

As Introduced

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Representatives Baker, Balderson

**Cosponsors: Representatives Adams, J., Adams, R., Bacon, Beck, Blair,
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Zehringer**

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A B I L L

To amend sections 5747.98 and 5751.98 and to enact 1
sections 5747.81 and 5751.55 of the Revised Code 2
to authorize a nonrefundable tax credit for a 3
business that increases payroll and expands into a 4
vacant facility. 5

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

Section 1. That sections 5747.98 and 5751.98 be amended and 6
sections 5747.81 and 5751.55 of the Revised Code be enacted to 7
read as follows: 8

Sec. 5747.81. As used in this section, "payroll inflation 9
factor" for a taxable year means one plus the per cent change in 10
the employment cost index for total compensation of all workers in 11
private industry as published by the United States bureau of labor 12
statistics for the twelve-month period ending with the calendar 13
quarter that includes the last day of the taxpayer's taxable year 14
for which the credit is claimed. 15

A credit is allowed against the tax imposed by section 16

5747.02 of the Revised Code for a taxpayer that, on or after the 17
effective date of this section as enacted by of the 18
128th general assembly, leases or purchases commercial space in 19
this state that, for the six months immediately preceding the 20
lease or purchase date, was unoccupied, and at which the taxpayer 21
employs at least fifty per cent of its employees who are employed 22
in this state. A taxpayer may qualify for a credit under this 23
section only once. Except as otherwise provided in this section, 24
the credit may be claimed for the taxpayer's taxable year that 25
includes the lease or purchase date and for the four ensuing 26
taxable years. The credit for a taxable year equals the taxpayer's 27
income tax withholdings under section 5747.06 of the Revised Code 28
for the taxable year less the product of such withholdings for the 29
immediately preceding taxable year multiplied by the payroll 30
inflation factor. The taxpayer may not claim a credit for a 31
taxable year or for any subsequent taxable year if, during the 32
taxable year, the taxpayer fails to employ at least fifty per cent 33
of its employees who are employed in this state at the commercial 34
space, unless the taxpayer relocates such employees to other 35
commercial space in this state that, for the six months 36
immediately preceding the date of the lease or purchase, was 37
unoccupied. 38

The credit shall be claimed in the order required under 39
section 5747.98 of the Revised Code. The amount of credit claimed 40
may not exceed the tax otherwise due after allowing for all 41
preceding credits in that order, but the excess may be carried 42
forward to the next ensuing three taxable years. 43

The tax commissioner shall publish on the department of 44
taxation's web site the payroll inflation factor for each quarter. 45

Nothing in this section limits or disallows pass-through 46
treatment of the credit. An owner of a pass-through entity that 47
claims the credit under section 5751.55 of the Revised Code may 48

not claim the credit under this section. 49

Sec. 5747.98. (A) To provide a uniform procedure for 50
calculating the amount of tax due under section 5747.02 of the 51
Revised Code, a taxpayer shall claim any credits to which the 52
taxpayer is entitled in the following order: 53

(1) The retirement income credit under division (B) of 54
section 5747.055 of the Revised Code; 55

(2) The senior citizen credit under division (C) of section 56
5747.05 of the Revised Code; 57

(3) The lump sum distribution credit under division (D) of 58
section 5747.05 of the Revised Code; 59

(4) The dependent care credit under section 5747.054 of the 60
Revised Code; 61

(5) The lump sum retirement income credit under division (C) 62
of section 5747.055 of the Revised Code; 63

(6) The lump sum retirement income credit under division (D) 64
of section 5747.055 of the Revised Code; 65

(7) The lump sum retirement income credit under division (E) 66
of section 5747.055 of the Revised Code; 67

(8) The low-income credit under section 5747.056 of the 68
Revised Code; 69

(9) The credit for displaced workers who pay for job training 70
under section 5747.27 of the Revised Code; 71

(10) The campaign contribution credit under section 5747.29 72
of the Revised Code; 73

(11) The twenty-dollar personal exemption credit under 74
section 5747.022 of the Revised Code; 75

(12) The joint filing credit under division (G) of section 76

5747.05 of the Revised Code;	77
(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	78 79
(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	80 81
(15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	82 83
(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	84 85
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	86 87
(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	88 89
(19) The job retention credit under division (B) of section 5747.058 of the Revised Code;	90 91
(20) The credit for selling alternative fuel under section 5747.77 of the Revised Code;	92 93
(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;	94 95 96
(22) The job training credit under section 5747.39 of the Revised Code;	97 98
(23) The enterprise zone credit under section 5709.66 of the Revised Code;	99 100
(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	101 102
(25) <u>The credit for expanding into a vacant facility under section 5747.81 of the Revised Code;</u>	103 104
<u>(26)</u> The credit for employers that establish on-site child	105

day-care centers under section 5747.35 of the Revised Code;	106
(26) <u>(27)</u> The ethanol plant investment credit under section 5747.75 of the Revised Code;	107 108
(27) <u>(28)</u> The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	109 110
(28) <u>(29)</u> The export sales credit under section 5747.057 of the Revised Code;	111 112
(29) <u>(30)</u> The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	113 114 115
(30) <u>(31)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	116 117
(31) <u>(32)</u> The research and development credit under section 5747.331 of the Revised Code;	118 119
(32) <u>(33)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	120 121
(33) <u>(34)</u> The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	122 123
(34) <u>(35)</u> The refundable jobs creation credit under division (A) of section 5747.058 of the Revised Code;	124 125
(35) <u>(36)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	126 127
(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;	128 129 130
(37) <u>(38)</u> The refundable credit for tax withheld under division (B)(1) of section 5747.062 of the Revised Code;	131 132
(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	133 134

program under sections 150.01 to 150.10 of the Revised Code; 135

~~(39)~~(40) The refundable motion picture production credit 136
under section 5747.66 of the Revised Code. 137

(B) For any credit, except the refundable credits enumerated 138
in this section and the credit granted under division (I) of 139
section 5747.08 of the Revised Code, the amount of the credit for 140
a taxable year shall not exceed the tax due after allowing for any 141
other credit that precedes it in the order required under this 142
section. Any excess amount of a particular credit may be carried 143
forward if authorized under the section creating that credit. 144
Nothing in this chapter shall be construed to allow a taxpayer to 145
claim, directly or indirectly, a credit more than once for a 146
taxable year. 147

Sec. 5751.55. As used in this division, "payroll inflation 148
factor" for a calendar year means one plus the per cent change in 149
the employment cost index for total compensation of all workers in 150
private industry as published by the United States bureau of labor 151
statistics for the twelve-month period ending with the third 152
calendar quarter of the calendar year for which the credit is 153
claimed. 154

A credit is allowed against the tax imposed by section 155
5751.02 of the Revised Code for a taxpayer that, on or after the 156
effective date of this section as enacted by of the 157
128th general assembly, leases or purchases commercial space in 158
this state that, for the six months immediately preceding the 159
lease or purchase date, was unoccupied, and at which the taxpayer 160
employs at least fifty per cent of its employees who are employed 161
in this state. A taxpayer may qualify for a credit under this 162
section only once. Except as otherwise provided in this section, 163
the credit may be claimed for the calendar year that includes the 164
lease or purchase date and for the four ensuing calendar years. 165

The credit for a calendar year equals the taxpayer's income tax 166
withholdings under section 5747.06 of the Revised Code for the 167
calendar year less the product of such withholdings for the 168
immediately preceding year multiplied by the payroll inflation 169
factor. The taxpayer may not claim a credit for a calendar year or 170
for any subsequent year if, during the year, the taxpayer fails to 171
employ at least fifty per cent of its employees who are employed 172
in this state at the commercial space, unless the taxpayer 173
relocates such employees to other commercial space in this state 174
that, for the six months immediately preceding the date of the 175
lease or purchase, was unoccupied. 176

The credit shall be claimed with the annual return required 177
under section 5751.051 of the Revised Code for the calendar year 178
for which the credit is being claimed. The credit shall be claimed 179
in the order required under section 5751.98 of the Revised Code. 180
The amount of credit claimed may not exceed the tax otherwise due 181
with the annual return after allowing for all preceding credits in 182
that order, but the excess may be carried forward to tax periods 183
in or coinciding with the next ensuing three calendar years. 184

Sec. 5751.98. (A) To provide a uniform procedure for 185
calculating the amount of tax due under this chapter, a taxpayer 186
shall claim any credits to which it is entitled in the following 187
order: 188

(1) The credit for expanding into a vacant facility under 189
section 5751.55 of the Revised Code; 190

(2) The nonrefundable jobs retention credit under division 191
(B) of section 5751.50 of the Revised Code; 192

~~(2)~~(3) The nonrefundable credit for qualified research 193
expenses under division (B) of section 5751.51 of the Revised 194
Code; 195

~~(3)~~(4) The nonrefundable credit for a borrower's qualified research and development loan payments under division (B) of section 5751.52 of the Revised Code; 196
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~~(4)~~(5) The nonrefundable credit for calendar years 2010 to 2029 for unused net operating losses under division (B) of section 5751.53 of the Revised Code; 199
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~~(5)~~(6) The refundable credit for calendar year 2030 for unused net operating losses under division (C) of section 5751.53 of the Revised Code; 202
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~~(6)~~(7) The refundable jobs creation credit under division (A) of section 5751.50 of the Revised Code. 205
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(B) For any credit except the ~~credit~~ refundable credits enumerated in ~~division (A)(4)~~ of this section, the amount of the credit for a tax period shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating the credit. 207
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Section 2. That existing sections 5747.98 and 5751.98 of the Revised Code are hereby repealed. 214
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