

As Introduced

**128th General Assembly
Regular Session
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S. B. No. 177

Senators Seitz, Cates

**Cosponsors: Senators Grendell, Hughes, Patton, Goodman, Niehaus, Smith,
Turner, Sawyer**

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A B I L L

To amend section 5747.01 of the Revised Code and to 1
amend Section 265.10 of Am. Sub. H.B. 1 of the 2
128th General Assembly to partially decouple Ohio 3
law from recent federal tax law changes, and to 4
amend the version of section 5747.01 of the 5
Revised Code that is scheduled to take effect 6
January 1, 2010, to continue the provisions of 7
this act on and after that effective date, and to 8
make appropriations. 9

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

Section 1. That section 5747.01 of the Revised Code be 10
amended to read as follows: 11

Sec. 5747.01. Except as otherwise expressly provided or 12
clearly appearing from the context, any term used in this chapter 13
that is not otherwise defined in this section has the same meaning 14
as when used in a comparable context in the laws of the United 15
States relating to federal income taxes or if not used in a 16
comparable context in those laws, has the same meaning as in 17
section 5733.40 of the Revised Code. Any reference in this chapter 18

to the Internal Revenue Code includes other laws of the United States relating to federal income taxes.

As used in this chapter:

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

(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.

(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.

(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.

(4) Deduct disability and survivor's benefits to the extent included in federal adjusted gross income.

(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.

(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 49
the trust for the three taxable years preceding the taxable year 50
in which the distribution is made to the extent that the portion 51
was not included in the trust's taxable income for any of the 52
trust's taxable years beginning in 2002 or thereafter. 53

"Undistributed net income of a trust" means the taxable income of 54
the trust increased by (a)(i) the additions to adjusted gross 55
income required under division (A) of this section and (ii) the 56
personal exemptions allowed to the trust pursuant to section 57
642(b) of the Internal Revenue Code, and decreased by (b)(i) the 58
deductions to adjusted gross income required under division (A) of 59
this section, (ii) the amount of federal income taxes attributable 60
to such income, and (iii) the amount of taxable income that has 61
been included in the adjusted gross income of a beneficiary by 62
reason of a prior accumulation distribution. Any undistributed net 63
income included in the adjusted gross income of a beneficiary 64
shall reduce the undistributed net income of the trust commencing 65
with the earliest years of the accumulation period. 66

(7) Deduct the amount of wages and salaries, if any, not 67
otherwise allowable as a deduction but that would have been 68
allowable as a deduction in computing federal adjusted gross 69
income for the taxable year, had the targeted jobs credit allowed 70
and determined under sections 38, 51, and 52 of the Internal 71
Revenue Code not been in effect. 72

(8) Deduct any interest or interest equivalent on public 73
obligations and purchase obligations to the extent that the 74
interest or interest equivalent is included in federal adjusted 75
gross income. 76

(9) Add any loss or deduct any gain resulting from the sale, 77
exchange, or other disposition of public obligations to the extent 78
that the loss has been deducted or the gain has been included in 79
computing federal adjusted gross income. 80

(10) Deduct or add amounts, as provided under section 5747.70 81
of the Revised Code, related to contributions to variable college 82
savings program accounts made or tuition units purchased pursuant 83
to Chapter 3334. of the Revised Code. 84

(11)(a) Deduct, to the extent not otherwise allowable as a 85
deduction or exclusion in computing federal or Ohio adjusted gross 86
income for the taxable year, the amount the taxpayer paid during 87
the taxable year for medical care insurance and qualified 88
long-term care insurance for the taxpayer, the taxpayer's spouse, 89
and dependents. No deduction for medical care insurance under 90
division (A)(11) of this section shall be allowed either to any 91
taxpayer who is eligible to participate in any subsidized health 92
plan maintained by any employer of the taxpayer or of the 93
taxpayer's spouse, or to any taxpayer who is entitled to, or on 94
application would be entitled to, benefits under part A of Title 95
XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 96
301, as amended. For the purposes of division (A)(11)(a) of this 97
section, "subsidized health plan" means a health plan for which 98
the employer pays any portion of the plan's cost. The deduction 99
allowed under division (A)(11)(a) of this section shall be the net 100
of any related premium refunds, related premium reimbursements, or 101
related insurance premium dividends received during the taxable 102
year. 103

(b) Deduct, to the extent not otherwise deducted or excluded 104
in computing federal or Ohio adjusted gross income during the 105
taxable year, the amount the taxpayer paid during the taxable 106
year, not compensated for by any insurance or otherwise, for 107
medical care of the taxpayer, the taxpayer's spouse, and 108
dependents, to the extent the expenses exceed seven and one-half 109
per cent of the taxpayer's federal adjusted gross income. 110

(c) For purposes of division (A)(11) of this section, 111
"medical care" has the meaning given in section 213 of the 112

Internal Revenue Code, subject to the special rules, limitations, 113
and exclusions set forth therein, and "qualified long-term care" 114
has the same meaning given in section 7702B(c) of the Internal 115
Revenue Code. 116

(12)(a) Deduct any amount included in federal adjusted gross 117
income solely because the amount represents a reimbursement or 118
refund of expenses that in any year the taxpayer had deducted as 119
an itemized deduction pursuant to section 63 of the Internal 120
Revenue Code and applicable United States department of the 121
treasury regulations. The deduction otherwise allowed under 122
division (A)(12)(a) of this section shall be reduced to the extent 123
the reimbursement is attributable to an amount the taxpayer 124
deducted under this section in any taxable year. 125

(b) Add any amount not otherwise included in Ohio adjusted 126
gross income for any taxable year to the extent that the amount is 127
attributable to the recovery during the taxable year of any amount 128
deducted or excluded in computing federal or Ohio adjusted gross 129
income in any taxable year. 130

(13) Deduct any portion of the deduction described in section 131
1341(a)(2) of the Internal Revenue Code, for repaying previously 132
reported income received under a claim of right, that meets both 133
of the following requirements: 134

(a) It is allowable for repayment of an item that was 135
included in the taxpayer's adjusted gross income for a prior 136
taxable year and did not qualify for a credit under division (A) 137
or (B) of section 5747.05 of the Revised Code for that year; 138

(b) It does not otherwise reduce the taxpayer's adjusted 139
gross income for the current or any other taxable year. 140

(14) Deduct an amount equal to the deposits made to, and net 141
investment earnings of, a medical savings account during the 142
taxable year, in accordance with section 3924.66 of the Revised 143

Code. The deduction allowed by division (A)(14) of this section 144
does not apply to medical savings account deposits and earnings 145
otherwise deducted or excluded for the current or any other 146
taxable year from the taxpayer's federal adjusted gross income. 147

(15)(a) Add an amount equal to the funds withdrawn from a 148
medical savings account during the taxable year, and the net 149
investment earnings on those funds, when the funds withdrawn were 150
used for any purpose other than to reimburse an account holder 151
for, or to pay, eligible medical expenses, in accordance with 152
section 3924.66 of the Revised Code; 153

(b) Add the amounts distributed from a medical savings 154
account under division (A)(2) of section 3924.68 of the Revised 155
Code during the taxable year. 156

(16) Add any amount claimed as a credit under section 157
5747.059 of the Revised Code to the extent that such amount 158
satisfies either of the following: 159

(a) The amount was deducted or excluded from the computation 160
of the taxpayer's federal adjusted gross income as required to be 161
reported for the taxpayer's taxable year under the Internal 162
Revenue Code; 163

(b) The amount resulted in a reduction of the taxpayer's 164
federal adjusted gross income as required to be reported for any 165
of the taxpayer's taxable years under the Internal Revenue Code. 166

(17) Deduct the amount contributed by the taxpayer to an 167
individual development account program established by a county 168
department of job and family services pursuant to sections 329.11 169
to 329.14 of the Revised Code for the purpose of matching funds 170
deposited by program participants. On request of the tax 171
commissioner, the taxpayer shall provide any information that, in 172
the tax commissioner's opinion, is necessary to establish the 173
amount deducted under division (A)(17) of this section. 174

(18) Beginning in taxable year 2001 but not for any taxable year beginning after December 31, 2005, if the taxpayer is married and files a joint return and the combined federal adjusted gross income of the taxpayer and the taxpayer's spouse for the taxable year does not exceed one hundred thousand dollars, or if the taxpayer is single and has a federal adjusted gross income for the taxable year not exceeding fifty thousand dollars, deduct amounts paid during the taxable year for qualified tuition and fees paid to an eligible institution for the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer, who is a resident of this state and is enrolled in or attending a program that culminates in a degree or diploma at an eligible institution. The deduction may be claimed only to the extent that qualified tuition and fees are not otherwise deducted or excluded for any taxable year from federal or Ohio adjusted gross income. The deduction may not be claimed for educational expenses for which the taxpayer claims a credit under section 5747.27 of the Revised Code.

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

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

(ii) Add five-sixths of the amount of qualifying section 179 depreciation expense, including a person's proportionate or distributive share of the amount of qualifying section 179 depreciation expense allowed to any pass-through entity in which the person has a direct or indirect ownership. For the purposes of

this division, "qualifying section 179 depreciation expense" means 207
the difference between (I) the amount of depreciation expense 208
directly or indirectly allowed to the taxpayer under section 179 209
of the Internal Revenue Code, and (II) the amount of depreciation 210
expense directly or indirectly allowed to the taxpayer under 211
section 179 of the Internal Revenue Code as that section existed 212
on December 31, 2002. 213

The tax commissioner, under procedures established by the 214
commissioner, may waive the add-backs related to a pass-through 215
entity if the taxpayer owns, directly or indirectly, less than 216
five per cent of the pass-through entity. 217

(b) Nothing in division (A)(20) of this section shall be 218
construed to adjust or modify the adjusted basis of any asset. 219

(c) To the extent the add-back required under division 220
(A)(20)(a) of this section is attributable to property generating 221
nonbusiness income or loss allocated under section 5747.20 of the 222
Revised Code, the add-back shall be situated to the same location 223
as the nonbusiness income or loss generated by the property for 224
the purpose of determining the credit under division (A) of 225
section 5747.05 of the Revised Code. Otherwise, the add-back shall 226
be apportioned, subject to one or more of the four alternative 227
methods of apportionment enumerated in section 5747.21 of the 228
Revised Code. 229

(d) For the purposes of division (A) of this section, net 230
operating loss carryback and carryforward shall not include 231
five-sixths of the allowance of any net operating loss deduction 232
carryback or carryforward to the taxable year to the extent such 233
loss resulted from depreciation allowed by section 168(k) of the 234
Internal Revenue Code and by the qualifying section 179 235
depreciation expense amount. 236

(21)(a) If the taxpayer was required to add an amount under 237

division (A)(20)(a) of this section for a taxable year, deduct 238
one-fifth of the amount so added for each of the five succeeding 239
taxable years. 240

(b) If the amount deducted under division (A)(21)(a) of this 241
section is attributable to an add-back allocated under division 242
(A)(20)(c) of this section, the amount deducted shall be sitused 243
to the same location. Otherwise, the add-back shall be apportioned 244
using the apportionment factors for the taxable year in which the 245
deduction is taken, subject to one or more of the four alternative 246
methods of apportionment enumerated in section 5747.21 of the 247
Revised Code. 248

(c) No deduction is available under division (A)(21)(a) of 249
this section with regard to any depreciation allowed by section 250
168(k) of the Internal Revenue Code and by the qualifying section 251
179 depreciation expense amount to the extent that such 252
depreciation resulted in or increased a federal net operating loss 253
carryback or carryforward to a taxable year to which division 254
(A)(20)(d) of this section does not apply. 255

(22) 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
reimbursement for life insurance premiums under section 5919.31 of 259
the Revised Code. 260

(23) Deduct, to the extent not otherwise deducted or excluded 261
in computing federal or Ohio adjusted gross income for the taxable 262
year, the amount the taxpayer received during the taxable year as 263
a death benefit paid by the adjutant general under section 5919.33 264
of the Revised Code. 265

(24) Deduct, to the extent included in federal adjusted gross 266
income and not otherwise allowable as a deduction or exclusion in 267
computing federal or Ohio adjusted gross income for the taxable 268

year, military pay and allowances received by the taxpayer during 269
the taxable year for active duty service in the United States 270
army, air force, navy, marine corps, or coast guard or reserve 271
components thereof or the national guard. The deduction may not be 272
claimed for military pay and allowances received by the taxpayer 273
while the taxpayer is stationed in this state. 274

(25) Deduct, to the extent not otherwise allowable as a 275
deduction or exclusion in computing federal or Ohio adjusted gross 276
income for the taxable year and not otherwise compensated for by 277
any other source, the amount of qualified organ donation expenses 278
incurred by the taxpayer during the taxable year, not to exceed 279
ten thousand dollars. A taxpayer may deduct qualified organ 280
donation expenses only once for all taxable years beginning with 281
taxable years beginning in 2007. 282

For the purposes of division (A)(25) of this section: 283

(a) "Human organ" means all or any portion of a human liver, 284
pancreas, kidney, intestine, or lung, and any portion of human 285
bone marrow. 286

(b) "Qualified organ donation expenses" means travel 287
expenses, lodging expenses, and wages and salary forgone by a 288
taxpayer in connection with the taxpayer's donation, while living, 289
of one or more of the taxpayer's human organs to another human 290
being. 291

(26) Deduct, to the extent not otherwise deducted or excluded 292
in computing federal or Ohio adjusted gross income for the taxable 293
year, amounts received by the taxpayer as retired military 294
personnel pay for service in the United States army, navy, air 295
force, coast guard, or marine corps or reserve components thereof, 296
or the national guard, or received by the surviving spouse or 297
former spouse of such a taxpayer under the survivor benefit plan 298
on account of such a taxpayer's death. If the taxpayer receives 299

income on account of retirement paid under the federal civil 300
service retirement system or federal employees retirement system, 301
or under any successor retirement program enacted by the congress 302
of the United States that is established and maintained for 303
retired employees of the United States government, and such 304
retirement income is based, in whole or in part, on credit for the 305
taxpayer's military service, the deduction allowed under this 306
division shall include only that portion of such retirement income 307
that is attributable to the taxpayer's military service, to the 308
extent that portion of such retirement income is otherwise 309
included in federal adjusted gross income and is not otherwise 310
deducted under this section. Any amount deducted under division 311
(A)(26) of this section is not included in a taxpayer's adjusted 312
gross income for the purposes of section 5747.055 of the Revised 313
Code. No amount may be deducted under division (A)(26) of this 314
section on the basis of which a credit was claimed under section 315
5747.055 of the Revised Code. 316

(27) Deduct, to the extent not otherwise deducted or excluded 317
in computing federal or Ohio adjusted gross income for the taxable 318
year, the amount the taxpayer received during the taxable year 319
from the military injury relief fund created in section 5101.98 of 320
the Revised Code. 321

(28) For the taxpayer's taxable year beginning in 2009, add 322
any amount excluded from federal adjusted gross income pursuant to 323
section 85(c) of the Internal Revenue Code. 324

(29) Add any amount by which federal adjusted gross income is 325
reduced because of an election under section 172(b)(1)(H) of the 326
Internal Revenue Code as amended by the "American Recovery and 327
Reinvestment Act of 2009," 123 Stat. 115. 328

(30)(a) Add any amount not included in federal adjusted gross 329
income for the taxable year because of an election under section 330
108(i) of the Internal Revenue Code. 331

(b) Deduct any amount included in federal adjusted gross 332
income for the taxable year because of an election under section 333
108(i) of the Internal Revenue Code. 334

(B) "Business income" means income, including gain or loss, 335
arising from transactions, activities, and sources in the regular 336
course of a trade or business and includes income, gain, or loss 337
from real property, tangible property, and intangible property if 338
the acquisition, rental, management, and disposition of the 339
property constitute integral parts of the regular course of a 340
trade or business operation. "Business income" includes income, 341
including gain or loss, from a partial or complete liquidation of 342
a business, including, but not limited to, gain or loss from the 343
sale or other disposition of goodwill. 344

(C) "Nonbusiness income" means all income other than business 345
income and may include, but is not limited to, compensation, rents 346
and royalties from real or tangible personal property, capital 347
gains, interest, dividends and distributions, patent or copyright 348
royalties, or lottery winnings, prizes, and awards. 349

(D) "Compensation" means any form of remuneration paid to an 350
employee for personal services. 351

(E) "Fiduciary" means a guardian, trustee, executor, 352
administrator, receiver, conservator, or any other person acting 353
in any fiduciary capacity for any individual, trust, or estate. 354

(F) "Fiscal year" means an accounting period of twelve months 355
ending on the last day of any month other than December. 356

(G) "Individual" means any natural person. 357

(H) "Internal Revenue Code" means the "Internal Revenue Code 358
of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 359

(I) "Resident" means any of the following, provided that 360
division (I)(3) of this section applies only to taxable years of a 361

trust beginning in 2002 or thereafter:	362
(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code;	363 364
(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 are not controlling for purposes of division (I)(2) of this section.	365 366 367 368
(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.	369 370 371
For the purposes of division (I)(3) of this section:	372
(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:	373 374 375 376 377 378
(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;	379 380 381 382
(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;	383 384 385 386 387 388
(iii) A person who was domiciled in this state for the purposes of this chapter when the trust document or instrument or part of the trust document or instrument became irrevocable, but	389 390 391

only if at least one of the trust's qualifying beneficiaries is a 392
resident domiciled in this state for the purposes of this chapter 393
during all or some portion of the trust's current taxable year. If 394
a trust document or instrument became irrevocable upon the death 395
of a person who at the time of death was domiciled in this state 396
for purposes of this chapter, that person is a person described in 397
division (I)(3)(a)(iii) of this section. 398

(b) A trust is irrevocable to the extent that the transferor 399
is not considered to be the owner of the net assets of the trust 400
under sections 671 to 678 of the Internal Revenue Code. 401

(c) With respect to a trust other than a charitable lead 402
trust, "qualifying beneficiary" has the same meaning as "potential 403
current beneficiary" as defined in section 1361(e)(2) of the 404
Internal Revenue Code, and with respect to a charitable lead trust 405
"qualifying beneficiary" is any current, future, or contingent 406
beneficiary, but with respect to any trust "qualifying 407
beneficiary" excludes a person or a governmental entity or 408
instrumentality to any of which a contribution would qualify for 409
the charitable deduction under section 170 of the Internal Revenue 410
Code. 411

(d) For the purposes of division (I)(3)(a) of this section, 412
the extent to which a trust consists directly or indirectly, in 413
whole or in part, of assets, net of any related liabilities, that 414
were transferred directly or indirectly, in whole or part, to the 415
trust by any of the sources enumerated in that division shall be 416
ascertained by multiplying the fair market value of the trust's 417
assets, net of related liabilities, by the qualifying ratio, which 418
shall be computed as follows: 419

(i) The first time the trust receives assets, the numerator 420
of the qualifying ratio is the fair market value of those assets 421
at that time, net of any related liabilities, from sources 422
enumerated in division (I)(3)(a) of this section. The denominator 423

of the qualifying ratio is the fair market value of all the 424
trust's assets at that time, net of any related liabilities. 425

(ii) Each subsequent time the trust receives assets, a 426
revised qualifying ratio shall be computed. The numerator of the 427
revised qualifying ratio is the sum of (1) the fair market value 428
of the trust's assets immediately prior to the subsequent 429
transfer, net of any related liabilities, multiplied by the 430
qualifying ratio last computed without regard to the subsequent 431
transfer, and (2) the fair market value of the subsequently 432
transferred assets at the time transferred, net of any related 433
liabilities, from sources enumerated in division (I)(3)(a) of this 434
section. The denominator of the revised qualifying ratio is the 435
fair market value of all the trust's assets immediately after the 436
subsequent transfer, net of any related liabilities. 437

(iii) Whether a transfer to the trust is by or from any of 438
the sources enumerated in division (I)(3)(a) of this section shall 439
be ascertained without regard to the domicile of the trust's 440
beneficiaries. 441

(e) For the purposes of division (I)(3)(a)(i) of this 442
section: 443

(i) A trust is described in division (I)(3)(e)(i) of this 444
section if the trust is a testamentary trust and the testator of 445
that testamentary trust was domiciled in this state at the time of 446
the testator's death for purposes of the taxes levied under 447
Chapter 5731. of the Revised Code. 448

(ii) A trust is described in division (I)(3)(e)(ii) of this 449
section if the transfer is a qualifying transfer described in any 450
of divisions (I)(3)(f)(i) to (vi) of this section, the trust is an 451
irrevocable inter vivos trust, and at least one of the trust's 452
qualifying beneficiaries is domiciled in this state for purposes 453
of this chapter during all or some portion of the trust's current 454

taxable year. 455

(f) For the purposes of division (I)(3)(e)(ii) of this 456
section, a "qualifying transfer" is a transfer of assets, net of 457
any related liabilities, directly or indirectly to a trust, if the 458
transfer is described in any of the following: 459

(i) The transfer is made to a trust, created by the decedent 460
before the decedent's death and while the decedent was domiciled 461
in this state for the purposes of this chapter, and, prior to the 462
death of the decedent, the trust became irrevocable while the 463
decedent was domiciled in this state for the purposes of this 464
chapter. 465

(ii) The transfer is made to a trust to which the decedent, 466
prior to the decedent's death, had directly or indirectly 467
transferred assets, net of any related liabilities, while the 468
decedent was domiciled in this state for the purposes of this 469
chapter, and prior to the death of the decedent the trust became 470
irrevocable while the decedent was domiciled in this state for the 471
purposes of this chapter. 472

(iii) The transfer is made on account of a contractual 473
relationship existing directly or indirectly between the 474
transferor and either the decedent or the estate of the decedent 475
at any time prior to the date of the decedent's death, and the 476
decedent was domiciled in this state at the time of death for 477
purposes of the taxes levied under Chapter 5731. of the Revised 478
Code. 479

(iv) The transfer is made to a trust on account of a 480
contractual relationship existing directly or indirectly between 481
the transferor and another person who at the time of the 482
decedent's death was domiciled in this state for purposes of this 483
chapter. 484

(v) The transfer is made to a trust on account of the will of 485

a testator.	486
(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.	487 488 489 490 491 492
(g) The tax commissioner may adopt rules to ascertain the part of a trust residing in this state.	493 494
(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.	495 496 497 498
(K) "Pass-through entity" has the same meaning as in section 5733.04 of the Revised Code.	499 500
(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.	501 502 503 504
(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.	505 506 507 508
(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.	509 510 511 512
(O) "Dependents" means dependents as defined in the Internal Revenue Code and as claimed in the taxpayer's federal income tax return for the taxable year or which the taxpayer would have been	513 514 515

permitted to claim had the taxpayer filed a federal income tax return. 516
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(P) "Principal county of employment" means, in the case of a nonresident, the county within the state in which a taxpayer performs services for an employer or, if those services are performed in more than one county, the county in which the major portion of the services are performed. 518
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(Q) As used in sections 5747.50 to 5747.55 of the Revised Code: 523
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(1) "Subdivision" means any county, municipal corporation, park district, or township. 525
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(2) "Essential local government purposes" includes all functions that any subdivision is required by general law to exercise, including like functions that are exercised under a charter adopted pursuant to the Ohio Constitution. 527
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(R) "Overpayment" means any amount already paid that exceeds the figure determined to be the correct amount of the tax. 531
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(S) "Taxable income" or "Ohio taxable income" applies only to estates and trusts, and means federal taxable income, as defined and used in the Internal Revenue Code, adjusted as follows: 533
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(1) Add interest or dividends, net of ordinary, necessary, and reasonable expenses not deducted in computing federal taxable income, 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, but only to the extent that such net amount is not otherwise includible in Ohio taxable income and is described in either division (S)(1)(a) or (b) of this section: 536
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(a) The net amount is not attributable to the S portion of an electing small business trust and has not been distributed to 544
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beneficiaries for the taxable year;	546
(b) The net amount is attributable to the S portion of an electing small business trust for the taxable year.	547 548
(2) Add interest or dividends, net of ordinary, necessary, and reasonable expenses not deducted in computing federal taxable income, 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, but only to the extent that such net amount is not otherwise includible in Ohio taxable income and is described in either division (S)(1)(a) or (b) of this section;	549 550 551 552 553 554 555 556 557
(3) Add the amount of personal exemption allowed to the estate pursuant to section 642(b) of the Internal Revenue Code;	558 559
(4) Deduct interest or dividends, net of related expenses deducted in computing federal taxable income, 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 exempt from state taxes under the laws of the United States, but only to the extent that such amount is included in federal taxable income and is described in either division (S)(1)(a) or (b) of this section;	560 561 562 563 564 565 566 567
(5) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal taxable income for the taxable year, had the targeted jobs credit allowed under sections 38, 51, and 52 of the Internal Revenue Code not been in effect, but only to the extent such amount relates either to income included in federal taxable income for the taxable year or to income of the S portion of an electing small business trust for the taxable year;	568 569 570 571 572 573 574 575 576

(6) Deduct any interest or interest equivalent, net of 577
related expenses deducted in computing federal taxable income, on 578
public obligations and purchase obligations, but only to the 579
extent that such net amount relates either to income included in 580
federal taxable income for the taxable year or to income of the S 581
portion of an electing small business trust for the taxable year; 582

(7) Add any loss or deduct any gain resulting from sale, 583
exchange, or other disposition of public obligations to the extent 584
that such loss has been deducted or such gain has been included in 585
computing either federal taxable income or income of the S portion 586
of an electing small business trust for the taxable year; 587

(8) Except in the case of the final return of an estate, add 588
any amount deducted by the taxpayer on both its Ohio estate tax 589
return pursuant to section 5731.14 of the Revised Code, and on its 590
federal income tax return in determining federal taxable income; 591

(9)(a) Deduct any amount included in federal taxable income 592
solely because the amount represents a reimbursement or refund of 593
expenses that in a previous year the decedent had deducted as an 594
itemized deduction pursuant to section 63 of the Internal Revenue 595
Code and applicable treasury regulations. The deduction otherwise 596
allowed under division (S)(9)(a) of this section shall be reduced 597
to the extent the reimbursement is attributable to an amount the 598
taxpayer or decedent deducted under this section in any taxable 599
year. 600

(b) Add any amount not otherwise included in Ohio taxable 601
income for any taxable year to the extent that the amount is 602
attributable to the recovery during the taxable year of any amount 603
deducted or excluded in computing federal or Ohio taxable income 604
in any taxable year, but only to the extent such amount has not 605
been distributed to beneficiaries for the taxable year. 606

(10) Deduct any portion of the deduction described in section 607

1341(a)(2) of the Internal Revenue Code, for repaying previously 608
reported income received under a claim of right, that meets both 609
of the following requirements: 610

(a) It is allowable for repayment of an item that was 611
included in the taxpayer's taxable income or the decedent's 612
adjusted gross income for a prior taxable year and did not qualify 613
for a credit under division (A) or (B) of section 5747.05 of the 614
Revised Code for that year. 615

(b) It does not otherwise reduce the taxpayer's taxable 616
income or the decedent's adjusted gross income for the current or 617
any other taxable year. 618

(11) Add any amount claimed as a credit under section 619
5747.059 of the Revised Code to the extent that the amount 620
satisfies either of the following: 621

(a) The amount was deducted or excluded from the computation 622
of the taxpayer's federal taxable income as required to be 623
reported for the taxpayer's taxable year under the Internal 624
Revenue Code; 625

(b) The amount resulted in a reduction in the taxpayer's 626
federal taxable income as required to be reported for any of the 627
taxpayer's taxable years under the Internal Revenue Code. 628

(12) Deduct any amount, net of related expenses deducted in 629
computing federal taxable income, that a trust is required to 630
report as farm income on its federal income tax return, but only 631
if the assets of the trust include at least ten acres of land 632
satisfying the definition of "land devoted exclusively to 633
agricultural use" under section 5713.30 of the Revised Code, 634
regardless of whether the land is valued for tax purposes as such 635
land under sections 5713.30 to 5713.38 of the Revised Code. If the 636
trust is a pass-through entity investor, section 5747.231 of the 637
Revised Code applies in ascertaining if the trust is eligible to 638

claim the deduction provided by division (S)(12) of this section 639
in connection with the pass-through entity's farm income. 640

Except for farm income attributable to the S portion of an 641
electing small business trust, the deduction provided by division 642
(S)(12) of this section is allowed only to the extent that the 643
trust has not distributed such farm income. Division (S)(12) of 644
this section applies only to taxable years of a trust beginning in 645
2002 or thereafter. 646

(13) Add the net amount of income described in section 641(c) 647
of the Internal Revenue Code to the extent that amount is not 648
included in federal taxable income. 649

(14) Add or deduct the amount the taxpayer would be required 650
to add or deduct under division (A)(20) or (21) of this section if 651
the taxpayer's Ohio taxable income were computed in the same 652
manner as an individual's Ohio adjusted gross income is computed 653
under this section. In the case of a trust, division (S)(14) of 654
this section applies only to any of the trust's taxable years 655
beginning in 2002 or thereafter. 656

(15) Add any amount by which federal taxable income is 657
reduced because of an election under section 172(b)(1)(H) of the 658
Internal Revenue Code as amended by the "American Recovery and 659
Reinvestment Act of 2009," 123 Stat. 115. 660

(16)(a) Add any amount not included in federal taxable income 661
for the taxable year because of an election under section 108(i) 662
of the Internal Revenue Code. 663

(b) Deduct any amount included in federal taxable income for 664
the taxable year because of an election under section 108(i) of 665
the Internal Revenue Code. 666

(T) "School district income" and "school district income tax" 667
have the same meanings as in section 5748.01 of the Revised Code. 668

(U) As used in divisions (A)(8), (A)(9), (S)(6), and (S)(7) 669
of this section, "public obligations," "purchase obligations," and 670
"interest or interest equivalent" have the same meanings as in 671
section 5709.76 of the Revised Code. 672

(V) "Limited liability company" means any limited liability 673
company formed under Chapter 1705. of the Revised Code or under 674
the laws of any other state. 675

(W) "Pass-through entity investor" means any person who, 676
during any portion of a taxable year of a pass-through entity, is 677
a partner, member, shareholder, or equity investor in that 678
pass-through entity. 679

(X) "Banking day" has the same meaning as in section 1304.01 680
of the Revised Code. 681

(Y) "Month" means a calendar month. 682

(Z) "Quarter" means the first three months, the second three 683
months, the third three months, or the last three months of the 684
taxpayer's taxable year. 685

(AA)(1) "Eligible institution" means a state university or 686
state institution of higher education as defined in section 687
3345.011 of the Revised Code, or a private, nonprofit college, 688
university, or other post-secondary institution located in this 689
state that possesses a certificate of authorization issued by the 690
Ohio board of regents pursuant to Chapter 1713. of the Revised 691
Code or a certificate of registration issued by the state board of 692
career colleges and schools under Chapter 3332. of the Revised 693
Code. 694

(2) "Qualified tuition and fees" means tuition and fees 695
imposed by an eligible institution as a condition of enrollment or 696
attendance, not exceeding two thousand five hundred dollars in 697
each of the individual's first two years of post-secondary 698
education. If the individual is a part-time student, "qualified 699

tuition and fees" includes tuition and fees paid for the academic 700
equivalent of the first two years of post-secondary education 701
during a maximum of five taxable years, not exceeding a total of 702
five thousand dollars. "Qualified tuition and fees" does not 703
include: 704

(a) Expenses for any course or activity involving sports, 705
games, or hobbies unless the course or activity is part of the 706
individual's degree or diploma program; 707

(b) The cost of books, room and board, student activity fees, 708
athletic fees, insurance expenses, or other expenses unrelated to 709
the individual's academic course of instruction; 710

(c) Tuition, fees, or other expenses paid or reimbursed 711
through an employer, scholarship, grant in aid, or other 712
educational benefit program. 713

(BB)(1) "Modified business income" means the business income 714
included in a trust's Ohio taxable income after such taxable 715
income is first reduced by the qualifying trust amount, if any. 716

(2) "Qualifying trust amount" of a trust means capital gains 717
and losses from the sale, exchange, or other disposition of equity 718
or ownership interests in, or debt obligations of, a qualifying 719
investee to the extent included in the trust's Ohio taxable 720
income, but only if the following requirements are satisfied: 721

(a) The book value of the qualifying investee's physical 722
assets in this state and everywhere, as of the last day of the 723
qualifying investee's fiscal or calendar year ending immediately 724
prior to the date on which the trust recognizes the gain or loss, 725
is available to the trust. 726

(b) The requirements of section 5747.011 of the Revised Code 727
are satisfied for the trust's taxable year in which the trust 728
recognizes the gain or loss. 729

Any gain or loss that is not a qualifying trust amount is 730
modified business income, qualifying investment income, or 731
modified nonbusiness income, as the case may be. 732

(3) "Modified nonbusiness income" means a trust's Ohio 733
taxable income other than modified business income, other than the 734
qualifying trust amount, and other than qualifying investment 735
income, as defined in section 5747.012 of the Revised Code, to the 736
extent such qualifying investment income is not otherwise part of 737
modified business income. 738

(4) "Modified Ohio taxable income" applies only to trusts, 739
and means the sum of the amounts described in divisions (BB)(4)(a) 740
to (c) of this section: 741

(a) The fraction, calculated under section 5747.013, and 742
applying section 5747.231 of the Revised Code, multiplied by the 743
sum of the following amounts: 744

(i) The trust's modified business income; 745

(ii) The trust's qualifying investment income, as defined in 746
section 5747.012 of the Revised Code, but only to the extent the 747
qualifying investment income does not otherwise constitute 748
modified business income and does not otherwise constitute a 749
qualifying trust amount. 750

(b) The qualifying trust amount multiplied by a fraction, the 751
numerator of which is the sum of the book value of the qualifying 752
investee's physical assets in this state on the last day of the 753
qualifying investee's fiscal or calendar year ending immediately 754
prior to the day on which the trust recognizes the qualifying 755
trust amount, and the denominator of which is the sum of the book 756
value of the qualifying investee's total physical assets 757
everywhere on the last day of the qualifying investee's fiscal or 758
calendar year ending immediately prior to the day on which the 759
trust recognizes the qualifying trust amount. If, for a taxable 760

year, the trust recognizes a qualifying trust amount with respect 761
to more than one qualifying investee, the amount described in 762
division (BB)(4)(b) of this section shall equal the sum of the 763
products so computed for each such qualifying investee. 764

(c)(i) With respect to a trust or portion of a trust that is 765
a resident as ascertained in accordance with division (I)(3)(d) of 766
this section, its modified nonbusiness income. 767

(ii) With respect to a trust or portion of a trust that is 768
not a resident as ascertained in accordance with division 769
(I)(3)(d) of this section, the amount of its modified nonbusiness 770
income satisfying the descriptions in divisions (B)(2) to (5) of 771
section 5747.20 of the Revised Code, except as otherwise provided 772
in division (BB)(4)(c)(ii) of this section. With respect to a 773
trust or portion of a trust that is not a resident as ascertained 774
in accordance with division (I)(3)(d) of this section, the trust's 775
portion of modified nonbusiness income recognized from the sale, 776
exchange, or other disposition of a debt interest in or equity 777
interest in a section 5747.212 entity, as defined in section 778
5747.212 of the Revised Code, without regard to division (A) of 779
that section, shall not be allocated to this state in accordance 780
with section 5747.20 of the Revised Code but shall be apportioned 781
to this state in accordance with division (B) of section 5747.212 782
of the Revised Code without regard to division (A) of that 783
section. 784

If the allocation and apportionment of a trust's income under 785
divisions (BB)(4)(a) and (c) of this section do not fairly 786
represent the modified Ohio taxable income of the trust in this 787
state, the alternative methods described in division (C) of 788
section 5747.21 of the Revised Code may be applied in the manner 789
and to the same extent provided in that section. 790

(5)(a) Except as set forth in division (BB)(5)(b) of this 791
section, "qualifying investee" means a person in which a trust has 792

an equity or ownership interest, or a person or unit of government 793
the debt obligations of either of which are owned by a trust. For 794
the purposes of division (BB)(2)(a) of this section and for the 795
purpose of computing the fraction described in division (BB)(4)(b) 796
of this section, all of the following apply: 797

(i) If the qualifying investee is a member of a qualifying 798
controlled group on the last day of the qualifying investee's 799
fiscal or calendar year ending immediately prior to the date on 800
which the trust recognizes the gain or loss, then "qualifying 801
investee" includes all persons in the qualifying controlled group 802
on such last day. 803

(ii) If the qualifying investee, or if the qualifying 804
investee and any members of the qualifying controlled group of 805
which the qualifying investee is a member on the last day of the 806
qualifying investee's fiscal or calendar year ending immediately 807
prior to the date on which the trust recognizes the gain or loss, 808
separately or cumulatively own, directly or indirectly, on the 809
last day of the qualifying investee's fiscal or calendar year 810
ending immediately prior to the date on which the trust recognizes 811
the qualifying trust amount, more than fifty per cent of the 812
equity of a pass-through entity, then the qualifying investee and 813
the other members are deemed to own the proportionate share of the 814
pass-through entity's physical assets which the pass-through 815
entity directly or indirectly owns on the last day of the 816
pass-through entity's calendar or fiscal year ending within or 817
with the last day of the qualifying investee's fiscal or calendar 818
year ending immediately prior to the date on which the trust 819
recognizes the qualifying trust amount. 820

(iii) For the purposes of division (BB)(5)(a)(iii) of this 821
section, "upper level pass-through entity" means a pass-through 822
entity directly or indirectly owning any equity of another 823
pass-through entity, and "lower level pass-through entity" means 824

that other pass-through entity. 825

An upper level pass-through entity, whether or not it is also 826
a qualifying investee, is deemed to own, on the last day of the 827
upper level pass-through entity's calendar or fiscal year, the 828
proportionate share of the lower level pass-through entity's 829
physical assets that the lower level pass-through entity directly 830
or indirectly owns on the last day of the lower level pass-through 831
entity's calendar or fiscal year ending within or with the last 832
day of the upper level pass-through entity's fiscal or calendar 833
year. If the upper level pass-through entity directly and 834
indirectly owns less than fifty per cent of the equity of the 835
lower level pass-through entity on each day of the upper level 836
pass-through entity's calendar or fiscal year in which or with 837
which ends the calendar or fiscal year of the lower level 838
pass-through entity and if, based upon clear and convincing 839
evidence, complete information about the location and cost of the 840
physical assets of the lower pass-through entity is not available 841
to the upper level pass-through entity, then solely for purposes 842
of ascertaining if a gain or loss constitutes a qualifying trust 843
amount, the upper level pass-through entity shall be deemed as 844
owning no equity of the lower level pass-through entity for each 845
day during the upper level pass-through entity's calendar or 846
fiscal year in which or with which ends the lower level 847
pass-through entity's calendar or fiscal year. Nothing in division 848
(BB)(5)(a)(iii) of this section shall be construed to provide for 849
any deduction or exclusion in computing any trust's Ohio taxable 850
income. 851

(b) With respect to a trust that is not a resident for the 852
taxable year and with respect to a part of a trust that is not a 853
resident for the taxable year, "qualifying investee" for that 854
taxable year does not include a C corporation if both of the 855
following apply: 856

(i) During the taxable year the trust or part of the trust 857
recognizes a gain or loss from the sale, exchange, or other 858
disposition of equity or ownership interests in, or debt 859
obligations of, the C corporation. 860

(ii) Such gain or loss constitutes nonbusiness income. 861

(6) "Available" means information is such that a person is 862
able to learn of the information by the due date plus extensions, 863
if any, for filing the return for the taxable year in which the 864
trust recognizes the gain or loss. 865

(CC) "Qualifying controlled group" has the same meaning as in 866
section 5733.04 of the Revised Code. 867

(DD) "Related member" has the same meaning as in section 868
5733.042 of the Revised Code. 869

(EE)(1) For the purposes of division (EE) of this section: 870

(a) "Qualifying person" means any person other than a 871
qualifying corporation. 872

(b) "Qualifying corporation" means any person classified for 873
federal income tax purposes as an association taxable as a 874
corporation, except either of the following: 875

(i) A corporation that has made an election under subchapter 876
S, chapter one, subtitle A, of the Internal Revenue Code for its 877
taxable year ending within, or on the last day of, the investor's 878
taxable year; 879

(ii) A subsidiary that is wholly owned by any corporation 880
that has made an election under subchapter S, chapter one, 881
subtitle A of the Internal Revenue Code for its taxable year 882
ending within, or on the last day of, the investor's taxable year. 883

(2) For the purposes of this chapter, unless expressly stated 884
otherwise, no qualifying person indirectly owns any asset directly 885
or indirectly owned by any qualifying corporation. 886

(FF) For purposes of this chapter and Chapter 5751. of the Revised Code: 887
888

(1) "Trust" does not include a qualified pre-income tax trust. 889
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(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. 891
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(3) A "qualifying pre-income tax trust election" is an election by a pre-income tax trust to subject to the tax imposed by section 5751.02 of the Revised Code the pre-income tax trust and all pass-through entities of which the trust owns or controls, directly, indirectly, or constructively through related interests, five per cent or more of the ownership or equity interests. The trustee shall notify the tax commissioner in writing of the election on or before April 15, 2006. The election, if timely made, shall be effective on and after January 1, 2006, and shall apply for all tax periods and tax years until revoked by the trustee of the trust. 894
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(4) A "pre-income tax trust" is a trust that satisfies all of the following requirements: 905
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(a) The document or instrument creating the trust was executed by the grantor before January 1, 1972; 907
908

(b) The trust became irrevocable upon the creation of the trust; and 909
910

(c) The grantor was domiciled in this state at the time the trust was created. 911
912

Section 2. That existing section 5747.01 of the Revised Code is hereby repealed. 913
914

Section 3. That the version of section 5747.01 of the Revised 915

Code that is scheduled to take effect January 1, 2010, be amended 916
to read as follows: 917

Sec. 5747.01. Except as otherwise expressly provided or 918
clearly appearing from the context, any term used in this chapter 919
that is not otherwise defined in this section has the same meaning 920
as when used in a comparable context in the laws of the United 921
States relating to federal income taxes or if not used in a 922
comparable context in those laws, has the same meaning as in 923
section 5733.40 of the Revised Code. Any reference in this chapter 924
to the Internal Revenue Code includes other laws of the United 925
States relating to federal income taxes. 926

As used in this chapter: 927

(A) "Adjusted gross income" or "Ohio adjusted gross income" 928
means federal adjusted gross income, as defined and used in the 929
Internal Revenue Code, adjusted as provided in this section: 930

(1) Add interest or dividends on obligations or securities of 931
any state or of any political subdivision or authority of any 932
state, other than this state and its subdivisions and authorities. 933

(2) Add interest or dividends on obligations of any 934
authority, commission, instrumentality, territory, or possession 935
of the United States to the extent that the interest or dividends 936
are exempt from federal income taxes but not from state income 937
taxes. 938

(3) Deduct interest or dividends on obligations of the United 939
States and its territories and possessions or of any authority, 940
commission, or instrumentality of the United States to the extent 941
that the interest or dividends are included in federal adjusted 942
gross income but exempt from state income taxes under the laws of 943
the United States. 944

(4) Deduct disability and survivor's benefits to the extent 945

included in federal adjusted gross income. 946

(5) Deduct benefits under Title II of the Social Security Act 947
and tier 1 railroad retirement benefits to the extent included in 948
federal adjusted gross income under section 86 of the Internal 949
Revenue Code. 950

(6) In the case of a taxpayer who is a beneficiary of a trust 951
that makes an accumulation distribution as defined in section 665 952
of the Internal Revenue Code, add, for the beneficiary's taxable 953
years beginning before 2002, the portion, if any, of such 954
distribution that does not exceed the undistributed net income of 955
the trust for the three taxable years preceding the taxable year 956
in which the distribution is made to the extent that the portion 957
was not included in the trust's taxable income for any of the 958
trust's taxable years beginning in 2002 or thereafter. 959

"Undistributed net income of a trust" means the taxable income of 960
the trust increased by (a)(i) the additions to adjusted gross 961
income required under division (A) of this section and (ii) the 962
personal exemptions allowed to the trust pursuant to section 963
642(b) of the Internal Revenue Code, and decreased by (b)(i) the 964
deductions to adjusted gross income required under division (A) of 965
this section, (ii) the amount of federal income taxes attributable 966
to such income, and (iii) the amount of taxable income that has 967
been included in the adjusted gross income of a beneficiary by 968
reason of a prior accumulation distribution. Any undistributed net 969
income included in the adjusted gross income of a beneficiary 970
shall reduce the undistributed net income of the trust commencing 971
with the earliest years of the accumulation period. 972

(7) Deduct the amount of wages and salaries, if any, not 973
otherwise allowable as a deduction but that would have been 974
allowable as a deduction in computing federal adjusted gross 975
income for the taxable year, had the targeted jobs credit allowed 976
and determined under sections 38, 51, and 52 of the Internal 977

Revenue Code not been in effect.	978
(8) Deduct any interest or interest equivalent on public obligations and purchase obligations to the extent that the interest or interest equivalent is included in federal adjusted gross income.	979 980 981 982
(9) Add any loss or deduct any gain resulting from the sale, exchange, or other disposition of public obligations to the extent that the loss has been deducted or the gain has been included in computing federal adjusted gross income.	983 984 985 986
(10) Deduct or add amounts, as provided under section 5747.70 of the Revised Code, related to contributions to variable college savings program accounts made or tuition units purchased pursuant to Chapter 3334. of the Revised Code.	987 988 989 990
(11)(a) Deduct, to the extent not otherwise allowable as a deduction or exclusion in computing federal or Ohio adjusted gross income for the taxable year, the amount the taxpayer paid during the taxable year for medical care insurance and qualified long-term care insurance for the taxpayer, the taxpayer's spouse, and dependents. No deduction for medical care insurance under division (A)(11) of this section shall be allowed either to any taxpayer who is eligible to participate in any subsidized health plan maintained by any employer of the taxpayer or of the taxpayer's spouse, or to any taxpayer who is entitled to, or on application would be entitled to, benefits under part A of Title XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of division (A)(11)(a) of this section, "subsidized health plan" means a health plan for which the employer pays any portion of the plan's cost. The deduction allowed under division (A)(11)(a) of this section shall be the net of any related premium refunds, related premium reimbursements, or related insurance premium dividends received during the taxable year.	991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009

(b) Deduct, to the extent not otherwise deducted or excluded 1010
in computing federal or Ohio adjusted gross income during the 1011
taxable year, the amount the taxpayer paid during the taxable 1012
year, not compensated for by any insurance or otherwise, for 1013
medical care of the taxpayer, the taxpayer's spouse, and 1014
dependents, to the extent the expenses exceed seven and one-half 1015
per cent of the taxpayer's federal adjusted gross income. 1016

(c) Deduct, to the extent not otherwise deducted or excluded 1017
in computing federal or Ohio adjusted gross income, any amount 1018
included in federal adjusted gross income under section 105 or not 1019
excluded under section 106 of the Internal Revenue Code solely 1020
because it relates to an accident and health plan for a person who 1021
otherwise would be a "qualifying relative" and thus a "dependent" 1022
under section 152 of the Internal Revenue Code but for the fact 1023
that the person fails to meet the income and support limitations 1024
under section 152(d)(1)(B) and (C) of the Internal Revenue Code. 1025

(d) For purposes of division (A)(11) of this section, 1026
"medical care" has the meaning given in section 213 of the 1027
Internal Revenue Code, subject to the special rules, limitations, 1028
and exclusions set forth therein, and "qualified long-term care" 1029
has the same meaning given in section 7702B(c) of the Internal 1030
Revenue Code. Solely for purposes of divisions (A)(11)(a) and (c) 1031
of this section, "dependent" includes a person who otherwise would 1032
be a "qualifying relative" and thus a "dependent" under section 1033
152 of the Internal Revenue Code but for the fact that the person 1034
fails to meet the income and support limitations under section 1035
152(d)(1)(B) and (C) of the Internal Revenue Code. 1036

(12)(a) Deduct any amount included in federal adjusted gross 1037
income solely because the amount represents a reimbursement or 1038
refund of expenses that in any year the taxpayer had deducted as 1039
an itemized deduction pursuant to section 63 of the Internal 1040
Revenue Code and applicable United States department of the 1041

treasury regulations. The deduction otherwise allowed under 1042
division (A)(12)(a) of this section shall be reduced to the extent 1043
the reimbursement is attributable to an amount the taxpayer 1044
deducted under this section in any taxable year. 1045

(b) Add any amount not otherwise included in Ohio adjusted 1046
gross income for any taxable year to the extent that the amount is 1047
attributable to the recovery during the taxable year of any amount 1048
deducted or excluded in computing federal or Ohio adjusted gross 1049
income in any taxable year. 1050

(13) Deduct any portion of the deduction described in section 1051
1341(a)(2) of the Internal Revenue Code, for repaying previously 1052
reported income received under a claim of right, that meets both 1053
of the following requirements: 1054

(a) It is allowable for repayment of an item that was 1055
included in the taxpayer's adjusted gross income for a prior 1056
taxable year and did not qualify for a credit under division (A) 1057
or (B) of section 5747.05 of the Revised Code for that year; 1058

(b) It does not otherwise reduce the taxpayer's adjusted 1059
gross income for the current or any other taxable year. 1060

(14) Deduct an amount equal to the deposits made to, and net 1061
investment earnings of, a medical savings account during the 1062
taxable year, in accordance with section 3924.66 of the Revised 1063
Code. The deduction allowed by division (A)(14) of this section 1064
does not apply to medical savings account deposits and earnings 1065
otherwise deducted or excluded for the current or any other 1066
taxable year from the taxpayer's federal adjusted gross income. 1067

(15)(a) Add an amount equal to the funds withdrawn from a 1068
medical savings account during the taxable year, and the net 1069
investment earnings on those funds, when the funds withdrawn were 1070
used for any purpose other than to reimburse an account holder 1071
for, or to pay, eligible medical expenses, in accordance with 1072

section 3924.66 of the Revised Code;	1073
(b) Add the amounts distributed from a medical savings account under division (A)(2) of section 3924.68 of the Revised Code during the taxable year.	1074 1075 1076
(16) Add any amount claimed as a credit under section 5747.059 of the Revised Code to the extent that such amount satisfies either of the following:	1077 1078 1079
(a) The amount was deducted or excluded from the computation of the taxpayer's federal adjusted gross income as required to be reported for the taxpayer's taxable year under the Internal Revenue Code;	1080 1081 1082 1083
(b) The amount resulted in a reduction of the taxpayer's federal adjusted gross income as required to be reported for any of the taxpayer's taxable years under the Internal Revenue Code.	1084 1085 1086
(17) Deduct the amount contributed by the taxpayer to an individual development account program established by a county department of job and family services pursuant to sections 329.11 to 329.14 of the Revised Code for the purpose of matching funds deposited by program participants. On request of the tax commissioner, the taxpayer shall provide any information that, in the tax commissioner's opinion, is necessary to establish the amount deducted under division (A)(17) of this section.	1087 1088 1089 1090 1091 1092 1093 1094
(18) Beginning in taxable year 2001 but not for any taxable year beginning after December 31, 2005, if the taxpayer is married and files a joint return and the combined federal adjusted gross income of the taxpayer and the taxpayer's spouse for the taxable year does not exceed one hundred thousand dollars, or if the taxpayer is single and has a federal adjusted gross income for the taxable year not exceeding fifty thousand dollars, deduct amounts paid during the taxable year for qualified tuition and fees paid to an eligible institution for the taxpayer, the taxpayer's	1095 1096 1097 1098 1099 1100 1101 1102 1103

spouse, or any dependent of the taxpayer, who is a resident of 1104
this state and is enrolled in or attending a program that 1105
culminates in a degree or diploma at an eligible institution. The 1106
deduction may be claimed only to the extent that qualified tuition 1107
and fees are not otherwise deducted or excluded for any taxable 1108
year from federal or Ohio adjusted gross income. The deduction may 1109
not be claimed for educational expenses for which the taxpayer 1110
claims a credit under section 5747.27 of the Revised Code. 1111

(19) Add any reimbursement received during the taxable year 1112
of any amount the taxpayer deducted under division (A)(18) of this 1113
section in any previous taxable year to the extent the amount is 1114
not otherwise included in Ohio adjusted gross income. 1115

(20)(a)(i) Add five-sixths of the amount of depreciation 1116
expense allowed by subsection (k) of section 168 of the Internal 1117
Revenue Code, including the taxpayer's proportionate or 1118
distributive share of the amount of depreciation expense allowed 1119
by that subsection to a pass-through entity in which the taxpayer 1120
has a direct or indirect ownership interest. 1121

(ii) Add five-sixths of the amount of qualifying section 179 1122
depreciation expense, including a person's proportionate or 1123
distributive share of the amount of qualifying section 179 1124
depreciation expense allowed to any pass-through entity in which 1125
the person has a direct or indirect ownership. For the purposes of 1126
this division, "qualifying section 179 depreciation expense" means 1127
the difference between (I) the amount of depreciation expense 1128
directly or indirectly allowed to the taxpayer under section 179 1129
of the Internal Revenue Code, and (II) the amount of depreciation 1130
expense directly or indirectly allowed to the taxpayer under 1131
section 179 of the Internal Revenue Code as that section existed 1132
on December 31, 2002. 1133

The tax commissioner, under procedures established by the 1134
commissioner, may waive the add-backs related to a pass-through 1135

entity if the taxpayer owns, directly or indirectly, less than 1136
five per cent of the pass-through entity. 1137

(b) Nothing in division (A)(20) of this section shall be 1138
construed to adjust or modify the adjusted basis of any asset. 1139

(c) To the extent the add-back required under division 1140
(A)(20)(a) of this section is attributable to property generating 1141
nonbusiness income or loss allocated under section 5747.20 of the 1142
Revised Code, the add-back shall be sitused to the same location 1143
as the nonbusiness income or loss generated by the property for 1144
the purpose of determining the credit under division (A) of 1145
section 5747.05 of the Revised Code. Otherwise, the add-back shall 1146
be apportioned, subject to one or more of the four alternative 1147
methods of apportionment enumerated in section 5747.21 of the 1148
Revised Code. 1149

(d) For the purposes of division (A) of this section, net 1150
operating loss carryback and carryforward shall not include 1151
five-sixths of the allowance of any net operating loss deduction 1152
carryback or carryforward to the taxable year to the extent such 1153
loss resulted from depreciation allowed by section 168(k) of the 1154
Internal Revenue Code and by the qualifying section 179 1155
depreciation expense amount. 1156

(21)(a) If the taxpayer was required to add an amount under 1157
division (A)(20)(a) of this section for a taxable year, deduct 1158
one-fifth of the amount so added for each of the five succeeding 1159
taxable years. 1160

(b) If the amount deducted under division (A)(21)(a) of this 1161
section is attributable to an add-back allocated under division 1162
(A)(20)(c) of this section, the amount deducted shall be sitused 1163
to the same location. Otherwise, the add-back shall be apportioned 1164
using the apportionment factors for the taxable year in which the 1165
deduction is taken, subject to one or more of the four alternative 1166

methods of apportionment enumerated in section 5747.21 of the 1167
Revised Code. 1168

(c) No deduction is available under division (A)(21)(a) of 1169
this section with regard to any depreciation allowed by section 1170
168(k) of the Internal Revenue Code and by the qualifying section 1171
179 depreciation expense amount to the extent that such 1172
depreciation resulted in or increased a federal net operating loss 1173
carryback or carryforward to a taxable year to which division 1174
(A)(20)(d) of this section does not apply. 1175

(22) Deduct, to the extent not otherwise deducted or excluded 1176
in computing federal or Ohio adjusted gross income for the taxable 1177
year, the amount the taxpayer received during the taxable year as 1178
reimbursement for life insurance premiums under section 5919.31 of 1179
the Revised Code. 1180

(23) Deduct, to the extent not otherwise deducted or excluded 1181
in computing federal or Ohio adjusted gross income for the taxable 1182
year, the amount the taxpayer received during the taxable year as 1183
a death benefit paid by the adjutant general under section 5919.33 1184
of the Revised Code. 1185

(24) Deduct, to the extent included in federal adjusted gross 1186
income and not otherwise allowable as a deduction or exclusion in 1187
computing federal or Ohio adjusted gross income for the taxable 1188
year, military pay and allowances received by the taxpayer during 1189
the taxable year for active duty service in the United States 1190
army, air force, navy, marine corps, or coast guard or reserve 1191
components thereof or the national guard. The deduction may not be 1192
claimed for military pay and allowances received by the taxpayer 1193
while the taxpayer is stationed in this state. 1194

(25) Deduct, to the extent not otherwise allowable as a 1195
deduction or exclusion in computing federal or Ohio adjusted gross 1196
income for the taxable year and not otherwise compensated for by 1197

any other source, the amount of qualified organ donation expenses 1198
incurred by the taxpayer during the taxable year, not to exceed 1199
ten thousand dollars. A taxpayer may deduct qualified organ 1200
donation expenses only once for all taxable years beginning with 1201
taxable years beginning in 2007. 1202

For the purposes of division (A)(25) of this section: 1203

(a) "Human organ" means all or any portion of a human liver, 1204
pancreas, kidney, intestine, or lung, and any portion of human 1205
bone marrow. 1206

(b) "Qualified organ donation expenses" means travel 1207
expenses, lodging expenses, and wages and salary forgone by a 1208
taxpayer in connection with the taxpayer's donation, while living, 1209
of one or more of the taxpayer's human organs to another human 1210
being. 1211

(26) Deduct, to the extent not otherwise deducted or excluded 1212
in computing federal or Ohio adjusted gross income for the taxable 1213
year, amounts received by the taxpayer as retired military 1214
personnel pay for service in the United States army, navy, air 1215
force, coast guard, or marine corps or reserve components thereof, 1216
or the national guard, or received by the surviving spouse or 1217
former spouse of such a taxpayer under the survivor benefit plan 1218
on account of such a taxpayer's death. If the taxpayer receives 1219
income on account of retirement paid under the federal civil 1220
service retirement system or federal employees retirement system, 1221
or under any successor retirement program enacted by the congress 1222
of the United States that is established and maintained for 1223
retired employees of the United States government, and such 1224
retirement income is based, in whole or in part, on credit for the 1225
taxpayer's military service, the deduction allowed under this 1226
division shall include only that portion of such retirement income 1227
that is attributable to the taxpayer's military service, to the 1228
extent that portion of such retirement income is otherwise 1229

included in federal adjusted gross income and is not otherwise 1230
deducted under this section. Any amount deducted under division 1231
(A)(26) of this section is not included in a taxpayer's adjusted 1232
gross income for the purposes of section 5747.055 of the Revised 1233
Code. No amount may be deducted under division (A)(26) of this 1234
section on the basis of which a credit was claimed under section 1235
5747.055 of the Revised Code. 1236

(27) Deduct, to the extent not otherwise deducted or excluded 1237
in computing federal or Ohio adjusted gross income for the taxable 1238
year, the amount the taxpayer received during the taxable year 1239
from the military injury relief fund created in section 5101.98 of 1240
the Revised Code. 1241

(28) For the taxpayer's taxable year beginning in 2009, add 1242
any amount excluded from federal adjusted gross income pursuant to 1243
section 85(c) of the Internal Revenue Code. 1244

(29) Add any amount by which federal adjusted gross income is 1245
reduced because of an election under section 172(b)(1)(H) of the 1246
Internal Revenue Code as amended by the "American Recovery and 1247
Reinvestment Act of 2009," 123 Stat. 115. 1248

(30)(a) Add any amount not included in federal adjusted gross 1249
income for the taxable year because of an election under section 1250
108(i) of the Internal Revenue Code. 1251

(b) Deduct any amount included in federal adjusted gross 1252
income for the taxable year because of an election under section 1253
108(i) of the Internal Revenue Code. 1254

(B) "Business income" means income, including gain or loss, 1255
arising from transactions, activities, and sources in the regular 1256
course of a trade or business and includes income, gain, or loss 1257
from real property, tangible property, and intangible property if 1258
the acquisition, rental, management, and disposition of the 1259
property constitute integral parts of the regular course of a 1260

trade or business operation. "Business income" includes income, 1261
including gain or loss, from a partial or complete liquidation of 1262
a business, including, but not limited to, gain or loss from the 1263
sale or other disposition of goodwill. 1264

(C) "Nonbusiness income" means all income other than business 1265
income and may include, but is not limited to, compensation, rents 1266
and royalties from real or tangible personal property, capital 1267
gains, interest, dividends and distributions, patent or copyright 1268
royalties, or lottery winnings, prizes, and awards. 1269

(D) "Compensation" means any form of remuneration paid to an 1270
employee for personal services. 1271

(E) "Fiduciary" means a guardian, trustee, executor, 1272
administrator, receiver, conservator, or any other person acting 1273
in any fiduciary capacity for any individual, trust, or estate. 1274

(F) "Fiscal year" means an accounting period of twelve months 1275
ending on the last day of any month other than December. 1276

(G) "Individual" means any natural person. 1277

(H) "Internal Revenue Code" means the "Internal Revenue Code 1278
of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 1279

(I) "Resident" means any of the following, provided that 1280
division (I)(3) of this section applies only to taxable years of a 1281
trust beginning in 2002 or thereafter: 1282

(1) An individual who is domiciled in this state, subject to 1283
section 5747.24 of the Revised Code; 1284

(2) The estate of a decedent who at the time of death was 1285
domiciled in this state. The domicile tests of section 5747.24 of 1286
the Revised Code are not controlling for purposes of division 1287
(I)(2) of this section. 1288

(3) A trust that, in whole or part, resides in this state. If 1289
only part of a trust resides in this state, the trust is a 1290

resident only with respect to that part.	1291
For the purposes of division (I)(3) of this section:	1292
(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:	1293 1294 1295 1296 1297 1298
(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;	1299 1300 1301 1302
(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;	1303 1304 1305 1306 1307 1308
(iii) A person who was domiciled in this state for the purposes of this chapter when the trust document or instrument or part of the trust document or instrument became irrevocable, but only if at least one of the trust's qualifying beneficiaries is a resident domiciled in this state for the purposes of this chapter during all or some portion of the trust's current taxable year. If a trust document or instrument became irrevocable upon the death of a person who at the time of death was domiciled in this state for purposes of this chapter, that person is a person described in division (I)(3)(a)(iii) of this section.	1309 1310 1311 1312 1313 1314 1315 1316 1317 1318
(b) A trust is irrevocable to the extent that the transferor is not considered to be the owner of the net assets of the trust under sections 671 to 678 of the Internal Revenue Code.	1319 1320 1321

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

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

(i) The first time the trust receives assets, the numerator of the qualifying ratio is the fair market value of those assets at that time, net of any related liabilities, from sources enumerated in division (I)(3)(a) of this section. The denominator of the qualifying ratio is the fair market value of all the trust's assets at that time, net of any related liabilities.

(ii) Each subsequent time the trust receives assets, a revised qualifying ratio shall be computed. The numerator of the revised qualifying ratio is the sum of (1) the fair market value of the trust's assets immediately prior to the subsequent transfer, net of any related liabilities, multiplied by the qualifying ratio last computed without regard to the subsequent transfer, and (2) the fair market value of the subsequently transferred assets at the time transferred, net of any related

liabilities, from sources enumerated in division (I)(3)(a) of this 1354
section. The denominator of the revised qualifying ratio is the 1355
fair market value of all the trust's assets immediately after the 1356
subsequent transfer, net of any related liabilities. 1357

(iii) Whether a transfer to the trust is by or from any of 1358
the sources enumerated in division (I)(3)(a) of this section shall 1359
be ascertained without regard to the domicile of the trust's 1360
beneficiaries. 1361

(e) For the purposes of division (I)(3)(a)(i) of this 1362
section: 1363

(i) A trust is described in division (I)(3)(e)(i) of this 1364
section if the trust is a testamentary trust and the testator of 1365
that testamentary trust was domiciled in this state at the time of 1366
the testator's death for purposes of the taxes levied under 1367
Chapter 5731. of the Revised Code. 1368

(ii) A trust is described in division (I)(3)(e)(ii) of this 1369
section if the transfer is a qualifying transfer described in any 1370
of divisions (I)(3)(f)(i) to (vi) of this section, the trust is an 1371
irrevocable inter vivos trust, and at least one of the trust's 1372
qualifying beneficiaries is domiciled in this state for purposes 1373
of this chapter during all or some portion of the trust's current 1374
taxable year. 1375

(f) For the purposes of division (I)(3)(e)(ii) of this 1376
section, a "qualifying transfer" is a transfer of assets, net of 1377
any related liabilities, directly or indirectly to a trust, if the 1378
transfer is described in any of the following: 1379

(i) The transfer is made to a trust, created by the decedent 1380
before the decedent's death and while the decedent was domiciled 1381
in this state for the purposes of this chapter, and, prior to the 1382
death of the decedent, the trust became irrevocable while the 1383
decedent was domiciled in this state for the purposes of this 1384

chapter. 1385

(ii) The transfer is made to a trust to which the decedent, 1386
prior to the decedent's death, had directly or indirectly 1387
transferred assets, net of any related liabilities, while the 1388
decedent was domiciled in this state for the purposes of this 1389
chapter, and prior to the death of the decedent the trust became 1390
irrevocable while the decedent was domiciled in this state for the 1391
purposes of this chapter. 1392

(iii) The transfer is made on account of a contractual 1393
relationship existing directly or indirectly between the 1394
transferor and either the decedent or the estate of the decedent 1395
at any time prior to the date of the decedent's death, and the 1396
decedent was domiciled in this state at the time of death for 1397
purposes of the taxes levied under Chapter 5731. of the Revised 1398
Code. 1399

(iv) The transfer is made to a trust on account of a 1400
contractual relationship existing directly or indirectly between 1401
the transferor and another person who at the time of the 1402
decedent's death was domiciled in this state for purposes of this 1403
chapter. 1404

(v) The transfer is made to a trust on account of the will of 1405
a testator. 1406

(vi) The transfer is made to a trust created by or caused to 1407
be created by a court, and the trust was directly or indirectly 1408
created in connection with or as a result of the death of an 1409
individual who, for purposes of the taxes levied under Chapter 1410
5731. of the Revised Code, was domiciled in this state at the time 1411
of the individual's death. 1412

(g) The tax commissioner may adopt rules to ascertain the 1413
part of a trust residing in this state. 1414

(J) "Nonresident" means an individual or estate that is not a 1415

resident. An individual who is a resident for only part of a 1416
taxable year is a nonresident for the remainder of that taxable 1417
year. 1418

(K) "Pass-through entity" has the same meaning as in section 1419
5733.04 of the Revised Code. 1420

(L) "Return" means the notifications and reports required to 1421
be filed pursuant to this chapter for the purpose of reporting the 1422
tax due and includes declarations of estimated tax when so 1423
required. 1424

(M) "Taxable year" means the calendar year or the taxpayer's 1425
fiscal year ending during the calendar year, or fractional part 1426
thereof, upon which the adjusted gross income is calculated 1427
pursuant to this chapter. 1428

(N) "Taxpayer" means any person subject to the tax imposed by 1429
section 5747.02 of the Revised Code or any pass-through entity 1430
that makes the election under division (D) of section 5747.08 of 1431
the Revised Code. 1432

(O) "Dependents" means dependents as defined in the Internal 1433
Revenue Code and as claimed in the taxpayer's federal income tax 1434
return for the taxable year or which the taxpayer would have been 1435
permitted to claim had the taxpayer filed a federal income tax 1436
return. 1437

(P) "Principal county of employment" means, in the case of a 1438
nonresident, the county within the state in which a taxpayer 1439
performs services for an employer or, if those services are 1440
performed in more than one county, the county in which the major 1441
portion of the services are performed. 1442

(Q) As used in sections 5747.50 to 5747.55 of the Revised 1443
Code: 1444

(1) "Subdivision" means any county, municipal corporation, 1445

park district, or township. 1446

(2) "Essential local government purposes" includes all 1447
functions that any subdivision is required by general law to 1448
exercise, including like functions that are exercised under a 1449
charter adopted pursuant to the Ohio Constitution. 1450

(R) "Overpayment" means any amount already paid that exceeds 1451
the figure determined to be the correct amount of the tax. 1452

(S) "Taxable income" or "Ohio taxable income" applies only to 1453
estates and trusts, and means federal taxable income, as defined 1454
and used in the Internal Revenue Code, adjusted as follows: 1455

(1) Add interest or dividends, net of ordinary, necessary, 1456
and reasonable expenses not deducted in computing federal taxable 1457
income, on obligations or securities of any state or of any 1458
political subdivision or authority of any state, other than this 1459
state and its subdivisions and authorities, but only to the extent 1460
that such net amount is not otherwise includible in Ohio taxable 1461
income and is described in either division (S)(1)(a) or (b) of 1462
this section: 1463

(a) The net amount is not attributable to the S portion of an 1464
electing small business trust and has not been distributed to 1465
beneficiaries for the taxable year; 1466

(b) The net amount is attributable to the S portion of an 1467
electing small business trust for the taxable year. 1468

(2) Add interest or dividends, net of ordinary, necessary, 1469
and reasonable expenses not deducted in computing federal taxable 1470
income, on obligations of any authority, commission, 1471
instrumentality, territory, or possession of the United States to 1472
the extent that the interest or dividends are exempt from federal 1473
income taxes but not from state income taxes, but only to the 1474
extent that such net amount is not otherwise includible in Ohio 1475
taxable income and is described in either division (S)(1)(a) or 1476

(b) of this section;	1477
(3) Add the amount of personal exemption allowed to the estate pursuant to section 642(b) of the Internal Revenue Code;	1478 1479
(4) Deduct interest or dividends, net of related expenses deducted in computing federal taxable income, 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 exempt from state taxes under the laws of the United States, but only to the extent that such amount is included in federal taxable income and is described in either division (S)(1)(a) or (b) of this section;	1480 1481 1482 1483 1484 1485 1486 1487
(5) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal taxable income for the taxable year, had the targeted jobs credit allowed under sections 38, 51, and 52 of the Internal Revenue Code not been in effect, but only to the extent such amount relates either to income included in federal taxable income for the taxable year or to income of the S portion of an electing small business trust for the taxable year;	1488 1489 1490 1491 1492 1493 1494 1495 1496
(6) Deduct any interest or interest equivalent, net of related expenses deducted in computing federal taxable income, on public obligations and purchase obligations, but only to the extent that such net amount relates either to income included in federal taxable income for the taxable year or to income of the S portion of an electing small business trust for the taxable year;	1497 1498 1499 1500 1501 1502
(7) Add any loss or deduct any gain resulting from sale, exchange, or other disposition of public obligations to the extent that such loss has been deducted or such gain has been included in computing either federal taxable income or income of the S portion of an electing small business trust for the taxable year;	1503 1504 1505 1506 1507

(8) Except in the case of the final return of an estate, add 1508
any amount deducted by the taxpayer on both its Ohio estate tax 1509
return pursuant to section 5731.14 of the Revised Code, and on its 1510
federal income tax return in determining federal taxable income; 1511

(9)(a) Deduct any amount included in federal taxable income 1512
solely because the amount represents a reimbursement or refund of 1513
expenses that in a previous year the decedent had deducted as an 1514
itemized deduction pursuant to section 63 of the Internal Revenue 1515
Code and applicable treasury regulations. The deduction otherwise 1516
allowed under division (S)(9)(a) of this section shall be reduced 1517
to the extent the reimbursement is attributable to an amount the 1518
taxpayer or decedent deducted under this section in any taxable 1519
year. 1520

(b) Add any amount not otherwise included in Ohio taxable 1521
income for any taxable year to the extent that the amount is 1522
attributable to the recovery during the taxable year of any amount 1523
deducted or excluded in computing federal or Ohio taxable income 1524
in any taxable year, but only to the extent such amount has not 1525
been distributed to beneficiaries for the taxable year. 1526

(10) Deduct any portion of the deduction described in section 1527
1341(a)(2) of the Internal Revenue Code, for repaying previously 1528
reported income received under a claim of right, that meets both 1529
of the following requirements: 1530

(a) It is allowable for repayment of an item that was 1531
included in the taxpayer's taxable income or the decedent's 1532
adjusted gross income for a prior taxable year and did not qualify 1533
for a credit under division (A) or (B) of section 5747.05 of the 1534
Revised Code for that year. 1535

(b) It does not otherwise reduce the taxpayer's taxable 1536
income or the decedent's adjusted gross income for the current or 1537
any other taxable year. 1538

(11) Add any amount claimed as a credit under section 1539
5747.059 of the Revised Code to the extent that the amount 1540
satisfies either of the following: 1541

(a) The amount was deducted or excluded from the computation 1542
of the taxpayer's federal taxable income as required to be 1543
reported for the taxpayer's taxable year under the Internal 1544
Revenue Code; 1545

(b) The amount resulted in a reduction in the taxpayer's 1546
federal taxable income as required to be reported for any of the 1547
taxpayer's taxable years under the Internal Revenue Code. 1548

(12) Deduct any amount, net of related expenses deducted in 1549
computing federal taxable income, that a trust is required to 1550
report as farm income on its federal income tax return, but only 1551
if the assets of the trust include at least ten acres of land 1552
satisfying the definition of "land devoted exclusively to 1553
agricultural use" under section 5713.30 of the Revised Code, 1554
regardless of whether the land is valued for tax purposes as such 1555
land under sections 5713.30 to 5713.38 of the Revised Code. If the 1556
trust is a pass-through entity investor, section 5747.231 of the 1557
Revised Code applies in ascertaining if the trust is eligible to 1558
claim the deduction provided by division (S)(12) of this section 1559
in connection with the pass-through entity's farm income. 1560

Except for farm income attributable to the S portion of an 1561
electing small business trust, the deduction provided by division 1562
(S)(12) of this section is allowed only to the extent that the 1563
trust has not distributed such farm income. Division (S)(12) of 1564
this section applies only to taxable years of a trust beginning in 1565
2002 or thereafter. 1566

(13) Add the net amount of income described in section 641(c) 1567
of the Internal Revenue Code to the extent that amount is not 1568
included in federal taxable income. 1569

(14) Add or deduct the amount the taxpayer would be required 1570
to add or deduct under division (A)(20) or (21) of this section if 1571
the taxpayer's Ohio taxable income were computed in the same 1572
manner as an individual's Ohio adjusted gross income is computed 1573
under this section. In the case of a trust, division (S)(14) of 1574
this section applies only to any of the trust's taxable years 1575
beginning in 2002 or thereafter. 1576

(15) Add any amount by which federal taxable income is 1577
reduced because of an election under section 172(b)(1)(H) of the 1578
Internal Revenue Code as amended by the "American Recovery and 1579
Reinvestment Act of 2009," 123 Stat. 115. 1580

(16)(a) Add any amount not included in federal taxable income 1581
for the taxable year because of an election under section 108(i) 1582
of the Internal Revenue Code. 1583

(b) Deduct any amount included in federal taxable income for 1584
the taxable year because of an election under section 108(i) of 1585
the Internal Revenue Code. 1586

(T) "School district income" and "school district income tax" 1587
have the same meanings as in section 5748.01 of the Revised Code. 1588

(U) As used in divisions (A)(8), (A)(9), (S)(6), and (S)(7) 1589
of this section, "public obligations," "purchase obligations," and 1590
"interest or interest equivalent" have the same meanings as in 1591
section 5709.76 of the Revised Code. 1592

(V) "Limited liability company" means any limited liability 1593
company formed under Chapter 1705. of the Revised Code or under 1594
the laws of any other state. 1595

(W) "Pass-through entity investor" means any person who, 1596
during any portion of a taxable year of a pass-through entity, is 1597
a partner, member, shareholder, or equity investor in that 1598
pass-through entity. 1599

(X) "Banking day" has the same meaning as in section 1304.01 1600
of the Revised Code. 1601

(Y) "Month" means a calendar month. 1602

(Z) "Quarter" means the first three months, the second three 1603
months, the third three months, or the last three months of the 1604
taxpayer's taxable year. 1605

(AA)(1) "Eligible institution" means a state university or 1606
state institution of higher education as defined in section 1607
3345.011 of the Revised Code, or a private, nonprofit college, 1608
university, or other post-secondary institution located in this 1609
state that possesses a certificate of authorization issued by the 1610
Ohio board of regents pursuant to Chapter 1713. of the Revised 1611
Code or a certificate of registration issued by the state board of 1612
career colleges and schools under Chapter 3332. of the Revised 1613
Code. 1614

(2) "Qualified tuition and fees" means tuition and fees 1615
imposed by an eligible institution as a condition of enrollment or 1616
attendance, not exceeding two thousand five hundred dollars in 1617
each of the individual's first two years of post-secondary 1618
education. If the individual is a part-time student, "qualified 1619
tuition and fees" includes tuition and fees paid for the academic 1620
equivalent of the first two years of post-secondary education 1621
during a maximum of five taxable years, not exceeding a total of 1622
five thousand dollars. "Qualified tuition and fees" does not 1623
include: 1624

(a) Expenses for any course or activity involving sports, 1625
games, or hobbies unless the course or activity is part of the 1626
individual's degree or diploma program; 1627

(b) The cost of books, room and board, student activity fees, 1628
athletic fees, insurance expenses, or other expenses unrelated to 1629
the individual's academic course of instruction; 1630

(c) Tuition, fees, or other expenses paid or reimbursed 1631
through an employer, scholarship, grant in aid, or other 1632
educational benefit program. 1633

(BB)(1) "Modified business income" means the business income 1634
included in a trust's Ohio taxable income after such taxable 1635
income is first reduced by the qualifying trust amount, if any. 1636

(2) "Qualifying trust amount" of a trust means capital gains 1637
and losses from the sale, exchange, or other disposition of equity 1638
or ownership interests in, or debt obligations of, a qualifying 1639
investee to the extent included in the trust's Ohio taxable 1640
income, but only if the following requirements are satisfied: 1641

(a) The book value of the qualifying investee's physical 1642
assets in this state and everywhere, as of the last day of the 1643
qualifying investee's fiscal or calendar year ending immediately 1644
prior to the date on which the trust recognizes the gain or loss, 1645
is available to the trust. 1646

(b) The requirements of section 5747.011 of the Revised Code 1647
are satisfied for the trust's taxable year in which the trust 1648
recognizes the gain or loss. 1649

Any gain or loss that is not a qualifying trust amount is 1650
modified business income, qualifying investment income, or 1651
modified nonbusiness income, as the case may be. 1652

(3) "Modified nonbusiness income" means a trust's Ohio 1653
taxable income other than modified business income, other than the 1654
qualifying trust amount, and other than qualifying investment 1655
income, as defined in section 5747.012 of the Revised Code, to the 1656
extent such qualifying investment income is not otherwise part of 1657
modified business income. 1658

(4) "Modified Ohio taxable income" applies only to trusts, 1659
and means the sum of the amounts described in divisions (BB)(4)(a) 1660
to (c) of this section: 1661

(a) The fraction, calculated under section 5747.013, and 1662
applying section 5747.231 of the Revised Code, multiplied by the 1663
sum of the following amounts: 1664

(i) The trust's modified business income; 1665

(ii) The trust's qualifying investment income, as defined in 1666
section 5747.012 of the Revised Code, but only to the extent the 1667
qualifying investment income does not otherwise constitute 1668
modified business income and does not otherwise constitute a 1669
qualifying trust amount. 1670

(b) The qualifying trust amount multiplied by a fraction, the 1671
numerator of which is the sum of the book value of the qualifying 1672
investee's physical assets in this state on the last day of the 1673
qualifying investee's fiscal or calendar year ending immediately 1674
prior to the day on which the trust recognizes the qualifying 1675
trust amount, and the denominator of which is the sum of the book 1676
value of the qualifying investee's total physical assets 1677
everywhere on the last day of the qualifying investee's fiscal or 1678
calendar year ending immediately prior to the day on which the 1679
trust recognizes the qualifying trust amount. If, for a taxable 1680
year, the trust recognizes a qualifying trust amount with respect 1681
to more than one qualifying investee, the amount described in 1682
division (BB)(4)(b) of this section shall equal the sum of the 1683
products so computed for each such qualifying investee. 1684

(c)(i) With respect to a trust or portion of a trust that is 1685
a resident as ascertained in accordance with division (I)(3)(d) of 1686
this section, its modified nonbusiness income. 1687

(ii) With respect to a trust or portion of a trust that is 1688
not a resident as ascertained in accordance with division 1689
(I)(3)(d) of this section, the amount of its modified nonbusiness 1690
income satisfying the descriptions in divisions (B)(2) to (5) of 1691
section 5747.20 of the Revised Code, except as otherwise provided 1692

in division (BB)(4)(c)(ii) of this section. With respect to a 1693
trust or portion of a trust that is not a resident as ascertained 1694
in accordance with division (I)(3)(d) of this section, the trust's 1695
portion of modified nonbusiness income recognized from the sale, 1696
exchange, or other disposition of a debt interest in or equity 1697
interest in a section 5747.212 entity, as defined in section 1698
5747.212 of the Revised Code, without regard to division (A) of 1699
that section, shall not be allocated to this state in accordance 1700
with section 5747.20 of the Revised Code but shall be apportioned 1701
to this state in accordance with division (B) of section 5747.212 1702
of the Revised Code without regard to division (A) of that 1703
section. 1704

If the allocation and apportionment of a trust's income under 1705
divisions (BB)(4)(a) and (c) of this section do not fairly 1706
represent the modified Ohio taxable income of the trust in this 1707
state, the alternative methods described in division (C) of 1708
section 5747.21 of the Revised Code may be applied in the manner 1709
and to the same extent provided in that section. 1710

(5)(a) Except as set forth in division (BB)(5)(b) of this 1711
section, "qualifying investee" means a person in which a trust has 1712
an equity or ownership interest, or a person or unit of government 1713
the debt obligations of either of which are owned by a trust. For 1714
the purposes of division (BB)(2)(a) of this section and for the 1715
purpose of computing the fraction described in division (BB)(4)(b) 1716
of this section, all of the following apply: 1717

(i) If the qualifying investee is a member of a qualifying 1718
controlled group on the last day of the qualifying investee's 1719
fiscal or calendar year ending immediately prior to the date on 1720
which the trust recognizes the gain or loss, then "qualifying 1721
investee" includes all persons in the qualifying controlled group 1722
on such last day. 1723

(ii) If the qualifying investee, or if the qualifying 1724

investee and any members of the qualifying controlled group of 1725
which the qualifying investee is a member on the last day of the 1726
qualifying investee's fiscal or calendar year ending immediately 1727
prior to the date on which the trust recognizes the gain or loss, 1728
separately or cumulatively own, directly or indirectly, on the 1729
last day of the qualifying investee's fiscal or calendar year 1730
ending immediately prior to the date on which the trust recognizes 1731
the qualifying trust amount, more than fifty per cent of the 1732
equity of a pass-through entity, then the qualifying investee and 1733
the other members are deemed to own the proportionate share of the 1734
pass-through entity's physical assets which the pass-through 1735
entity directly or indirectly owns on the last day of the 1736
pass-through entity's calendar or fiscal year ending within or 1737
with the last day of the qualifying investee's fiscal or calendar 1738
year ending immediately prior to the date on which the trust 1739
recognizes the qualifying trust amount. 1740

(iii) For the purposes of division (BB)(5)(a)(iii) of this 1741
section, "upper level pass-through entity" means a pass-through 1742
entity directly or indirectly owning any equity of another 1743
pass-through entity, and "lower level pass-through entity" means 1744
that other pass-through entity. 1745

An upper level pass-through entity, whether or not it is also 1746
a qualifying investee, is deemed to own, on the last day of the 1747
upper level pass-through entity's calendar or fiscal year, the 1748
proportionate share of the lower level pass-through entity's 1749
physical assets that the lower level pass-through entity directly 1750
or indirectly owns on the last day of the lower level pass-through 1751
entity's calendar or fiscal year ending within or with the last 1752
day of the upper level pass-through entity's fiscal or calendar 1753
year. If the upper level pass-through entity directly and 1754
indirectly owns less than fifty per cent of the equity of the 1755
lower level pass-through entity on each day of the upper level 1756

pass-through entity's calendar or fiscal year in which or with 1757
which ends the calendar or fiscal year of the lower level 1758
pass-through entity and if, based upon clear and convincing 1759
evidence, complete information about the location and cost of the 1760
physical assets of the lower pass-through entity is not available 1761
to the upper level pass-through entity, then solely for purposes 1762
of ascertaining if a gain or loss constitutes a qualifying trust 1763
amount, the upper level pass-through entity shall be deemed as 1764
owning no equity of the lower level pass-through entity for each 1765
day during the upper level pass-through entity's calendar or 1766
fiscal year in which or with which ends the lower level 1767
pass-through entity's calendar or fiscal year. Nothing in division 1768
(BB)(5)(a)(iii) of this section shall be construed to provide for 1769
any deduction or exclusion in computing any trust's Ohio taxable 1770
income. 1771

(b) With respect to a trust that is not a resident for the 1772
taxable year and with respect to a part of a trust that is not a 1773
resident for the taxable year, "qualifying investee" for that 1774
taxable year does not include a C corporation if both of the 1775
following apply: 1776

(i) During the taxable year the trust or part of the trust 1777
recognizes a gain or loss from the sale, exchange, or other 1778
disposition of equity or ownership interests in, or debt 1779
obligations of, the C corporation. 1780

(ii) Such gain or loss constitutes nonbusiness income. 1781

(6) "Available" means information is such that a person is 1782
able to learn of the information by the due date plus extensions, 1783
if any, for filing the return for the taxable year in which the 1784
trust recognizes the gain or loss. 1785

(CC) "Qualifying controlled group" has the same meaning as in 1786
section 5733.04 of the Revised Code. 1787

(DD) "Related member" has the same meaning as in section 5733.042 of the Revised Code.	1788 1789
(EE)(1) For the purposes of division (EE) of this section:	1790
(a) "Qualifying person" means any person other than a qualifying corporation.	1791 1792
(b) "Qualifying corporation" means any person classified for federal income tax purposes as an association taxable as a corporation, except either of the following:	1793 1794 1795
(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;	1796 1797 1798 1799
(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.	1800 1801 1802 1803
(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.	1804 1805 1806
(FF) For purposes of this chapter and Chapter 5751. of the Revised Code:	1807 1808
(1) "Trust" does not include a qualified pre-income tax trust.	1809 1810
(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.	1811 1812 1813
(3) A "qualifying pre-income tax trust election" is an election by a pre-income tax trust to subject to the tax imposed by section 5751.02 of the Revised Code the pre-income tax trust and all pass-through entities of which the trust owns or controls,	1814 1815 1816 1817

directly, indirectly, or constructively through related interests, 1818
five per cent or more of the ownership or equity interests. The 1819
trustee shall notify the tax commissioner in writing of the 1820
election on or before April 15, 2006. The election, if timely 1821
made, shall be effective on and after January 1, 2006, and shall 1822
apply for all tax periods and tax years until revoked by the 1823
trustee of the trust. 1824

(4) A "pre-income tax trust" is a trust that satisfies all of 1825
the following requirements: 1826

(a) The document or instrument creating the trust was 1827
executed by the grantor before January 1, 1972; 1828

(b) The trust became irrevocable upon the creation of the 1829
trust; and 1830

(c) The grantor was domiciled in this state at the time the 1831
trust was created. 1832

Section 4. That the existing version of section 5747.01 of 1833
the Revised Code that is scheduled to take effect January 1, 2010, 1834
is hereby repealed. 1835

Section 5. Sections 3 and 4 of this act shall take effect 1836
January 1, 2010. 1837

Section 6. That Section 265.10 of Am. Sub. H.B. 1 of the 1838
128th General Assembly be amended to read as follows: 1839

Sec. 265.10. EDU DEPARTMENT OF EDUCATION 1840
General Revenue Fund 1841
GRF 200100 Personal Services \$ 10,490,789 \$ 10,723,972 1842
GRF 200320 Maintenance and \$ 3,110,071 \$ 3,144,897 1843
Equipment

GRF 200408	Early Childhood Education	\$	23,268,341	\$	23,268,341	1844
GRF 200416	Career-Technical Education Match	\$	2,233,195	\$	2,233,195	1845
GRF 200420	Computer/Application/ Network Development	\$	4,880,871	\$	4,880,871	1846
GRF 200421	Alternative Education Programs	\$	7,814,479	\$	7,918,749	1847
GRF 200422	School Management Assistance	\$	1,950,521	\$	3,230,469	1848
GRF 200424	Policy Analysis	\$	356,311	\$	361,065	1849
GRF 200425	Tech Prep Consortia Support	\$	1,243,943	\$	1,260,542	1850
GRF 200426	Ohio Educational Computer Network	\$	20,156,602	\$	20,425,556	1851
GRF 200427	Academic Standards	\$	5,300,074	\$	5,300,074	1852
GRF 200431	School Improvement Initiatives	\$	7,294,175	\$	7,391,503	1853
GRF 200437	Student Assessment	\$	55,954,648	\$	56,703,265	1854
GRF 200439	Accountability/Report Cards	\$	3,804,673	\$	3,804,673	1855
GRF 200442	Child Care Licensing	\$	865,590	\$	877,140	1856
GRF 200446	Education Management Information System	\$	13,199,152	\$	11,934,284	1857
GRF 200447	GED Testing	\$	975,536	\$	988,553	1858
GRF 200448	Educator Preparation	\$	1,310,750	\$	1,328,240	1859
GRF 200455	Community Schools	\$	1,000,000	\$	1,000,000	1860
GRF 200457	STEM Initiatives	\$	5,000,000	\$	5,000,000	1861
GRF 200458	School Employees Health Care Board	\$	800,000	\$	800,000	1862
GRF 200502	Pupil Transportation	\$	448,022,619	\$	462,822,619	1863
GRF 200505	School Lunch Match	\$	9,100,000	\$	9,100,000	1864
GRF 200511	Auxiliary Services	\$	111,979,388	\$	111,979,388	1865

			<u>135,963,158</u>		<u>135,963,158</u>	
GRF 200532	Nonpublic	\$	50,838,939	\$	50,838,939	1866
	Administrative Cost		<u>61,273,632</u>		<u>61,273,632</u>	
	Reimbursement					
GRF 200540	Special Education	\$	134,150,233	\$	135,820,668	1867
	Enhancements					
GRF 200545	Career-Technical	\$	7,752,662	\$	7,802,699	1868
	Education Enhancements					
GRF 200550	Foundation Funding	\$	5,130,669,418	\$	4,746,289,372	1869
GRF 200551	Foundation Funding -	\$	387,583,913	\$	457,449,362	1870
	Federal Stimulus					
GRF 200578	Violence Prevention	\$	200,000	\$	200,000	1871
	and School Safety					
GRF 200901	Property Tax	\$	1,053,262,363	\$	1,020,655,157	1872
	Allocation - Education					
TOTAL GRF General Revenue Fund		\$	7,504,569,256	\$	7,175,533,593	1873
			<u>7,538,987,719</u>		<u>7,209,952,056</u>	
General Services Fund Group						1874
1380 200606	Computer	\$	7,600,091	\$	7,600,091	1875
	Services-Operational					
	Support					
4520 200638	Miscellaneous	\$	275,000	\$	275,000	1876
	Educational Services					
4L20 200681	Teacher Certification	\$	8,013,206	\$	8,147,756	1877
	and Licensure					
5960 200656	Ohio Career	\$	529,761	\$	529,761	1878
	Information System					
5H30 200687	School District	\$	18,000,000	\$	18,000,000	1879
	Solvency Assistance					
TOTAL GSF General Services						1880
Fund Group		\$	34,418,058	\$	34,552,608	1881
Federal Special Revenue Fund Group						1882

3090	200601	Educationally Disadvantaged Programs	\$	8,405,512	\$	8,405,512	1883
3670	200607	School Food Services	\$	6,324,707	\$	6,577,695	1884
3680	200614	Veterans' Training	\$	778,349	\$	793,846	1885
3690	200616	Career-Technical Education Federal Enhancement	\$	5,000,000	\$	5,000,000	1886
3700	200624	Education of Exceptional Children	\$	2,664,000	\$	2,755,000	1887
3740	200647	Troops to Teachers	\$	100,000	\$	100,000	1888
3780	200660	Learn and Serve	\$	619,211	\$	619,211	1889
3AF0	200603	Schools Medicaid Administrative Claims	\$	639,000	\$	639,000	1890
3AN0	200671	School Improvement Grants	\$	17,909,676	\$	17,936,675	1891
3AX0	200698	Improving Health and Educational Outcomes of Young People	\$	630,954	\$	630,954	1892
3BK0	200628	Longitudinal Data Systems	\$	100,000	\$	0	1893
3BV0	200636	Character Education	\$	700,000	\$	0	1894
3C50	200661	Early Childhood Education	\$	14,189,711	\$	14,554,749	1895
3CF0	200644	Foreign Language Assistance	\$	25,000	\$	0	1896
3CG0	200646	Teacher Incentive Fund	\$	3,007,975	\$	1,157,834	1897
3D10	200664	Drug Free Schools	\$	13,347,966	\$	13,347,966	1898
3D20	200667	Honors Scholarship Program	\$	6,990,000	\$	6,985,000	1899
3DJ0	200699	IDEA Part B - Federal Stimulus	\$	218,868,026	\$	218,868,026	1900

3DK0	200642	Title 1A - Federal Stimulus	\$	186,336,737	\$	186,336,737	1901
3DL0	200650	IDEA Preschool - Federal Stimulus	\$	6,679,679	\$	6,679,679	1902
3DM0	200651	Title IID Technology - Federal Stimulus	\$	11,951,000	\$	11,951,000	1903
3DP0	200652	Title I School Improvement - Federal Stimulus	\$	54,221,000	\$	54,221,000	1904
3H90	200605	Head Start Collaboration Project	\$	225,000	\$	225,000	1905
3L60	200617	Federal School Lunch	\$	295,421,000	\$	310,150,675	1906
3L70	200618	Federal School Breakfast	\$	80,850,000	\$	84,892,500	1907
3L80	200619	Child/Adult Food Programs	\$	89,250,000	\$	93,712,500	1908
3L90	200621	Career-Technical Education Basic Grant	\$	48,029,701	\$	48,029,701	1909
3M00	200623	ESEA Title 1A	\$	530,000,000	\$	530,010,000	1910
3M10	200678	Innovative Education	\$	1,000,000	\$	0	1911
3M20	200680	Individuals with Disabilities Education Act	\$	413,391,594	\$	421,241,163	1912
3S20	200641	Education Technology	\$	9,487,397	\$	9,487,397	1913
3T40	200613	Public Charter Schools	\$	14,275,618	\$	14,291,353	1914
3Y20	200688	21st Century Community Learning Centers	\$	36,000,000	\$	36,000,000	1915
3Y40	200632	Reading First	\$	27,366,373	\$	24,455,172	1916
3Y60	200635	Improving Teacher Quality	\$	101,778,397	\$	101,778,400	1917
3Y70	200689	English Language	\$	8,142,299	\$	8,142,299	1918

		Acquisition				
3Y80	200639	Rural and Low Income	\$	1,500,000	\$	1,500,000 1919
		Technical Assistance				
3Z20	200690	State Assessments	\$	12,923,799	\$	12,923,799 1920
3Z30	200645	Consolidated Federal	\$	8,499,279	\$	8,499,280 1921
		Grant Administration				
3Z70	200697	General Supervisory	\$	887,319	\$	0 1922
		Enhancement Grant				
TOTAL FED		Federal Special				1923
Revenue Fund Group			\$	2,238,516,279	\$	2,262,899,123 1924
State Special Revenue Fund Group						1925
4540	200610	Guidance and Testing	\$	450,000	\$	450,000 1926
4550	200608	Commodity Foods	\$	24,000,000	\$	24,000,000 1927
4R70	200695	Indirect Operational	\$	6,050,000	\$	6,250,000 1928
		Support				
4V70	200633	Interagency	\$	1,111,838	\$	1,117,725 1929
		Operational Support				
5980	200659	Auxiliary Services	\$	1,328,910	\$	1,328,910 1930
		Reimbursement				
5BB0	200696	State Action for	\$	1,250,000	\$	600,000 1931
		Education Leadership				
5BJ0	200626	Half-Mill Maintenance	\$	16,100,000	\$	16,600,000 1932
		Equalization				
5U20	200685	National Education	\$	300,000	\$	300,000 1933
		Statistics				
5W20	200663	Early Learning	\$	2,200,000	\$	2,200,000 1934
		Initiative				
5X90	200911	NGA STEM	\$	100,000	\$	0 1935
6200	200615	Educational	\$	3,000,000	\$	3,000,000 1936
		Improvement Grants				
TOTAL SSR		State Special Revenue				1937
Fund Group			\$	55,890,748	\$	55,846,635 1938
Lottery Profits Education Fund Group						1939

7017 200612	Foundation Funding	\$ 990,236,905	\$ 1,277,271,428	1940
TOTAL LPE Lottery Profits				1941
Education Fund Group		\$ 990,236,905	\$ 1,277,271,428	1942
Revenue Distribution Fund Group				1943
7047 200909	School District	\$ 1,150,207,366	\$ 1,150,207,366	1944
	Property Tax			
	Replacement-Business			
7053 200900	School District	\$ 91,123,523	\$ 91,123,523	1945
	Property Tax			
	Replacement-Utility			
TOTAL RDF Revenue Distribution				1946
Fund Group		\$ 1,241,330,889	\$ 1,241,330,889	1947
TOTAL ALL BUDGET FUND GROUPS				1948
		<u>12,064,962,135</u>	<u>12,047,434,276</u>	
		<u>12,099,380,598</u>	<u>12,081,852,739</u>	

Section 7. That existing Section 265.10 of Am. Sub. H.B. 1 of the 128th General Assembly is hereby repealed. 1950
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Section 8. On the effective date of this section, or as soon as possible thereafter, the Director of Budget and Management shall transfer the cash balances in the OMVI Enforcement/Education Fund (Fund 83G0), the Elementary School Seat Belt Program Fund (Fund 83N0), and the Seat Belt Education Program Fund (Fund 8440), which are used by the Department of Public Safety, to the General Revenue Fund. 1952
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Section 9. Notwithstanding division (G)(5)(a) of section 4511.19 of the Revised Code, in fiscal year 2010 and fiscal year 2011, twenty-five dollars of the fine imposed under division (G)(1)(a)(iii) of section 4511.19 of the Revised Code, thirty-five dollars of the fine imposed under division (G)(1)(b)(iii) of section 4511.19 of the Revised Code, one hundred twenty-three dollars of the fine imposed under division (G)(1)(c)(iii) of 1959
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section 4511.19 of the Revised Code, and two hundred ten dollars 1966
of the fine imposed under division (G)(1)(d)(iii) or (e)(iii) of 1967
section 4511.19 of the Revised Code, shall be paid to the General 1968
Revenue Fund. 1969

Section 10. Notwithstanding divisions (E)(1) and (2) of 1970
section 4513.263 of the Revised Code, in fiscal year 2010 and 1971
fiscal year 2011, sixteen per cent of all fines collected for 1972
violations of division (B) of section 4513.263 of the Revised 1973
Code, or for violations of any ordinance or resolution of a 1974
political subdivision that is substantively comparable to that 1975
division, shall be deposited into the General Revenue Fund. The 1976
remaining eighty-four per cent shall be distributed as specified 1977
in divisions (E)(3), (4), and (5) of section 4513.263 of the 1978
Revised Code. 1979

Section 11. The uncodified sections of law contained in this 1980
act, and the items of law of which the uncodified sections of law 1981
contained in this act are composed, are not subject to the 1982
referendum. Therefore, under Ohio Constitution, Article II, 1983
Section 1d and section 1.471 of the Revised Code, the uncodified 1984
sections of law contained in this act, and the items of law of 1985
which the uncodified sections of law contained in this act are 1986
composed, go into immediate effect when this act becomes law. 1987