

As Introduced

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Representatives Goyal, Mandel

**Cosponsors: Representatives Adams, J., Amstutz, Bacon, Baker, Blair,
Blessing, Boose, Boyd, Brown, Bubp, Burke, Combs, Derickson, Domenick,
Dyer, Evans, Fende, Grossman, Hall, Harris, Hite, Huffman, Jordan, Luckie,
Maag, McClain, Mecklenborg, Morgan, Newcomb, Okey, Pillich, Pryor,
Schneider, Snitchler, Stautberg, Stebelton, Ujvagi, Williams, S., Winburn,
Yuko, Zehringer**

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A B I L L

To amend sections 5747.08 and 5747.98 and to enact 1
sections 718.17, 3333.51, and 5747.81 of the 2
Revised Code to grant an income tax credit to 3
individuals who earn degrees in science, 4
technology, engineering, or math-based fields of 5
study and to authorize municipal corporations to 6
grant a credit to individuals qualifying for the 7
state credit. 8

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

Section 1. That sections 5747.08 and 5747.98 be amended and 9
sections 718.17, 3333.51, and 5747.81 of the Revised Code be 10
enacted to read as follows: 11

Sec. 718.17. The legislative authority of a municipal 12
corporation, by ordinance, may grant a credit against a tax 13
imposed on income to an individual who is subject to the tax and 14

who qualifies for a credit authorized under section 3333.51 of the 15
Revised Code. The legislative authority may establish credit 16
amounts and limits, refundability attributes, carry-forward 17
periods, deferral periods and procedures, and recapture penalties 18
other than as prescribed in sections 3333.51 and 5747.81 of the 19
Revised Code. 20

Sec. 3333.51. (A) As used in this section: 21

(1) "Approved field of study" means a field of study in the 22
natural sciences, technology, engineering, or mathematics that the 23
Ohio board of regents determines is associated with job creation 24
and retention in Ohio. 25

(2) "Institution of higher education" means all of the 26
following: 27

(a) An institution of higher education, as defined in section 28
3345.12 of the Revised Code; 29

(b) An institution authorized by the Ohio board of regents 30
under Chapter 1713. of the Revised Code to grant degrees and that 31
is accredited by the appropriate regional and professional 32
accrediting associations within whose jurisdiction it falls; 33

(c) Private career schools holding program authorizations 34
issued by the state board of career colleges and schools under 35
division (C) of section 3332.05 of the Revised Code; 36

(d) Private institutions exempt from regulation under Chapter 37
3332. of the Revised Code as prescribed in section 3333.046 of the 38
Revised Code; 39

(e) Any institution located outside Ohio designated as an 40
"institution of higher education" by the Ohio board of regents for 41
purposes of this section. 42

(B)(1) For the purpose of developing and maintaining a highly 43
qualified workforce and thereby to improve the economic welfare of 44

all Ohioans, an individual who graduates on or after the effective 45
date of the enactment of this section from an institution of 46
higher education with a degree in an approved field of study is 47
allowed a credit against the tax imposed by section 5747.02 of the 48
Revised Code. Except as provided in division (D) of this section, 49
the credit shall equal five thousand dollars in the case of an 50
associate's degree; twenty thousand dollars in the case of a 51
baccalaureate degree; and thirty thousand dollars in the case of a 52
master's or doctoral degree. Except as otherwise provided in this 53
section, the individual shall claim one-tenth of the credit amount 54
for the individual's taxable year in which the individual's credit 55
application was approved and one-tenth of the credit amount in 56
each of the succeeding nine taxable years. 57

(2) An individual is liable to the state for credit taken 58
with respect to a degree, and forfeits unused credit and any 59
credit carry-forward, if the individual has been allowed the 60
credit for five or fewer of the individual's taxable years, the 61
individual is a nonresident of Ohio, and the individual is not a 62
full-time student at an institution of higher education in an 63
approved field of study. A credit shall not be considered to have 64
been allowed for taxable years for which a deferral under division 65
(D) of this section has been authorized and used. Any amount for 66
which an individual is liable under this division may be collected 67
by assessment under section 5747.13 of the Revised Code, and shall 68
be considered as taxes imposed under section 5747.02 of the 69
Revised Code. 70

(C) An individual shall apply for a credit to the Ohio board 71
of regents or to the board's designee on a form approved by the 72
board or designee and shall submit any documents required by the 73
board or designee. If the individual qualifies for a credit, the 74
board or designee shall issue a tax credit certificate to the 75
individual. The certificate shall state the individual's name and 76

social security number, the date the credit application was 77
approved, the credit amount, and the taxable years for which the 78
credit shall be claimed. 79

(D)(1) An individual who has received a credit certificate 80
for an associate's or baccalaureate degree or both may apply for 81
an additional certificate for receipt of a more advanced degree 82
from an institution of higher education in an approved field of 83
study. The credit amount for the additional degree equals the 84
credit amount for the degree as provided in division (B) of this 85
section less the credit amount for the degree or degrees for which 86
a credit certificate has previously been issued. The credit shall 87
be applied for, approved, and claimed in the manner required under 88
division (B) of this section. 89

(2) An individual who has received a credit certificate 90
pursuant to this section may apply to the Ohio board of regents or 91
the board's designee to defer claiming the credit and any related 92
credit carry-forward. The deferral application shall be submitted 93
on a form approved by the board or designee and shall be 94
accompanied by such documents as the board or designee requires. 95
The board or designee shall approve the deferral if the individual 96
is enrolled full time in an institution of higher education to 97
pursue a more advanced degree in an approved field of study. The 98
individual may defer claiming the credit until the individual's 99
taxable year in which the individual is no longer a full-time 100
student in an institution of higher education in an approved field 101
of study or in which the individual receives a credit certificate 102
for the more advanced degree, whichever is earlier. 103

(E) The Ohio board of regents may designate an entity, 104
including a nonprofit private organization, to perform the 105
administrative duties conferred upon the board by this section. 106

(F) The Ohio board of regents shall identify institutions of 107
higher education and approved fields of study, and shall specify 108

the information required to be disclosed in credit certificate and 109
deferral applications and the documents required to be submitted. 110
In identifying approved fields of study, the board shall give 111
priority to those related to information technology, power and 112
propulsion, advanced materials, instruments and controls, 113
electronics, and biotechnology and biosciences. 114

Sec. 5747.08. An annual return with respect to the tax 115
imposed by section 5747.02 of the Revised Code and each tax 116
imposed under Chapter 5748. of the Revised Code shall be made by 117
every taxpayer for any taxable year for which the taxpayer is 118
liable for the tax imposed by that section or under that chapter, 119
unless the total credits allowed under divisions (E), (F), and (G) 120
of section 5747.05 of the Revised Code for the year are equal to 121
or exceed the tax imposed by section 5747.02 of the Revised Code, 122
in which case no return shall be required unless the taxpayer is 123
liable for a tax imposed pursuant to Chapter 5748. of the Revised 124
Code. 125

(A) If an individual is deceased, any return or notice 126
required of that individual under this chapter shall be made and 127
filed by that decedent's executor, administrator, or other person 128
charged with the property of that decedent. 129

(B) If an individual is unable to make a return or notice 130
required by this chapter, the return or notice required of that 131
individual shall be made and filed by the individual's duly 132
authorized agent, guardian, conservator, fiduciary, or other 133
person charged with the care of the person or property of that 134
individual. 135

(C) Returns or notices required of an estate or a trust shall 136
be made and filed by the fiduciary of the estate or trust. 137

(D)(1)(a) Except as otherwise provided in division (D)(1)(b) 138
of this section, any pass-through entity may file a single return 139

on behalf of one or more of the entity's investors other than an investor that is a person subject to the tax imposed under section 5733.06 of the Revised Code. The single return shall set forth the name, address, and social security number or other identifying number of each of those pass-through entity investors and shall indicate the distributive share of each of those pass-through entity investor's income taxable in this state in accordance with sections 5747.20 to 5747.231 of the Revised Code. Such pass-through entity investors for whom the pass-through entity elects to file a single return are not entitled to the exemption or credit provided for by sections 5747.02 and 5747.022 of the Revised Code; shall calculate the tax before business credits at the highest rate of tax set forth in section 5747.02 of the Revised Code for the taxable year for which the return is filed; and are entitled to only their distributive share of the business credits as defined in division (D)(2) of this section. A single check drawn by the pass-through entity shall accompany the return in full payment of the tax due, as shown on the single return, for such investors, other than investors who are persons subject to the tax imposed under section 5733.06 of the Revised Code.

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

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

(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 172
interest penalty required by this section or section 5747.02, 173
5747.09, or 5747.15 of the Revised Code. Nothing in division (D) 174
of this section shall be construed to provide to such an investor 175
or pass-through entity any additional deduction or credit, other 176
than the credit provided by division (J) of this section, solely 177
on account of the entity's filing a return in accordance with this 178
section. Such a pass-through entity also shall make the filing and 179
payment of estimated taxes on behalf of the pass-through entity 180
investors other than an investor that is a person subject to the 181
tax imposed under section 5733.06 of the Revised Code. 182

(2) For the purposes of this section, "business credits" 183
means the credits listed in section 5747.98 of the Revised Code 184
excluding the following credits: 185

(a) The retirement credit under division (B) of section 186
5747.055 of the Revised Code; 187

(b) The senior citizen credit under division (C) of section 188
5747.05 of the Revised Code; 189

(c) The lump sum distribution credit under division (D) of 190
section 5747.05 of the Revised Code; 191

(d) The dependent care credit under section 5747.054 of the 192
Revised Code; 193

(e) The lump sum retirement income credit under division (C) 194
of section 5747.055 of the Revised Code; 195

(f) The lump sum retirement income credit under division (D) 196
of section 5747.055 of the Revised Code; 197

(g) The lump sum retirement income credit under division (E) 198
of section 5747.055 of the Revised Code; 199

(h) The credit for displaced workers who pay for job training 200
under section 5747.27 of the Revised Code; 201

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| (i) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code; | 202 203 |
| (j) The joint filing credit under division (G) of section 5747.05 of the Revised Code; | 204 205 |
| (k) The nonresident credit under division (A) of section 5747.05 of the Revised Code; | 206 207 |
| (l) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code; | 208 209 |
| (m) The low-income credit under section 5747.056 of the Revised Code; | 210 211 |
| <u>(n) The credit for graduates from institutions of higher education in approved fields of study under section 5747.81 of the Revised Code.</u> | 212 213 214 |
| (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. | 215 216 217 218 219 220 221 222 |
| (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 | 223 224 225 226 227 228 229 230 231 232 |

for under division (D) of this section. For the purposes of 233
division (D) of this section, "correct tax due" means the tax that 234
would have been paid by the pass-through entity had the single 235
return been filed in a manner reflecting the tax commissioner's 236
findings. Nothing in division (D) of this section shall be 237
construed to make or hold a pass-through entity liable for tax 238
attributable to a pass-through entity investor's income from a 239
source other than the pass-through entity electing to file the 240
single return. 241

(E) If a husband and wife file a joint federal income tax 242
return for a taxable year, they shall file a joint return under 243
this section for that taxable year, and their liabilities are 244
joint and several, but, if the federal income tax liability of 245
either spouse is determined on a separate federal income tax 246
return, they shall file separate returns under this section. 247

If either spouse is not required to file a federal income tax 248
return and either or both are required to file a return pursuant 249
to this chapter, they may elect to file separate or joint returns, 250
and, pursuant to that election, their liabilities are separate or 251
joint and several. If a husband and wife file separate returns 252
pursuant to this chapter, each must claim the taxpayer's own 253
exemption, but not both, as authorized under section 5747.02 of 254
the Revised Code on the taxpayer's own return. 255

(F) Each return or notice required to be filed under this 256
section shall contain the signature of the taxpayer or the 257
taxpayer's duly authorized agent and of the person who prepared 258
the return for the taxpayer, and shall include the taxpayer's 259
social security number. Each return shall be verified by a 260
declaration under the penalties of perjury. The tax commissioner 261
shall prescribe the form that the signature and declaration shall 262
take. 263

(G) Each return or notice required to be filed under this 264

section shall be made and filed as required by section 5747.04 of 265
the Revised Code, on or before the fifteenth day of April of each 266
year, on forms that the tax commissioner shall prescribe, together 267
with remittance made payable to the treasurer of state in the 268
combined amount of the state and all school district income taxes 269
shown to be due on the form, unless the combined amount shown to 270
be due is one dollar or less, in which case that amount need not 271
be remitted. 272

Upon good cause shown, the tax commissioner may extend the 273
period for filing any notice or return required to be filed under 274
this section and may adopt rules relating to extensions. If the 275
extension results in an extension of time for the payment of any 276
state or school district income tax liability with respect to 277
which the return is filed, the taxpayer shall pay at the time the 278
tax liability is paid an amount of interest computed at the rate 279
per annum prescribed by section 5703.47 of the Revised Code on 280
that liability from the time that payment is due without extension 281
to the time of actual payment. Except as provided in section 282
5747.132 of the Revised Code, in addition to all other interest 283
charges and penalties, all taxes imposed under this chapter or 284
Chapter 5748. of the Revised Code and remaining unpaid after they 285
become due, except combined amounts due of one dollar or less, 286
bear interest at the rate per annum prescribed by section 5703.47 287
of the Revised Code until paid or until the day an assessment is 288
issued under section 5747.13 of the Revised Code, whichever occurs 289
first. 290

If the tax commissioner considers it necessary in order to 291
ensure the payment of the tax imposed by section 5747.02 of the 292
Revised Code or any tax imposed under Chapter 5748. of the Revised 293
Code, the tax commissioner may require returns and payments to be 294
made otherwise than as provided in this section. 295

To the extent that any provision in this division conflicts 296

with any provision in section 5747.026 of the Revised Code, the 297
provision in that section prevails. 298

(H) If any report, claim, statement, or other document 299
required to be filed, or any payment required to be made, within a 300
prescribed period or on or before a prescribed date under this 301
chapter is delivered after that period or that date by United 302
States mail to the agency, officer, or office with which the 303
report, claim, statement, or other document is required to be 304
filed, or to which the payment is required to be made, the date of 305
the postmark stamped on the cover in which the report, claim, 306
statement, or other document, or payment is mailed shall be deemed 307
to be the date of delivery or the date of payment. 308

If a payment is required to be made by electronic funds 309
transfer pursuant to section 5747.072 of the Revised Code, the 310
payment is considered to be made when the payment is received by 311
the treasurer of state or credited to an account designated by the 312
treasurer of state for the receipt of tax payments. 313

"The date of the postmark" means, in the event there is more 314
than one date on the cover, the earliest date imprinted on the 315
cover by the United States postal service. 316

(I) The amounts withheld by the employer pursuant to section 317
5747.06 of the Revised Code shall be allowed to the recipient of 318
the compensation as credits against payment of the appropriate 319
taxes imposed on the recipient by section 5747.02 and under 320
Chapter 5748. of the Revised Code. 321

(J) If, in accordance with division (D) of this section, a 322
pass-through entity elects to file a single return and if any 323
investor is required to file the return and make the payment of 324
taxes required by this chapter on account of the investor's other 325
income that is not included in a single return filed by a 326
pass-through entity, the investor is entitled to a refundable 327

credit equal to the investor's proportionate share of the tax paid 328
by the pass-through entity on behalf of the investor. The investor 329
shall claim the credit for the investor's taxable year in which or 330
with which ends the taxable year of the pass-through entity. 331
Nothing in this chapter shall be construed to allow any credit 332
provided in this chapter to be claimed more than once. For the 333
purposes of computing any interest, penalty, or interest penalty, 334
the investor shall be deemed to have paid the refundable credit 335
provided by this division on the day that the pass-through entity 336
paid the estimated tax or the tax giving rise to the credit. 337

(K) The tax commissioner shall ensure that each return 338
required to be filed under this section includes a box that the 339
taxpayer may check to authorize a paid tax preparer who prepared 340
the return to communicate with the department of taxation about 341
matters pertaining to the return. The return or instructions 342
accompanying the return shall indicate that by checking the box 343
the taxpayer authorizes the department of taxation to contact the 344
preparer concerning questions that arise during the processing of 345
the return and authorizes the preparer only to provide the 346
department with information that is missing from the return, to 347
contact the department for information about the processing of the 348
return or the status of the taxpayer's refund or payments, and to 349
respond to notices about mathematical errors, offsets, or return 350
preparation that the taxpayer has received from the department and 351
has shown to the preparer. 352

Sec. 5747.81. A taxpayer to whom a tax credit certificate has 353
been issued under section 3333.51 of the Revised Code is allowed a 354
nonrefundable credit against the tax imposed by section 5747.02 of 355
the Revised Code. The credit shall be claimed as provided in 356
section 3333.51 of the Revised Code and in the order required 357
under section 5747.98 of the Revised Code. The amount of credit 358
claimed for a taxable year shall not exceed the tax otherwise due 359

after allowing for all preceding credits in that order. If the 360
amount of credit allowed for a taxable year exceeds the tax 361
otherwise due, the excess may be carried forward to the next 362
taxable year. Excess credit allowed in a taxable year shall be 363
deducted from the balance carried forward to the ensuing taxable 364
year. If a credit may not be claimed for a taxable year, excess 365
credit with respect to the same credit certificate may not be 366
claimed. 367

Sec. 5747.98. (A) To provide a uniform procedure for 368
calculating the amount of tax due under section 5747.02 of the 369
Revised Code, a taxpayer shall claim any credits to which the 370
taxpayer is entitled in the following order: 371

(1) The retirement income credit under division (B) of 372
section 5747.055 of the Revised Code; 373

(2) The senior citizen credit under division (C) of section 374
5747.05 of the Revised Code; 375

(3) The lump sum distribution credit under division (D) of 376
section 5747.05 of the Revised Code; 377

(4) The dependent care credit under section 5747.054 of the 378
Revised Code; 379

(5) The lump sum retirement income credit under division (C) 380
of section 5747.055 of the Revised Code; 381

(6) The lump sum retirement income credit under division (D) 382
of section 5747.055 of the Revised Code; 383

(7) The lump sum retirement income credit under division (E) 384
of section 5747.055 of the Revised Code; 385

(8) The low-income credit under section 5747.056 of the 386
Revised Code; 387

(9) The credit for displaced workers who pay for job training 388

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| under section 5747.27 of the Revised Code; | 389 |
| (10) The campaign contribution credit under section 5747.29 of the Revised Code; | 390 391 |
| (11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code; | 392 393 |
| (12) The joint filing credit under division (G) of section 5747.05 of the Revised Code; | 394 395 |
| (13) The nonresident credit under division (A) of section 5747.05 of the Revised Code; | 396 397 |
| (14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code; | 398 399 |
| (15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code; | 400 401 |
| (16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code; | 402 403 |
| (17) The credit for adoption of a minor child under section 5747.37 of the Revised Code; | 404 405 |
| (18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code; | 406 407 |
| (19) The job retention credit under division (B) of section 5747.058 of the Revised Code; | 408 409 |
| (20) The credit for selling alternative fuel under section 5747.77 of the Revised Code; | 410 411 |
| (21) The second credit for purchases of new manufacturing machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code; | 412 413 414 |
| (22) The job training credit under section 5747.39 of the Revised Code; | 415 416 |
| (23) The enterprise zone credit under section 5709.66 of the | 417 |

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| Revised Code; | 418 |
| (24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code; | 419 420 |
| (25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code; | 421 422 |
| (26) The ethanol plant investment credit under section 5747.75 of the Revised Code; | 423 424 |
| (27) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code; | 425 426 |
| (28) <u>The credit for graduates from institutions of higher education in approved fields of study under section 5747.81 of the Revised Code;</u> | 427 428 429 |
| <u>(29)</u> The export sales credit under section 5747.057 of the Revised Code; | 430 431 |
| (29) <u>(30)</u> The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code; | 432 433 434 |
| (30) <u>(31)</u> The enterprise zone credits under section 5709.65 of the Revised Code; | 435 436 |
| (31) <u>(32)</u> The research and development credit under section 5747.331 of the Revised Code; | 437 438 |
| (32) <u>(33)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code; | 439 440 |
| (33) <u>(34)</u> The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code; | 441 442 |
| (34) <u>(35)</u> The refundable jobs creation credit under division (A) of section 5747.058 of the Revised Code; | 443 444 |
| (35) <u>(36)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code; | 445 446 |

~~(36)~~(37) The refundable credits for taxes paid by a 447
qualifying pass-through entity granted under division (J) of 448
section 5747.08 of the Revised Code; 449

~~(37)~~(38) The refundable credit for tax withheld under 450
division (B)(1) of section 5747.062 of the Revised Code; 451

~~(38)~~(39) The refundable credit under section 5747.80 of the 452
Revised Code for losses on loans made to the Ohio venture capital 453
program under sections 150.01 to 150.10 of the Revised Code. 454

(B) For any nonrefundable credit, ~~except the credits~~ 455
~~enumerated in divisions (A)(33) to (38) of this section and the~~ 456
~~credit granted under division (I) of section 5747.08 of the~~ 457
~~Revised Code,~~ the amount of the credit for a taxable year shall 458
not exceed the tax due after allowing for any other credit that 459
precedes it in the order required under this section. Any excess 460
amount of a particular credit may be carried forward if authorized 461
under the section creating that credit. Nothing in this chapter 462
shall be construed to allow a taxpayer to claim, directly or 463
indirectly, a credit more than once for a taxable year. 464
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Section 2. That existing sections 5747.08 and 5747.98 of the 466
Revised Code are hereby repealed. 467