

As Introduced

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Representative Grossman

**Cosponsors: Representatives Bacon, Baker, Balderson, Batchelder,
Blessing, Boose, Burke, Combs, Derickson, Evans, Goodwin, Hackett, Hall,
Jordan, Maag, Martin, McClain, Morgan, Ruhl, Sears, Snitchler, Stebelton,
Wachtmann, McGregor**

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A B I L L

To amend sections 5747.08 and 5747.98 and to enact 1
sections 3333.51 and 5747.81 of the Revised Code 2
to grant an income tax credit eliminating tax 3
liability for five years for individuals who 4
obtain a baccalaureate degree and who reside in 5
Ohio. 6

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

Section 1. That sections 5747.08 and 5747.98 be amended and 7
sections 3333.51 and 5747.81 of the Revised Code be enacted to 8
read as follows: 9

Sec. 3333.51. (A) As used in this section, "institution of 10
higher education" means all of the following: 11

(1) An institution of higher education, as defined in section 12
3345.12 of the Revised Code; 13

(2) An institution authorized by the Ohio board of regents 14
under Chapter 1713. of the Revised Code to grant degrees and that 15

is accredited by the appropriate regional and professional 16
accrediting associations within whose jurisdiction it falls; 17

(3) Private career schools holding program authorizations 18
issued by the state board of career colleges and schools under 19
division (C) of section 3332.05 of the Revised Code; 20

(4) Private institutions exempt from regulation under Chapter 21
3332. of the Revised Code as prescribed in section 3333.046 of the 22
Revised Code; 23

(5) Any institution located outside Ohio designated as an 24
"institution of higher education" by the Ohio board of regents for 25
purposes of this section. 26

(B)(1) For the purpose of developing and maintaining a highly 27
qualified workforce and thereby to improve the economic welfare of 28
all Ohioans, an individual who graduates on or after the effective 29
date of the enactment of this section from an institution of 30
higher education with a baccalaureate degree is allowed a credit 31
against the tax imposed by section 5747.02 of the Revised Code. 32
Except as provided in division (D) of this section, the credit 33
shall equal the individual's net tax liability after application 34
of all credits identified in section 5747.98 of the Revised Code 35
preceding the credit authorized by this section. Except as 36
otherwise provided in this section, the individual shall claim the 37
credit for the individual's taxable year in which the individual's 38
credit application was approved and in each of the succeeding five 39
taxable years. 40

(2) An individual is liable to the state for credit taken 41
with respect to a degree, and forfeits unused credit, if the 42
individual has been allowed the credit for five or fewer of the 43
individual's taxable years, the individual is a nonresident of 44
Ohio, and the individual is not a full-time student at an 45
institution of higher education. A credit shall not be considered 46

to have been allowed for taxable years for which a deferral under 47
division (D) of this section has been authorized and used. Any 48
amount for which an individual is liable under this division may 49
be collected by assessment under section 5747.13 of the Revised 50
Code, and shall be considered as taxes imposed under section 51
5747.02 of the Revised Code. 52

(C) Within one year after obtaining the baccalaureate degree, 53
an individual shall apply for a credit to the Ohio board of 54
regents or to the board's designee on a form approved by the board 55
or designee and shall submit any documents required by the board 56
or designee. If the individual qualifies for a credit, the board 57
or designee shall issue a tax credit certificate to the 58
individual. The certificate shall state the individual's name and 59
social security number, the date the credit application was 60
approved, and the taxable years for which the credit shall be 61
claimed. 62

(D) An individual who has received a credit certificate 63
pursuant to this section may apply to the Ohio board of regents or 64
the board's designee to defer claiming the credit. The deferral 65
application shall be submitted on a form approved by the board or 66
designee and shall be accompanied by such documents as the board 67
or designee requires. The board or designee shall approve the 68
deferral if the individual is enrolled full time in an institution 69
of higher education to pursue a more advanced degree. The 70
individual may defer claiming the credit until the individual's 71
taxable year in which the individual is no longer a full-time 72
student in an institution of higher education. 73

(E) The Ohio board of regents may designate an entity, 74
including a nonprofit private organization, to perform the 75
administrative duties conferred upon the board by this section. 76

(F) The Ohio board of regents shall identify institutions of 77
higher education and shall specify the information required to be 78

disclosed in credit certificate and deferral applications and the 79
documents required to be submitted. 80

Sec. 5747.08. An annual return with respect to the tax 81
imposed by section 5747.02 of the Revised Code and each tax 82
imposed under Chapter 5748. of the Revised Code shall be made by 83
every taxpayer for any taxable year for which the taxpayer is 84
liable for the tax imposed by that section or under that chapter, 85
unless the total credits allowed under divisions (E), (F), and (G) 86
of section 5747.05 of the Revised Code for the year are equal to 87
or exceed the tax imposed by section 5747.02 of the Revised Code, 88
in which case no return shall be required unless the taxpayer is 89
liable for a tax imposed pursuant to Chapter 5748. of the Revised 90
Code. 91

(A) If an individual is deceased, any return or notice 92
required of that individual under this chapter shall be made and 93
filed by that decedent's executor, administrator, or other person 94
charged with the property of that decedent. 95

(B) If an individual is unable to make a return or notice 96
required by this chapter, the return or notice required of that 97
individual shall be made and filed by the individual's duly 98
authorized agent, guardian, conservator, fiduciary, or other 99
person charged with the care of the person or property of that 100
individual. 101

(C) Returns or notices required of an estate or a trust shall 102
be made and filed by the fiduciary of the estate or trust. 103

(D)(1)(a) Except as otherwise provided in division (D)(1)(b) 104
of this section, any pass-through entity may file a single return 105
on behalf of one or more of the entity's investors other than an 106
investor that is a person subject to the tax imposed under section 107
5733.06 of the Revised Code. The single return shall set forth the 108
name, address, and social security number or other identifying 109

number of each of those pass-through entity investors and shall 110
indicate the distributive share of each of those pass-through 111
entity investor's income taxable in this state in accordance with 112
sections 5747.20 to 5747.231 of the Revised Code. Such 113
pass-through entity investors for whom the pass-through entity 114
elects to file a single return are not entitled to the exemption 115
or credit provided for by sections 5747.02 and 5747.022 of the 116
Revised Code; shall calculate the tax before business credits at 117
the highest rate of tax set forth in section 5747.02 of the 118
Revised Code for the taxable year for which the return is filed; 119
and are entitled to only their distributive share of the business 120
credits as defined in division (D)(2) of this section. A single 121
check drawn by the pass-through entity shall accompany the return 122
in full payment of the tax due, as shown on the single return, for 123
such investors, other than investors who are persons subject to 124
the tax imposed under section 5733.06 of the Revised Code. 125

(b)(i) A pass-through entity shall not include in such a 126
single return any investor that is a trust to the extent that any 127
direct or indirect current, future, or contingent beneficiary of 128
the trust is a person subject to the tax imposed under section 129
5733.06 of the Revised Code. 130

(ii) A pass-through entity shall not include in such a single 131
return any investor that is itself a pass-through entity to the 132
extent that any direct or indirect investor in the second 133
pass-through entity is a person subject to the tax imposed under 134
section 5733.06 of the Revised Code. 135

(c) Nothing in division (D) of this section precludes the tax 136
commissioner from requiring such investors to file the return and 137
make the payment of taxes and related interest, penalty, and 138
interest penalty required by this section or section 5747.02, 139
5747.09, or 5747.15 of the Revised Code. Nothing in division (D) 140
of this section shall be construed to provide to such an investor 141

or pass-through entity any additional deduction or credit, other 142
than the credit provided by division (J) of this section, solely 143
on account of the entity's filing a return in accordance with this 144
section. Such a pass-through entity also shall make the filing and 145
payment of estimated taxes on behalf of the pass-through entity 146
investors other than an investor that is a person subject to the 147
tax imposed under section 5733.06 of the Revised Code. 148

(2) For the purposes of this section, "business credits" 149
means the credits listed in section 5747.98 of the Revised Code 150
excluding the following credits: 151

(a) The retirement credit under division (B) of section 152
5747.055 of the Revised Code; 153

(b) The senior citizen credit under division (C) of section 154
5747.05 of the Revised Code; 155

(c) The lump sum distribution credit under division (D) of 156
section 5747.05 of the Revised Code; 157

(d) The dependent care credit under section 5747.054 of the 158
Revised Code; 159

(e) The lump sum retirement income credit under division (C) 160
of section 5747.055 of the Revised Code; 161

(f) The lump sum retirement income credit under division (D) 162
of section 5747.055 of the Revised Code; 163

(g) The lump sum retirement income credit under division (E) 164
of section 5747.055 of the Revised Code; 165

(h) The credit for displaced workers who pay for job training 166
under section 5747.27 of the Revised Code; 167

(i) The twenty-dollar personal exemption credit under section 168
5747.022 of the Revised Code; 169

(j) The joint filing credit under division (G) of section 170
5747.05 of the Revised Code; 171

(k) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	172 173
(l) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	174 175
(m) The low-income credit under section 5747.056 of the Revised Code;	176 177
<u>(n) The credit for graduates from institutions of higher education under section 5747.81 of the Revised Code.</u>	178 179
(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.	180 181 182 183 184 185 186 187
(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 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	188 189 190 191 192 193 194 195 196 197 198 199 200 201 202

construed to make or hold a pass-through entity liable for tax 203
attributable to a pass-through entity investor's income from a 204
source other than the pass-through entity electing to file the 205
single return. 206

(E) If a husband and wife file a joint federal income tax 207
return for a taxable year, they shall file a joint return under 208
this section for that taxable year, and their liabilities are 209
joint and several, but, if the federal income tax liability of 210
either spouse is determined on a separate federal income tax 211
return, they shall file separate returns under this section. 212

If either spouse is not required to file a federal income tax 213
return and either or both are required to file a return pursuant 214
to this chapter, they may elect to file separate or joint returns, 215
and, pursuant to that election, their liabilities are separate or 216
joint and several. If a husband and wife file separate returns 217
pursuant to this chapter, each must claim the taxpayer's own 218
exemption, but not both, as authorized under section 5747.02 of 219
the Revised Code on the taxpayer's own return. 220

(F) Each return or notice required to be filed under this 221
section shall contain the signature of the taxpayer or the 222
taxpayer's duly authorized agent and of the person who prepared 223
the return for the taxpayer, and shall include the taxpayer's 224
social security number. Each return shall be verified by a 225
declaration under the penalties of perjury. The tax commissioner 226
shall prescribe the form that the signature and declaration shall 227
take. 228

(G) Each return or notice required to be filed under this 229
section shall be made and filed as required by section 5747.04 of 230
the Revised Code, on or before the fifteenth day of April of each 231
year, on forms that the tax commissioner shall prescribe, together 232
with remittance made payable to the treasurer of state in the 233
combined amount of the state and all school district income taxes 234

shown to be due on the form, unless the combined amount shown to 235
be due is one dollar or less, in which case that amount need not 236
be remitted. 237

Upon good cause shown, the tax commissioner may extend the 238
period for filing any notice or return required to be filed under 239
this section and may adopt rules relating to extensions. If the 240
extension results in an extension of time for the payment of any 241
state or school district income tax liability with respect to 242
which the return is filed, the taxpayer shall pay at the time the 243
tax liability is paid an amount of interest computed at the rate 244
per annum prescribed by section 5703.47 of the Revised Code on 245
that liability from the time that payment is due without extension 246
to the time of actual payment. Except as provided in section 247
5747.132 of the Revised Code, in addition to all other interest 248
charges and penalties, all taxes imposed under this chapter or 249
Chapter 5748. of the Revised Code and remaining unpaid after they 250
become due, except combined amounts due of one dollar or less, 251
bear interest at the rate per annum prescribed by section 5703.47 252
of the Revised Code until paid or until the day an assessment is 253
issued under section 5747.13 of the Revised Code, whichever occurs 254
first. 255

If the tax commissioner considers it necessary in order to 256
ensure the payment of the tax imposed by section 5747.02 of the 257
Revised Code or any tax imposed under Chapter 5748. of the Revised 258
Code, the tax commissioner may require returns and payments to be 259
made otherwise than as provided in this section. 260

To the extent that any provision in this division conflicts 261
with any provision in section 5747.026 of the Revised Code, the 262
provision in that section prevails. 263

(H) If any report, claim, statement, or other document 264
required to be filed, or any payment required to be made, within a 265
prescribed period or on or before a prescribed date under this 266

chapter is delivered after that period or that date by United States mail to the agency, officer, or office with which the report, claim, statement, or other document is required to be filed, or to which the payment is required to be made, the date of the postmark stamped on the cover in which the report, claim, statement, or other document, or payment is mailed shall be deemed to be the date of delivery or the date of payment.

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

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

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

(J) If, in accordance with division (D) of this section, a pass-through entity elects to file a single return and if any investor is required to file the return and make the payment of taxes required by this chapter on account of the investor's other income that is not included in a single return filed by a pass-through entity, the investor is entitled to a refundable credit equal to the investor's proportionate share of the tax paid by the pass-through entity on behalf of the investor. The investor shall claim the credit for the investor's taxable year in which or with which ends the taxable year of the pass-through entity. Nothing in this chapter shall be construed to allow any credit provided in this chapter to be claimed more than once. For the

purposes of computing any interest, penalty, or interest penalty, 299
the investor shall be deemed to have paid the refundable credit 300
provided by this division on the day that the pass-through entity 301
paid the estimated tax or the tax giving rise to the credit. 302

(K) The tax commissioner shall ensure that each return 303
required to be filed under this section includes a box that the 304
taxpayer may check to authorize a paid tax preparer who prepared 305
the return to communicate with the department of taxation about 306
matters pertaining to the return. The return or instructions 307
accompanying the return shall indicate that by checking the box 308
the taxpayer authorizes the department of taxation to contact the 309
preparer concerning questions that arise during the processing of 310
the return and authorizes the preparer only to provide the 311
department with information that is missing from the return, to 312
contact the department for information about the processing of the 313
return or the status of the taxpayer's refund or payments, and to 314
respond to notices about mathematical errors, offsets, or return 315
preparation that the taxpayer has received from the department and 316
has shown to the preparer. 317

Sec. 5747.81. A taxpayer to whom a tax credit certificate has 318
been issued under section 3333.51 of the Revised Code is allowed a 319
nonrefundable credit against the tax imposed by section 5747.02 of 320
the Revised Code. The credit shall be claimed as provided in 321
section 3333.51 of the Revised Code and in the order required 322
under section 5747.98 of the Revised Code. The amount of credit 323
claimed for a taxable year equals, but shall not exceed, the tax 324
otherwise due after allowing for all preceding credits in that 325
order. 326

Sec. 5747.98. (A) To provide a uniform procedure for 327
calculating the amount of tax due under section 5747.02 of the 328
Revised Code, a taxpayer shall claim any credits to which the 329

taxpayer is entitled in the following order:	330
(1) The retirement income credit under division (B) of section 5747.055 of the Revised Code;	331 332
(2) The senior citizen credit under division (C) of section 5747.05 of the Revised Code;	333 334
(3) The lump sum distribution credit under division (D) of section 5747.05 of the Revised Code;	335 336
(4) The dependent care credit under section 5747.054 of the Revised Code;	337 338
(5) The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;	339 340
(6) The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;	341 342
(7) The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;	343 344
(8) The low-income credit under section 5747.056 of the Revised Code;	345 346
(9) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	347 348
(10) The campaign contribution credit under section 5747.29 of the Revised Code;	349 350
(11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	351 352
(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	353 354
(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	355 356
(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	357 358

(15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	359 360
(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	361 362
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	363 364
(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	365 366
(19) The job retention credit under division (B) of section 5747.058 of the Revised Code;	367 368
(20) The credit for selling alternative fuel under section 5747.77 of the Revised Code;	369 370
(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;	371 372 373
(22) The job training credit under section 5747.39 of the Revised Code;	374 375
(23) The enterprise zone credit under section 5709.66 of the Revised Code;	376 377
(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	378 379
(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	380 381
(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;	382 383
(27) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	384 385
(28) <u>The credit for graduates from institutions of higher education under section 5747.81 of the Revised Code;</u>	386 387

<u>(29)</u> The export sales credit under section 5747.057 of the Revised Code;	388 389
(29) <u>(30)</u> The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	390 391 392
(30) <u>(31)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	393 394
(31) <u>(32)</u> The research and development credit under section 5747.331 of the Revised Code;	395 396
(32) <u>(33)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	397 398
(33) <u>(34)</u> The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	399 400
(34) <u>(35)</u> The refundable jobs creation credit under division (A) of section 5747.058 of the Revised Code;	401 402
(35) <u>(36)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	403 404
(36) <u>(37)</u> The refundable credits for taxes paid by a qualifying pass-through entity granted under division (J) of section 5747.08 of the Revised Code;	405 406 407
(37) <u>(38)</u> The refundable credit for tax withheld under division (B)(1) of section 5747.062 of the Revised Code;	408 409
(38) <u>(39)</u> The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code.	410 411 412
(B) For any <u>nonrefundable</u> credit, except the credits enumerated in divisions (A)(33) to (38) of this section and the credit granted under division (I) of section 5747.08 of the Revised Code , the amount of the credit for a taxable year shall not exceed the tax due after allowing for any other credit that	413 414 415 416 417

precedes it in the order required under this section. Any excess 418
amount of a particular credit may be carried forward if authorized 419
under the section creating that credit. Nothing in this chapter 420
shall be construed to allow a taxpayer to claim, directly or 421
indirectly, a credit more than once for a taxable year. 422
423

Section 2. That existing sections 5747.08 and 5747.98 of the 424
Revised Code are hereby repealed. 425