

As Introduced

**128th General Assembly
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H. B. No. 543

Representative Domenick

**Cosponsors: Representatives Blair, Chandler, Derickson, Evans, Harris,
McGregor, Letson, Stebelton, Weddington, Yuko**

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A BILL

To amend section 5747.98 and to enact sections 1
4141.322 and 5747.063 of the Revised Code to allow 2
an individual to have Ohio income taxes withheld 3
from unemployment compensation benefits payable to 4
that individual. 5

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

Section 1. That section 5747.98 be amended and sections 6
4141.322 and 5747.063 of the Revised Code be enacted to read as 7
follows: 8

Sec. 4141.322. (A) The director of job and family services 9
shall inform an individual who files an application for 10
determination of benefit rights on and after the effective date of 11
this section of all of the following at the time the individual 12
files the application: 13

(1) Unemployment compensation is subject to the income tax of 14
this state. 15

(2) Requirements exist pertaining to estimated tax payments. 16

(3) An individual may elect to have income tax of this state 17

deducted and withheld from the unemployment compensation benefits 18
payable to that individual at a rate of two per cent of the 19
unemployment benefits payable. 20

(4) An individual may change the withholding status the 21
individual has previously elected once during the individual's 22
benefit year. 23

(B) The director shall deduct and withhold from unemployment 24
compensation benefits payable to an individual after the effective 25
date of this section income tax in the amount of two per cent of 26
the unemployment benefits payable, if the individual informs the 27
director that the individual elects to have the director make the 28
deduction. 29

(C) In making the deduction specified in division (B) of this 30
section, the director shall comply with section 5747.063 of the 31
Revised Code and any rules adopted by the tax commissioner 32
pursuant to that section. The director shall adopt rules 33
establishing priorities for the deduction and withholding of 34
amounts under division (B) of this section and establishing a 35
procedure by which an individual may inform the director of the 36
individual's election to have the director make the deduction. 37

(D) Amounts deducted and withheld pursuant to division (B) of 38
this section shall remain in the unemployment compensation fund 39
until transferred to the tax commissioner as a payment of income 40
tax. 41

Sec. 5747.063. (A)(1) The director of job and family services 42
shall deduct and withhold from unemployment compensation benefits 43
payable to an individual an amount equal to two per cent of the 44
payment if the individual informs the director that the individual 45
elects to have the director make the deduction in accordance with 46
section 4141.322 of the Revised Code. 47

(2) On or before the tenth banking day of each month, the 48
director shall file a return and remit to the tax commissioner all 49
amounts deducted and withheld pursuant to this section during the 50
preceding month. 51

(3) On or before the thirty-first day of January of each 52
year, the director shall file with the tax commissioner an annual 53
return, in the form prescribed by the commissioner, indicating the 54
total amount deducted and withheld pursuant to this section or 55
section 4141.322 of the Revised Code during the preceding calendar 56
year. At the time of filing that return, the director shall remit 57
any amount deducted and withheld during the preceding calendar 58
year that was not previously remitted. 59

(4) The director shall issue to each individual with respect 60
to whom tax has been deducted and withheld by the director 61
pursuant to this section or section 4141.322 of the Revised Code 62
during the preceding calendar year, an information return in the 63
form prescribed by the tax commissioner. 64

(B) Amounts withheld pursuant to this section or section 65
4141.322 of the Revised Code shall be treated as a credit against 66
the tax imposed pursuant to section 5747.02 of the Revised Code 67
upon the individual to whom the unemployment compensation benefits 68
are payable on the date on which those amounts are deducted and 69
withheld. The credit is a refundable credit and shall be claimed 70
in the order required under section 5747.98 of the Revised Code. 71
The credit is available to the recipient even if the director does 72
not remit to the tax commissioner the amount withheld. Nothing in 73
this division shall be construed to allow more than one person to 74
claim the credit for any portion of each amount deducted and 75
withheld. 76

(C) Failure of the director to deduct and withhold the 77
required amounts from unemployment compensation benefits or to 78
remit amounts withheld as required by this section and section 79

4141.322 of the Revised Code shall not relieve a taxpayer 80
described in division (B) of this section from liability for the 81
tax imposed by section 5747.02 of the Revised Code. 82

Sec. 5747.98. (A) To provide a uniform procedure for 83
calculating the amount of tax due under section 5747.02 of the 84
Revised Code, a taxpayer shall claim any credits to which the 85
taxpayer is entitled in the following order: 86

(1) The retirement income credit under division (B) of 87
section 5747.055 of the Revised Code; 88

(2) The senior citizen credit under division (C) of section 89
5747.05 of the Revised Code; 90

(3) The lump sum distribution credit under division (D) of 91
section 5747.05 of the Revised Code; 92

(4) The dependent care credit under section 5747.054 of the 93
Revised Code; 94

(5) The lump sum retirement income credit under division (C) 95
of section 5747.055 of the Revised Code; 96

(6) The lump sum retirement income credit under division (D) 97
of section 5747.055 of the Revised Code; 98

(7) The lump sum retirement income credit under division (E) 99
of section 5747.055 of the Revised Code; 100

(8) The low-income credit under section 5747.056 of the 101
Revised Code; 102

(9) The credit for displaced workers who pay for job training 103
under section 5747.27 of the Revised Code; 104

(10) The campaign contribution credit under section 5747.29 105
of the Revised Code; 106

(11) The twenty-dollar personal exemption credit under 107
section 5747.022 of the Revised Code; 108

(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	109 110
(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	111 112
(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	113 114
(15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	115 116
(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	117 118
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	119 120
(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	121 122
(19) The job retention credit under division (B) of section 5747.058 of the Revised Code;	123 124
(20) The credit for selling alternative fuel under section 5747.77 of the Revised Code;	125 126
(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;	127 128 129
(22) The job training credit under section 5747.39 of the Revised Code;	130 131
(23) The enterprise zone credit under section 5709.66 of the Revised Code;	132 133
(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	134 135
(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	136 137

(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;	138 139
(27) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	140 141
(28) The export sales credit under section 5747.057 of the Revised Code;	142 143
(29) The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	144 145
(30) The enterprise zone credits under section 5709.65 of the Revised Code;	146 147
(31) The research and development credit under section 5747.331 of the Revised Code;	148 149
(32) The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	150 151
(33) The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	152 153
(34) The refundable jobs creation credit under division (A) of section 5747.058 of the Revised Code;	154 155
(35) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	156 157
(36) The refundable credits for taxes paid by a qualifying pass-through entity granted under division (J) of section 5747.08 of the Revised Code;	158 159 160
(37) The refundable credit for tax withheld under division (B)(1) of section 5747.062 of the Revised Code;	161 162
(38) 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;	163 164 165
(39) The refundable motion picture production credit under	166

section 5747.66 of the Revised Code;	167
<u>(40) The refundable credit for tax withheld under division</u>	168
<u>(B) of section 5747.063 of the Revised Code.</u>	169
(B) For any credit, except the refundable credits enumerated	170
in this section and the credit granted under division (I) of	171
section 5747.08 of the Revised Code, the amount of the credit for	172
a taxable year shall not exceed the tax due after allowing for any	173
other credit that precedes it in the order required under this	174
section. Any excess amount of a particular credit may be carried	175
forward if authorized under the section creating that credit.	176
Nothing in this chapter shall be construed to allow a taxpayer to	177
claim, directly or indirectly, a credit more than once for a	178
taxable year.	179
Section 2. That existing section 5747.98 of the Revised Code	180
is hereby repealed.	181