) The credits enumerated in divisions (A)(1) to ~~(13)~~(8) of 1000
section 5747.98 of the Revised Code do not apply to a trust 1001
subject to this division. Any credits enumerated in other 1002
divisions of section 5747.98 of the Revised Code apply to a trust 1003
subject to this division. To the extent that the trust distributes 1004
income for the taxable year for which a credit is available to the 1005
trust, the credit shall be shared by the trust and its 1006
beneficiaries. The tax commissioner and the trust shall be guided 1007
by applicable regulations of the United States treasury regarding 1008
the sharing of credits. 1009

(E) For the purposes of this section, "trust" means any trust 1010
described in Subchapter J of Chapter 1 of the Internal Revenue 1011
Code, excluding trusts that are not irrevocable as defined in 1012
division (I)(3)(b) of section 5747.01 of the Revised Code and that 1013
have no modified Ohio taxable income for the taxable year, 1014
charitable remainder trusts, qualified funeral trusts and preneed 1015
funeral contract trusts established pursuant to section 1111.19 of 1016
the Revised Code that are not qualified funeral trusts, endowment 1017
and perpetual care trusts, qualified settlement trusts and funds, 1018
designated settlement trusts and funds, and trusts exempted from 1019
taxation under section 501(a) of the Internal Revenue Code. 1020

Sec. 5747.05. As used in this section, "income tax" includes 1021
both a tax on net income and a tax measured by net income. 1022

The following credits shall be allowed against the income tax 1023
imposed by section 5747.02 of the Revised Code on individuals and 1024
estates: 1025

(A)(1) The amount of tax otherwise due under section 5747.02 1026

of the Revised Code on such portion of the adjusted gross income 1027
of any nonresident taxpayer that is not allocable to this state 1028
pursuant to sections 5747.20 to 5747.23 of the Revised Code; 1029

(2) The credit provided under this division shall not exceed 1030
the portion of the total tax due under section 5747.02 of the 1031
Revised Code that the amount of the nonresident taxpayer's 1032
adjusted gross income not allocated to this state pursuant to 1033
sections 5747.20 to 5747.23 of the Revised Code bears to the total 1034
adjusted gross income of the nonresident taxpayer derived from all 1035
sources everywhere. 1036

(3) The tax commissioner may enter into an agreement with the 1037
taxing authorities of any state or of the District of Columbia 1038
that imposes an income tax to provide that compensation paid in 1039
this state to a nonresident taxpayer shall not be subject to the 1040
tax levied in section 5747.02 of the Revised Code so long as 1041
compensation paid in such other state or in the District of 1042
Columbia to a resident taxpayer shall likewise not be subject to 1043
the income tax of such other state or of the District of Columbia. 1044

(B) The lesser of division (B)(1) or (2) of this section: 1045

(1) The amount of tax otherwise due under section 5747.02 of 1046
the Revised Code on such portion of the adjusted gross income of a 1047
resident taxpayer that in another state or in the District of 1048
Columbia is subjected to an income tax. The credit provided under 1049
division (B)(1) of this section shall not exceed the portion of 1050
the total tax due under section 5747.02 of the Revised Code that 1051
the amount of the resident taxpayer's adjusted gross income 1052
subjected to an income tax in the other state or in the District 1053
of Columbia bears to the total adjusted gross income of the 1054
resident taxpayer derived from all sources everywhere. 1055

(2) The amount of income tax liability to another state or 1056
the District of Columbia on the portion of the adjusted gross 1057

income of a resident taxpayer that in another state or in the 1058
District of Columbia is subjected to an income tax. The credit 1059
provided under division (B)(2) of this section shall not exceed 1060
the amount of tax otherwise due under section 5747.02 of the 1061
Revised Code. 1062

(3) If the credit provided under division (B) of this section 1063
is affected by a change in either the portion of adjusted gross 1064
income of a resident taxpayer subjected to an income tax in 1065
another state or the District of Columbia or the amount of income 1066
tax liability that has been paid to another state or the District 1067
of Columbia, the taxpayer shall report the change to the tax 1068
commissioner within sixty days of the change in such form as the 1069
commissioner requires. 1070

(a) In the case of an underpayment, the report shall be 1071
accompanied by payment of any additional tax due as a result of 1072
the reduction in credit together with interest on the additional 1073
tax and is a return subject to assessment under section 5747.13 of 1074
the Revised Code solely for the purpose of assessing any 1075
additional tax due under this division, together with any 1076
applicable penalty and interest. It shall not reopen the 1077
computation of the taxpayer's tax liability under this chapter 1078
from a previously filed return no longer subject to assessment 1079
except to the extent that such liability is affected by an 1080
adjustment to the credit allowed by division (B) of this section. 1081

(b) In the case of an overpayment, an application for refund 1082
may be filed under this division within the sixty-day period 1083
prescribed for filing the report even if it is beyond the period 1084
prescribed in section 5747.11 of the Revised Code if it otherwise 1085
conforms to the requirements of such section. An application filed 1086
under this division shall only claim refund of overpayments 1087
resulting from an adjustment to the credit allowed by division (B) 1088
of this section unless it is also filed within the time prescribed 1089

in section 5747.11 of the Revised Code. It shall not reopen the
computation of the taxpayer's tax liability except to the extent
that such liability is affected by an adjustment to the credit
allowed by division (B) of this section.

(4) No credit shall be allowed under division (B) of this
section for income tax paid or accrued to another state or to the
District of Columbia if the taxpayer, when computing federal
adjusted gross income, has directly or indirectly deducted, or was
required to directly or indirectly deduct, the amount of that
income tax.

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

~~(D) A taxpayer sixty five years of age or older during the
taxable year who has received a lump sum distribution from a
pension, retirement, or profit sharing plan in the taxable year
may elect to receive a credit under this division in lieu of the
credit to which the taxpayer is entitled under division (C) of
this section. A taxpayer making such election shall receive a
credit for the taxable year equal to fifty dollars times the
taxpayer's expected remaining life as shown by annuity tables
issued under the provisions of the Internal Revenue Code and in
effect for the calendar year which includes the last day of the
taxable year. A taxpayer making an election under this division is
not entitled to the credit authorized under division (C) of this
section in subsequent taxable years except that if such election
was made prior to July 1, 1983, the taxpayer is entitled to
one half the credit authorized under such division in subsequent
taxable years but may not make another election under this
division.~~

~~(E) A taxpayer who is not sixty five years of age or older~~

~~during the taxable year who has received a lump sum distribution 1122
from a pension, retirement, or profit sharing plan in a taxable 1123
year ending on or before July 31, 1991, may elect to take a credit 1124
against the tax otherwise due under this chapter for such year 1125
equal to fifty dollars times the expected remaining life of a 1126
taxpayer sixty five years of age as shown by annuity tables issued 1127
under the provisions of the Internal Revenue Code and in effect 1128
for the calendar year which includes the last day of the taxable 1129
year. A taxpayer making an election under this division is not 1130
entitled to a credit under division (C) or (D) of this section in 1131
any subsequent year except that if such election was made prior to 1132
July 1, 1983, the taxpayer is entitled to one half the credit 1133
authorized under division (C) of this section in subsequent years 1134
but may not make another election under this division. No taxpayer 1135
may make an election under this division for a taxable year ending 1136
on or after August 1, 1991. 1137~~

~~(F) A taxpayer making an election under either division (D) 1138
or (E) of this section may make only one such election in the 1139
taxpayer's lifetime. 1140~~

~~(G)(1) On a joint return filed by a husband and wife, each of 1141
whom had adjusted gross income of at least five hundred dollars, 1142
exclusive of interest, dividends and distributions, royalties, 1143
rent, and capital gains, a credit equal to the percentage shown in 1144
the table contained in this division of the amount of tax due 1145
after allowing for any other credit that precedes the credit under 1146
this division in the order required under section 5747.98 of the 1147
Revised Code. 1148~~

~~(2) The credit to which a taxpayer is entitled under this 1149
division in any taxable year is the percentage shown in column B 1150
that corresponds with the taxpayer's adjusted gross income, less 1151
exemptions for the taxable year: 1152~~

A.

B.

1153

IF THE ADJUSTED GROSS INCOME, THE CREDIT FOR THE TAXABLE 1154
LESS EXEMPTIONS, FOR THE TAX YEAR YEAR IS:

IS:

\$25,000 or less	20%	1155
More than \$25,000 but not more than \$50,000	15%	1156
More than \$50,000 but not more than \$75,000	10%	1157
More than \$75,000	5%	1158

(3) The credit allowed under this division shall not exceed 1159
six hundred fifty dollars in any taxable year. 1160

~~(H)~~(D) No claim for credit under this section shall be 1161
allowed unless the claimant furnishes such supporting information 1162
as the tax commissioner prescribes by rules. Each credit under 1163
this section shall be claimed in the order required under section 1164
5747.98 of the Revised Code. 1165

~~(I)~~(E) An individual who is a resident for part of a taxable 1166
year and a nonresident for the remainder of the taxable year is 1167
allowed the credits under divisions (A) and (B) of this section in 1168
accordance with rules prescribed by the tax commissioner. In no 1169
event shall the same income be subject to both credits. 1170

~~(J)~~(F) The credit allowed under division (A) of this section 1171
shall be calculated based upon the amount of tax due under section 1172
5747.02 of the Revised Code after subtracting any other credits 1173
that precede the credit under that division in the order required 1174
under section 5747.98 of the Revised Code. The credit allowed 1175
under division (B) of this section shall be calculated based upon 1176
the amount of tax due under section 5747.02 of the Revised Code 1177
after subtracting any other credits that precede the credit under 1178
that division in the order required under section 5747.98 of the 1179
Revised Code. 1180

~~(K)~~(G) No credit shall be allowed under division (B) of this 1181

section unless the taxpayer furnishes such proof as the tax 1182
commissioner shall require that the income tax liability has been 1183
paid to another state or the District of Columbia. 1184

~~(L)~~(H) No credit shall be allowed under division (B) of this 1185
section for compensation that is not subject to the income tax of 1186
another state or the District of Columbia as the result of an 1187
agreement entered into by the tax commissioner under division 1188
(A)(3) of this section. 1189

Sec. 5747.08. An annual return with respect to the tax 1190
imposed by section 5747.02 of the Revised Code and each tax 1191
imposed under Chapter 5748. of the Revised Code shall be made by 1192
every taxpayer for any taxable year for which the taxpayer is 1193
liable for the tax imposed by that section or under that chapter, 1194
unless the ~~total credits~~ credit allowed under ~~divisions (E), (F),~~ 1195
~~and (G)~~ division (C) of section 5747.05 of the Revised Code for 1196
the year ~~are~~ is equal to or ~~exceed~~ exceeds the tax imposed by 1197
section 5747.02 of the Revised Code, in which case no return shall 1198
be required unless the taxpayer is liable for a tax imposed 1199
pursuant to Chapter 5748. of the Revised Code. 1200

(A) If an individual is deceased, any return or notice 1201
required of that individual under this chapter shall be made and 1202
filed by that decedent's executor, administrator, or other person 1203
charged with the property of that decedent. 1204

(B) If an individual is unable to make a return or notice 1205
required by this chapter, the return or notice required of that 1206
individual shall be made and filed by the individual's duly 1207
authorized agent, guardian, conservator, fiduciary, or other 1208
person charged with the care of the person or property of that 1209
individual. 1210

(C) Returns or notices required of an estate or a trust shall 1211
be made and filed by the fiduciary of the estate or trust. 1212

(D)(1)(a) Except as otherwise provided in division (D)(1)(b) 1213
of this section, any pass-through entity may file a single return 1214
on behalf of one or more of the entity's investors other than an 1215
investor that is a person subject to the tax imposed under section 1216
5733.06 of the Revised Code. The single return shall set forth the 1217
name, address, and social security number or other identifying 1218
number of each of those pass-through entity investors and shall 1219
indicate the distributive share of each of those pass-through 1220
entity investor's income taxable in this state in accordance with 1221
sections 5747.20 to 5747.231 of the Revised Code. Such 1222
pass-through entity investors for whom the pass-through entity 1223
elects to file a single return are not entitled to the exemption 1224
or credit provided for by sections 5747.02 and 5747.022 of the 1225
Revised Code; shall calculate the tax before business credits at 1226
the highest rate of tax set forth in section 5747.02 of the 1227
Revised Code for the taxable year for which the return is filed; 1228
and are entitled to only their distributive share of the business 1229
credits as defined in division (D)(2) of this section. A single 1230
check drawn by the pass-through entity shall accompany the return 1231
in full payment of the tax due, as shown on the single return, for 1232
such investors, other than investors who are persons subject to 1233
the tax imposed under section 5733.06 of the Revised Code. 1234

(b)(i) A pass-through entity shall not include in such a 1235
single return any investor that is a trust to the extent that any 1236
direct or indirect current, future, or contingent beneficiary of 1237
the trust is a person subject to the tax imposed under section 1238
5733.06 of the Revised Code. 1239

(ii) A pass-through entity shall not include in such a single 1240
return any investor that is itself a pass-through entity to the 1241
extent that any direct or indirect investor in the second 1242
pass-through entity is a person subject to the tax imposed under 1243
section 5733.06 of the Revised Code. 1244

(c) Nothing in division (D) of this section precludes the tax commissioner from requiring such investors to file the return and make the payment of taxes and related interest, penalty, and interest penalty required by this section or section 5747.02, 5747.09, or 5747.15 of the Revised Code. Nothing in division (D) of this section shall be construed to provide to such an investor or pass-through entity any additional deduction or credit, other than the credit provided by division (J) of this section, solely on account of the entity's filing a return in accordance with this section. Such a pass-through entity also shall make the filing and payment of estimated taxes on behalf of the pass-through entity investors other than an investor that is a person subject to the tax imposed under section 5733.06 of the Revised Code.

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

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

~~(b) The senior citizen credit under division (C) of section 5747.05 of the Revised Code;~~

~~(c) The lump sum distribution credit under division (D) of section 5747.05 of the Revised Code;~~

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

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

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

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

(h) (f) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	1275 1276
(i) (g) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	1277 1278
(j) (h) The joint filing credit under division (G) (C) of section 5747.05 of the Revised Code;	1279 1280
(k) (i) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	1281 1282
(l) (j) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	1283 1284
(m) (k) The low-income credit under section 5747.056 of the Revised Code.	1285 1286
(3) The election provided for under division (D) of this section applies only to the taxable year for which the election is made by the pass-through entity. Unless the tax commissioner provides otherwise, this election, once made, is binding and irrevocable for the taxable year for which the election is made. Nothing in this division shall be construed to provide for any deduction or credit that would not be allowable if a nonresident pass-through entity investor were to file an annual return.	1287 1288 1289 1290 1291 1292 1293 1294
(4) If a pass-through entity makes the election provided for under division (D) of this section, the pass-through entity shall be liable for any additional taxes, interest, interest penalty, or penalties imposed by this chapter if the tax commissioner finds that the single return does not reflect the correct tax due by the pass-through entity investors covered by that return. Nothing in this division shall be construed to limit or alter the liability, if any, imposed on pass-through entity investors for unpaid or underpaid taxes, interest, interest penalty, or penalties as a result of the pass-through entity's making the election provided for under division (D) of this section. For the purposes of	1295 1296 1297 1298 1299 1300 1301 1302 1303 1304 1305

division (D) of this section, "correct tax due" means the tax that
would have been paid by the pass-through entity had the single
return been filed in a manner reflecting the tax commissioner's
findings. Nothing in division (D) of this section shall be
construed to make or hold a pass-through entity liable for tax
attributable to a pass-through entity investor's income from a
source other than the pass-through entity electing to file the
single return.

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

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

(F) Each return or notice required to be filed under this
section shall contain the signature of the taxpayer or the
taxpayer's duly authorized agent and of the person who prepared
the return for the taxpayer, and shall include the taxpayer's
social security number. Each return shall be verified by a
declaration under the penalties of perjury. The tax commissioner
shall prescribe the form that the signature and declaration shall
take.

(G) Each return or notice required to be filed under this
section shall be made and filed as required by section 5747.04 of

the Revised Code, on or before the fifteenth day of April of each 1338
year, on forms that the tax commissioner shall prescribe, together 1339
with remittance made payable to the treasurer of state in the 1340
combined amount of the state and all school district income taxes 1341
shown to be due on the form, unless the combined amount shown to 1342
be due is one dollar or less, in which case that amount need not 1343
be remitted. 1344

Upon good cause shown, the tax commissioner may extend the 1345
period for filing any notice or return required to be filed under 1346
this section and may adopt rules relating to extensions. If the 1347
extension results in an extension of time for the payment of any 1348
state or school district income tax liability with respect to 1349
which the return is filed, the taxpayer shall pay at the time the 1350
tax liability is paid an amount of interest computed at the rate 1351
per annum prescribed by section 5703.47 of the Revised Code on 1352
that liability from the time that payment is due without extension 1353
to the time of actual payment. Except as provided in section 1354
5747.132 of the Revised Code, in addition to all other interest 1355
charges and penalties, all taxes imposed under this chapter or 1356
Chapter 5748. of the Revised Code and remaining unpaid after they 1357
become due, except combined amounts due of one dollar or less, 1358
bear interest at the rate per annum prescribed by section 5703.47 1359
of the Revised Code until paid or until the day an assessment is 1360
issued under section 5747.13 of the Revised Code, whichever occurs 1361
first. 1362

If the tax commissioner considers it necessary in order to 1363
ensure the payment of the tax imposed by section 5747.02 of the 1364
Revised Code or any tax imposed under Chapter 5748. of the Revised 1365
Code, the tax commissioner may require returns and payments to be 1366
made otherwise than as provided in this section. 1367

To the extent that any provision in this division conflicts 1368
with any provision in section 5747.026 of the Revised Code, the 1369

provision in that section prevails. 1370

(H) If any report, claim, statement, or other document 1371
required to be filed, or any payment required to be made, within a 1372
prescribed period or on or before a prescribed date under this 1373
chapter is delivered after that period or that date by United 1374
States mail to the agency, officer, or office with which the 1375
report, claim, statement, or other document is required to be 1376
filed, or to which the payment is required to be made, the date of 1377
the postmark stamped on the cover in which the report, claim, 1378
statement, or other document, or payment is mailed shall be deemed 1379
to be the date of delivery or the date of payment. 1380

If a payment is required to be made by electronic funds 1381
transfer pursuant to section 5747.072 of the Revised Code, the 1382
payment is considered to be made when the payment is received by 1383
the treasurer of state or credited to an account designated by the 1384
treasurer of state for the receipt of tax payments. 1385

"The date of the postmark" means, in the event there is more 1386
than one date on the cover, the earliest date imprinted on the 1387
cover by the United States postal service. 1388

(I) The amounts withheld by the employer pursuant to section 1389
5747.06 of the Revised Code shall be allowed to the recipient of 1390
the compensation as credits against payment of the appropriate 1391
taxes imposed on the recipient by section 5747.02 and under 1392
Chapter 5748. of the Revised Code. 1393

(J) If, in accordance with division (D) of this section, a 1394
pass-through entity elects to file a single return and if any 1395
investor is required to file the return and make the payment of 1396
taxes required by this chapter on account of the investor's other 1397
income that is not included in a single return filed by a 1398
pass-through entity, the investor is entitled to a refundable 1399
credit equal to the investor's proportionate share of the tax paid 1400

by the pass-through entity on behalf of the investor. The investor 1401
shall claim the credit for the investor's taxable year in which or 1402
with which ends the taxable year of the pass-through entity. 1403
Nothing in this chapter shall be construed to allow any credit 1404
provided in this chapter to be claimed more than once. For the 1405
purposes of computing any interest, penalty, or interest penalty, 1406
the investor shall be deemed to have paid the refundable credit 1407
provided by this division on the day that the pass-through entity 1408
paid the estimated tax or the tax giving rise to the credit. 1409

Sec. 5747.98. (A) To provide a uniform procedure for 1410
calculating the amount of tax due under section 5747.02 of the 1411
Revised Code, a taxpayer shall claim any credits to which the 1412
taxpayer is entitled in the following order: 1413

(1) The retirement income credit under division (B) of 1414
section 5747.055 of the Revised Code; 1415

~~(2) The senior citizen credit under division (C) of section 1416
5747.05 of the Revised Code;~~ 1417

~~(3) The lump sum distribution credit under division (D) of 1418
section 5747.05 of the Revised Code;~~ 1419

~~(4) The dependent care credit under section 5747.054 of the 1420
Revised Code;~~ 1421

~~(5)~~(3) The lump sum retirement income credit under division 1422
(C) of section 5747.055 of the Revised Code; 1423

~~(6)~~(4) The lump sum retirement income credit under division 1424
(D) of section 5747.055 of the Revised Code; 1425

~~(7)~~(5) The lump sum retirement income credit under division 1426
(E) of section 5747.055 of the Revised Code; 1427

~~(8)~~(6) The low-income credit under section 5747.056 of the 1428
Revised Code; 1429

(9) <u>(7)</u> The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	1430 1431
(10) <u>(8)</u> The campaign contribution credit under section 5747.29 of the Revised Code;	1432 1433
(11) <u>(9)</u> The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	1434 1435
(12) <u>(10)</u> The joint filing credit under division (G) <u>(C)</u> of section 5747.05 of the Revised Code;	1436 1437
(13) <u>(11)</u> The nonresident credit under division (A) of section 5747.05 of the Revised Code;	1438 1439
(14) <u>(12)</u> The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	1440 1441
(15) <u>(13)</u> The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	1442 1443 1444
(16) <u>(14)</u> The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	1445 1446
(17) <u>(15)</u> The credit for adoption of a minor child under section 5747.37 of the Revised Code;	1447 1448
(18) <u>(16)</u> The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	1449 1450
(19) <u>(17)</u> The job retention credit under division (B) of section 5747.058 of the Revised Code;	1451 1452
(20) <u>(18)</u> The credit for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code if the taxpayer elected a nonrefundable credit under section 150.07 of the Revised Code;	1453 1454 1455 1456
(21) <u>(19)</u> The credit for purchases of new manufacturing machinery and equipment under section 5747.26 or section 5747.261	1457 1458

of the Revised Code;	1459
(22) (20) 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;	1460 1461 1462
(23) (21) The job training credit under section 5747.39 of the Revised Code;	1463 1464
(24) (22) The enterprise zone credit under section 5709.66 of the Revised Code;	1465 1466
(25) (23) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	1467 1468
(26) (24) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	1469 1470
(27) (25) The ethanol plant investment credit under section 5747.75 of the Revised Code;	1471 1472
(28) (26) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	1473 1474
(29) (27) The export sales credit under section 5747.057 of the Revised Code;	1475 1476
(30) (28) The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	1477 1478 1479
(31) (29) The enterprise zone credits under section 5709.65 of the Revised Code;	1480 1481
(32) (30) The research and development credit under section 5747.331 of the Revised Code;	1482 1483
(33) (31) The refundable jobs creation credit under division (A) of section 5747.058 of the Revised Code;	1484 1485
(34) (32) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	1486 1487

~~(35)~~(33) The refundable credits for taxes paid by a 1488
qualifying pass-through entity granted under division (J) of 1489
section 5747.08 of the Revised Code; 1490

~~(36)~~(34) The refundable credit for tax withheld under 1491
division (B)(1) of section 5747.062 of the Revised Code; 1492

~~(37)~~(35) The credit for losses on loans made to the Ohio 1493
venture capital program under sections 150.01 to 150.10 of the 1494
Revised Code if the taxpayer elected a refundable credit under 1495
section 150.07 of the Revised Code. 1496

(B) For any credit, except the credits enumerated in 1497
divisions (A)~~(33)~~(31) to ~~(37)~~(35) of this section and the credit 1498
granted under division (I) of section 5747.08 of the Revised Code, 1499
the amount of the credit for a taxable year shall not exceed the 1500
tax due after allowing for any other credit that precedes it in 1501
the order required under this section. Any excess amount of a 1502
particular credit may be carried forward if authorized under the 1503
section creating that credit. Nothing in this chapter shall be 1504
construed to allow a taxpayer to claim, directly or indirectly, a 1505
credit more than once for a taxable year. 1506

Section 2. That existing sections 5747.01, 5747.02, 5747.05, 1507
5747.08, and 5747.98 of the Revised Code are hereby repealed. 1508

Section 3. The amendment by this act of sections 5747.01, 1509
5747.02, 5747.05, 5747.08, and 5747.98 of the Revised Code applies 1510
to taxable years beginning on or after January 1, 2007. 1511