

As Introduced

**128th General Assembly
Regular Session
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S. B. No. 21

Senator Turner

Cosponsor: Senator Grendell

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A B I L L

To amend sections 5733.98 and 5747.98 and to enact 1
sections 5733.421 and 5747.391 of the Revised Code 2
to create a tax credit for the employment of 3
individuals who have previously been convicted of 4
felonies. 5

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

Section 1. That sections 5733.98 and 5747.98 be amended and 6
sections 5733.421 and 5747.391 of the Revised Code be enacted to 7
read as follows: 8

Sec. 5733.421. (A) As used in this section: 9

(1) "Qualified reforming felon" means an individual who: 10

(a) Has been convicted of a felony under any statute of the 11
United States or any state; 12

(b) Was hired by a taxpayer within one year after the 13
conviction or, if sentenced to a term of incarceration, was hired 14
within one year after being released from incarceration; and 15

(c) Is a member of a family that, in the six months 16
immediately preceding the date of hiring, had an income that, on 17
an annual basis, is seventy per cent or less of the most recent 18

lower living standard income level calculated by the United States 19
department of labor. 20

(2) "Family" means an individual and an individual's spouse 21
and children. 22

(3) "Wages" has the same meaning as in section 3306 of the 23
Internal Revenue Code. 24

(B)(1) For tax years 2010 and 2011, a nonrefundable credit is 25
allowed against the tax imposed by section 5733.06 of the Revised 26
Code for a taxpayer that employees a qualified reforming felon for 27
at least one hundred twenty hours during the taxpayer's taxable 28
year. The amount of the credit shall be calculated as follows: 29

(a) For each qualified reforming felon whom the taxpayer 31
employees for at least four hundred hours during the taxable year, 32
the credit equals forty per cent of the wages paid to the 33
qualified reforming felon, but shall not exceed two thousand four 34
hundred dollars for each qualified reforming felon. 35

(b) For each qualified reforming felon whom the taxpayer 36
employs for less than four hundred hours but at least one hundred 37
twenty hours during the taxable year, the credit equals 38
twenty-five per cent of the wages paid to the qualified reforming 39
felon, but shall not exceed one thousand five hundred dollars for 40
each qualified reforming felon. 41

The credit shall be claimed in the order required under 42
section 5733.98 of the Revised Code. The credit, to the extent it 43
exceeds the taxpayer's tax liability for the first tax year the 44
taxpayer claims it, after allowance for any other credits that 45
precede the credit under that section in that order, may be 46
carried forward to the next tax year, but no tax year thereafter. 47

(2) A taxpayer that received federally funded payments for 48
on-the-job training of a qualified reforming felon may not claim 49

the credit allowed under this section. 50

(3) A taxpayer may not claim the credit allowed under this 51
section on the basis of wages paid to a qualified reforming felon 52
for services that were the same as, or substantially similar to, 53
services that, but for a strike or lockout, would have been 54
performed by another employee. 55

(4) If a qualified reforming felon's employment is terminated 56
during the taxable year and the qualified reforming felon was 57
employed by the taxpayer for less than twelve months, the taxpayer 58
may not claim the full amount of the credit allowed under this 59
section unless the qualified reforming felon voluntarily 60
terminated employment; was unable to continue employment due to a 61
disability or death; or was terminated for cause. If a qualified 62
reforming felon's employment is terminated for any other reason, 63
the amount of the credit to which the taxpayer is entitled under 64
this section is reduced by a percentage equal to the percentage of 65
the taxable year that the qualified reforming felon was not 66
employed by the taxpayer. 67

(C) All files, statements, returns, reports, papers, or 68
documents of any kind relating to qualified reforming felons or 69
their families are not public records under section 149.43 of the 70
Revised Code. 71

Sec. 5733.98. (A) To provide a uniform procedure for 72
calculating the amount of tax imposed by section 5733.06 of the 73
Revised Code that is due under this chapter, a taxpayer shall 74
claim any credits to which it is entitled in the following order, 75
except as otherwise provided in section 5733.058 of the Revised 76
Code: 77

(1) For tax year 2005, the credit for taxes paid by a 78
qualifying pass-through entity allowed under section 5733.0611 of 79
the Revised Code; 80

(2) The credit allowed for financial institutions under section 5733.45 of the Revised Code;	81 82
(3) The credit for qualifying affiliated groups under section 5733.068 of the Revised Code;	83 84
(4) The subsidiary corporation credit under section 5733.067 of the Revised Code;	85 86
(5) The savings and loan assessment credit under section 5733.063 of the Revised Code;	87 88
(6) The credit for recycling and litter prevention donations under section 5733.064 of the Revised Code;	89 90
(7) The credit for employers that enter into agreements with child day-care centers under section 5733.36 of the Revised Code;	91 92
(8) The credit for employers that reimburse employee child care expenses under section 5733.38 of the Revised Code;	93 94
(9) The credit for maintaining railroad active grade crossing warning devices under section 5733.43 of the Revised Code;	95 96
(10) The credit for purchases of lights and reflectors under section 5733.44 of the Revised Code;	97 98
(11) <u>The credit for employers that employ qualified reforming felons under section 5733.421 of the Revised Code;</u>	99 100
<u>(12)</u> The job retention credit under division (B) of section 5733.0610 of the Revised Code;	101 102
(12) <u>(13)</u> The credit for tax years 2008 and 2009 for selling alternative fuel under section 5733.48 of the Revised Code;	103 104
(13) <u>(14)</u> The second credit for purchases of new manufacturing machinery and equipment under section 5733.33 of the Revised Code;	105 106
(14) <u>(15)</u> The job training credit under section 5733.42 of the Revised Code;	107 108
(15) <u>(16)</u> The credit for qualified research expenses under	109

section 5733.351 of the Revised Code;	110
(16) <u>(17)</u> The enterprise zone credit under section 5709.66 of the Revised Code;	111 112
(17) <u>(18)</u> The credit for the eligible costs associated with a voluntary action under section 5733.34 of the Revised Code;	113 114
(18) <u>(19)</u> The credit for employers that establish on-site child day-care centers under section 5733.37 of the Revised Code;	115 116
(19) <u>(20)</u> The ethanol plant investment credit under section 5733.46 of the Revised Code;	117 118
(20) <u>(21)</u> The credit for purchases of qualifying grape production property under section 5733.32 of the Revised Code;	119 120
(21) <u>(22)</u> The export sales credit under section 5733.069 of the Revised Code;	121 122
(22) <u>(23)</u> The credit for research and development and technology transfer investors under section 5733.35 of the Revised Code;	123 124 125
(23) <u>(24)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	126 127
(24) <u>(25)</u> The credit for using Ohio coal under section 5733.39 of the Revised Code;	128 129
(25) <u>(26)</u> The credit for small telephone companies under section 5733.57 of the Revised Code;	130 131
(26) <u>(27)</u> The credit for eligible nonrecurring 9-1-1 charges under section 5733.55 of the Revised Code;	132 133
(27) <u>(28)</u> For tax year 2005, the credit for providing programs to aid the communicatively impaired under division (A) of section 5733.56 of the Revised Code;	134 135 136
(28) <u>(29)</u> The research and development credit under section 5733.352 of the Revised Code;	137 138

(29) (30) For tax years 2006 and subsequent tax years, the credit for taxes paid by a qualifying pass-through entity allowed under section 5733.0611 of the Revised Code;	139 140 141
(30) (31) The refundable credit for rehabilitating a historic building under section 5733.47 of the Revised Code;	142 143
(31) (32) The refundable jobs creation credit under division (A) of section 5733.0610 of the Revised Code;	144 145
(32) (33) The refundable credit for tax withheld under division (B)(2) of section 5747.062 of the Revised Code;	146 147
(33) (34) The refundable credit under section 5733.49 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	148 149 150
(34) (35) For tax years 2006, 2007, and 2008, the refundable credit allowable under division (B) of section 5733.56 of the Revised Code.	151 152 153
(B) For any credit except the <u>refundable</u> credits enumerated in divisions (A)(30) to (34) of this section, the amount of the credit for a tax year shall not exceed the tax due after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit.	154 155 156 157 158 159 160
<u>Sec. 5747.391. (A) As used in this section:</u>	161
<u>(1) "Pass-through entity" has the same meaning as in section 5733.04 of the Revised Code and includes a sole proprietorship.</u>	162 163
<u>(2) "Qualified reforming felon" means an individual who:</u>	164
<u>(a) Has been convicted of a felony under any statute of the United States or any state;</u>	165 166
<u>(b) Was hired by a pass-through entity within one year after</u>	167

the conviction or, if sentenced to a term of incarceration, was 168
hired within one year after being released from incarceration; and 169

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(c) Is a member of a family that, in the six months 171
immediately preceding the date of hiring, had an income that, on 172
an annual basis, is seventy per cent or less of the most recent 173
lower living standard income level calculated by the United States 174
department of labor. 175

(3) "Family" means an individual and an individual's spouse 176
and children. 177

(4) "Wages" has the same meaning as in section 3306 of the 178
Internal Revenue Code. 179

(B)(1) For a taxpayer's taxable year beginning in 2009 or 180
thereafter, a nonrefundable credit is allowed against the tax 181
imposed by section 5747.02 of the Revised Code for taxpayers that 182
are equity owners of a pass-through entity that employs a 183
qualified reforming felon for at least one hundred twenty hours 184
during the entity's taxable year. The amount of the credit shall 185
be calculated as follows: 186

(a) For each qualified reforming felon whom the entity 187
employs for at least four hundred hours during the entity's 188
taxable year, the credit equals forty per cent of the wages paid 189
to the qualified reforming felon, but shall not exceed two 190
thousand four hundred dollars for each qualified reforming felon. 191

(b) For each qualified reforming felon whom the entity 192
employs for less than four hundred hours but at least one hundred 193
twenty hours during the entity's taxable year, the credit equals 194
twenty-five per cent of the wages paid to the qualified reforming 195
felon, but shall not exceed one thousand five hundred dollars for 196
each qualified reforming felon. 197

The amount of a taxpayer's credit is the taxpayer's 198

distributive or proportionate share of the credit amount so 199
calculated. The credit shall be claimed for the taxpayer's taxable 200
year that includes the last day of the pass-through entity's 201
taxable year for which the credit is calculated. The credit shall 202
be claimed in the order required under section 5747.98 of the 203
Revised Code. The credit, to the extent it exceeds the taxpayer's 204
tax liability for the taxable year after allowance for any other 205
credits that precede the credit under that section in that order, 206
may be carried forward for the next five succeeding taxable years, 207
but the amount of any excess credit allowed in any such year shall 208
be deducted from the balance carried forward to the succeeding 209
year. 210

(2) A taxpayer may not claim the credit allowed under this 211
section on the basis of wages paid to a qualified reforming felon 212
for whom the pass-through entity received federally funded 213
payments for on-the-job training. 214

(3) A taxpayer may not claim the credit allowed under this 215
section on the basis of wages paid to a qualified reforming felon 216
for services that were the same as, or substantially similar to, 217
services that, but for a strike or lockout, would have been 218
performed by another employee. 219

(4) If a qualified reforming felon's employment is terminated 220
during the pass-through entity's taxable year and the qualified 221
reforming felon was employed by the entity for less than twelve 222
months, a taxpayer may not claim the full amount of the credit 223
allowed under this section unless the qualified reforming felon 224
voluntarily terminated employment; was unable to continue 225
employment due to a disability or death; or was terminated for 226
cause. If a qualified reforming felon's employment is terminated 227
for any other reason, the amount of the credit to which the 228
taxpayer is entitled under this section is reduced by a percentage 229
equal to the percentage of the entity's taxable year that the 230

<u>qualified reforming felon was not employed by the entity.</u>	231
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<u>(C) All files, statements, returns, reports, papers, or</u>	233
<u>documents of any kind relating to qualified reforming felons or</u>	234
<u>their families are not public records under section 149.43 of the</u>	235
<u>Revised Code.</u>	236
Sec. 5747.98. (A) To provide a uniform procedure for	237
calculating the amount of tax due under section 5747.02 of the	238
Revised Code, a taxpayer shall claim any credits to which the	239
taxpayer is entitled in the following order:	240
(1) The retirement income credit under division (B) of	241
section 5747.055 of the Revised Code;	242
(2) The senior citizen credit under division (C) of section	243
5747.05 of the Revised Code;	244
(3) The lump sum distribution credit under division (D) of	245
section 5747.05 of the Revised Code;	246
(4) The dependent care credit under section 5747.054 of the	247
Revised Code;	248
(5) The lump sum retirement income credit under division (C)	249
of section 5747.055 of the Revised Code;	250
(6) The lump sum retirement income credit under division (D)	251
of section 5747.055 of the Revised Code;	252
(7) The lump sum retirement income credit under division (E)	253
of section 5747.055 of the Revised Code;	254
(8) The low-income credit under section 5747.056 of the	255
Revised Code;	256
(9) The credit for displaced workers who pay for job training	257
under section 5747.27 of the Revised Code;	258
(10) The campaign contribution credit under section 5747.29	259

of the Revised Code;	260
(11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	261 262
(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	263 264
(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	265 266
(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	267 268
(15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	269 270
(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	271 272
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	273 274
(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	275 276
(19) The job retention credit under division (B) of section 5747.058 of the Revised Code;	277 278
(20) The credit for selling alternative fuel under section 5747.77 of the Revised Code;	279 280
(21) The second credit for purchases of new manufacturing machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code;	281 282 283
(22) The job training credit under section 5747.39 of the Revised Code;	284 285
(23) The enterprise zone credit under section 5709.66 of the Revised Code;	286 287
(24) The credit for the eligible costs associated with a	288

voluntary action under section 5747.32 of the Revised Code;	289
(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	290 291
(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;	292 293
(27) <u>The credit for employers that employ qualified reforming felons under section 5747.391 of the Revised Code;</u>	294 295
(28) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	296 297
(28) (29) The export sales credit under section 5747.057 of the Revised Code;	298 299
(29) (30) The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	300 301 302
(30) (31) The enterprise zone credits under section 5709.65 of the Revised Code;	303 304
(31) (32) The research and development credit under section 5747.331 of the Revised Code;	305 306
(32) (33) The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	307 308
(33) (34) The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	309 310
(34) (35) The refundable jobs creation credit under division (A) of section 5747.058 of the Revised Code;	311 312
(35) (36) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	313 314
(36) (37) The refundable credits for taxes paid by a qualifying pass-through entity granted under division (J) of section 5747.08 of the Revised Code;	315 316 317

~~(37)~~(38) The refundable credit for tax withheld under 318
division (B)(1) of section 5747.062 of the Revised Code; 319

~~(38)~~(39) The refundable credit under section 5747.80 of the 320
Revised Code for losses on loans made to the Ohio venture capital 321
program under sections 150.01 to 150.10 of the Revised Code. 322

(B) For any credit, except the refundable credits enumerated 323
in ~~divisions (A)(33) to (38)~~ of this section and the credit 324
granted under division (I) of section 5747.08 of the Revised Code, 325
the amount of the credit for a taxable year shall not exceed the 326
tax due after allowing for any other credit that precedes it in 327
the order required under this section. Any excess amount of a 328
particular credit may be carried forward if authorized under the 329
section creating that credit. Nothing in this chapter shall be 330
construed to allow a taxpayer to claim, directly or indirectly, a 331
credit more than once for a taxable year. 332

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Section 2. That existing sections 5733.98 and 5747.98 of the 334
Revised Code are hereby repealed. 335