

**As Introduced**

**129th General Assembly  
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**H. B. No. 227**

**Representative Goyal**

**Cosponsors: Representatives Garland, Ruhl, Stinziano, Schuring, Fedor,  
Williams, Martin, Phillips, Clyde, Weddington, O'Brien, Ashford, Fende,  
Antonio**

—

**A B I L L**

To amend sections 5747.08 and 5747.98 and to enact 1  
sections 718.17, 3333.51, and 5747.81 of the 2  
Revised Code to grant an income tax credit to 3  
individuals who earn degrees in science, 4  
technology, engineering, or math-based fields of 5  
study and to authorize municipal corporations to 6  
grant a credit to individuals qualifying for the 7  
state credit. 8

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

**Section 1.** That sections 5747.08 and 5747.98 be amended and 9  
sections 718.17, 3333.51, and 5747.81 of the Revised Code be 10  
enacted to read as follows: 11

**Sec. 718.17.** The legislative authority of a municipal 12  
corporation, by ordinance, may grant a credit against a tax 13  
imposed on income to an individual who is subject to the tax and 14  
who qualifies for a credit authorized under section 3333.51 of the 15  
Revised Code. The legislative authority may establish credit 16  
amounts and limits, refundability attributes, carry-forward 17

periods, and deferral periods and procedures other than as 18  
prescribed in sections 3333.51 and 5747.81 of the Revised Code. 19

Sec. 3333.51. (A) As used in this section: 20

(1) "Approved field of study" means a field of study in the 21  
natural sciences, technology, engineering, or mathematics that the 22  
Ohio board of regents determines is associated with job creation 23  
and retention in Ohio. 24

(2) "Institution of higher education" means all of the 25  
following: 26

(a) An institution of higher education, as defined in section 27  
3345.12 of the Revised Code; 28

(b) An institution authorized by the Ohio board of regents 29  
under Chapter 1713. of the Revised Code to grant degrees and that 30  
is accredited by the appropriate regional and professional 31  
accrediting associations within whose jurisdiction it falls; 32

(c) Private career schools holding program authorizations 33  
issued by the state board of career colleges and schools under 34  
division (C) of section 3332.05 of the Revised Code; 35

(d) Private institutions exempt from regulation under Chapter 36  
3332. of the Revised Code as prescribed in section 3333.046 of the 37  
Revised Code; 38

(e) Any institution located outside Ohio designated as an 39  
"institution of higher education" by the Ohio board of regents for 40  
purposes of this section. 41

(B) For the purpose of developing and maintaining a highly 42  
qualified workforce and thereby to improve the economic welfare of 43  
all Ohioans, an individual who graduates on or after the effective 44  
date of the enactment of this section from an institution of 45  
higher education with a degree in an approved field of study is 46  
allowed a credit against the tax imposed by section 5747.02 of the 47

Revised Code. Except as provided in division (C) of this section, 48  
the credit shall equal five thousand dollars in the case of an 49  
associate's degree; twenty thousand dollars in the case of a 50  
baccalaureate degree; and thirty thousand dollars in the case of a 51  
master's or doctoral degree. Except as otherwise provided in this 52  
section, the individual shall claim one-tenth of the credit amount 53  
for the individual's taxable year that includes the date of 54  
graduation and one-tenth of the credit amount in each of the 55  
succeeding nine consecutive taxable years for which the individual 56  
is subject to the tax imposed by section 5747.02 of the Revised 57  
Code. Evidence of graduation shall be retained for inspection by 58  
the tax commissioner until the expiration of four years after the 59  
end of the last taxable year the credit is taken. 60

(C)(1) An individual who has been allowed a credit for an 61  
associate's or baccalaureate degree or both is allowed an 62  
additional credit for the receipt of a more advanced degree from 63  
an institution of higher education in an approved field of study. 64  
The credit amount for the additional degree equals the credit 65  
amount for the degree as provided in division (B) of this section 66  
less the credit amount for the degree or degrees for which a 67  
credit has previously been allowed. The credit shall be claimed in 68  
the manner required under division (B) of this section. 69

(2) An individual who is allowed a credit under this section 70  
may elect to defer the credit for each taxable year that includes 71  
a date on which the individual is enrolled full time in an 72  
institution of higher education to pursue a more advanced degree 73  
in an approved field of study. Evidence of such enrollment shall 74  
be retained for inspection by the tax commissioner until the 75  
expiration of four years after the end of the last taxable year 76  
the credit is taken. 77

(D) The Ohio board of regents shall identify institutions of 78  
higher education and approved fields of study. In identifying 79

approved fields of study, the board shall give priority to those 80  
related to information technology, power and propulsion, advanced 81  
materials, instruments and controls, electronics, and 82  
biotechnology and biosciences. 83

**Sec. 5747.08.** An annual return with respect to the tax 84  
imposed by section 5747.02 of the Revised Code and each tax 85  
imposed under Chapter 5748. of the Revised Code shall be made by 86  
every taxpayer for any taxable year for which the taxpayer is 87  
liable for the tax imposed by that section or under that chapter, 88  
unless the total credits allowed under divisions (E), (F), and (G) 89  
of section 5747.05 of the Revised Code for the year are equal to 90  
or exceed the tax imposed by section 5747.02 of the Revised Code, 91  
in which case no return shall be required unless the taxpayer is 92  
liable for a tax imposed pursuant to Chapter 5748. of the Revised 93  
Code. 94

(A) If an individual is deceased, any return or notice 95  
required of that individual under this chapter shall be made and 96  
filed by that decedent's executor, administrator, or other person 97  
charged with the property of that decedent. 98

(B) If an individual is unable to make a return or notice 99  
required by this chapter, the return or notice required of that 100  
individual shall be made and filed by the individual's duly 101  
authorized agent, guardian, conservator, fiduciary, or other 102  
person charged with the care of the person or property of that 103  
individual. 104

(C) Returns or notices required of an estate or a trust shall 105  
be made and filed by the fiduciary of the estate or trust. 106

(D)(1)(a) Except as otherwise provided in division (D)(1)(b) 107  
of this section, any pass-through entity may file a single return 108  
on behalf of one or more of the entity's investors other than an 109  
investor that is a person subject to the tax imposed under section 110

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

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

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

(c) Nothing in division (D) of this section precludes the tax commissioner from requiring such investors to file the return and make the payment of taxes and related interest, penalty, and interest penalty required by this section or section 5747.02,

5747.09, or 5747.15 of the Revised Code. Nothing in division (D) 143  
of this section shall be construed to provide to such an investor 144  
or pass-through entity any additional deduction or credit, other 145  
than the credit provided by division (J) of this section, solely 146  
on account of the entity's filing a return in accordance with this 147  
section. Such a pass-through entity also shall make the filing and 148  
payment of estimated taxes on behalf of the pass-through entity 149  
investors other than an investor that is a person subject to the 150  
tax imposed under section 5733.06 of the Revised Code. 151

(2) For the purposes of this section, "business credits" 152  
means the credits listed in section 5747.98 of the Revised Code 153  
excluding the following credits: 154

(a) The retirement credit under division (B) of section 155  
5747.055 of the Revised Code; 156

(b) The senior citizen credit under division (C) of section 157  
5747.05 of the Revised Code; 158

(c) The lump sum distribution credit under division (D) of 159  
section 5747.05 of the Revised Code; 160

(d) The dependent care credit under section 5747.054 of the 161  
Revised Code; 162

(e) The lump sum retirement income credit under division (C) 163  
of section 5747.055 of the Revised Code; 164

(f) The lump sum retirement income credit under division (D) 165  
of section 5747.055 of the Revised Code; 166

(g) The lump sum retirement income credit under division (E) 167  
of section 5747.055 of the Revised Code; 168

(h) The credit for displaced workers who pay for job training 169  
under section 5747.27 of the Revised Code; 170

(i) The twenty-dollar personal exemption credit under section 171  
5747.022 of the Revised Code; 172

(j) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	173 174
(k) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	175 176
(l) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	177 178
(m) The low-income credit under section 5747.056 of the Revised Code;	179 180
<u>(n) The credit for graduates from institutions of higher education in approved fields of study under section 5747.81 of the Revised Code.</u>	181 182 183
(3) The election provided for under division (D) of this section applies only to the taxable year for which the election is made by the pass-through entity. Unless the tax commissioner provides otherwise, this election, once made, is binding and irrevocable for the taxable year for which the election is made. Nothing in this division shall be construed to provide for any deduction or credit that would not be allowable if a nonresident pass-through entity investor were to file an annual return.	184 185 186 187 188 189 190 191
(4) If a pass-through entity makes the election provided for under division (D) of this section, the pass-through entity shall be liable for any additional taxes, interest, interest penalty, or penalties imposed by this chapter if the tax commissioner finds that the single return does not reflect the correct tax due by the pass-through entity investors covered by that return. Nothing in this division shall be construed to limit or alter the liability, if any, imposed on pass-through entity investors for unpaid or underpaid taxes, interest, interest penalty, or penalties as a result of the pass-through entity's making the election provided for under division (D) of this section. For the purposes of division (D) of this section, "correct tax due" means the tax that	192 193 194 195 196 197 198 199 200 201 202 203

would have been paid by the pass-through entity had the single 204  
return been filed in a manner reflecting the tax commissioner's 205  
findings. Nothing in division (D) of this section shall be 206  
construed to make or hold a pass-through entity liable for tax 207  
attributable to a pass-through entity investor's income from a 208  
source other than the pass-through entity electing to file the 209  
single return. 210

(E) If a husband and wife file a joint federal income tax 211  
return for a taxable year, they shall file a joint return under 212  
this section for that taxable year, and their liabilities are 213  
joint and several, but, if the federal income tax liability of 214  
either spouse is determined on a separate federal income tax 215  
return, they shall file separate returns under this section. 216

If either spouse is not required to file a federal income tax 217  
return and either or both are required to file a return pursuant 218  
to this chapter, they may elect to file separate or joint returns, 219  
and, pursuant to that election, their liabilities are separate or 220  
joint and several. If a husband and wife file separate returns 221  
pursuant to this chapter, each must claim the taxpayer's own 222  
exemption, but not both, as authorized under section 5747.02 of 223  
the Revised Code on the taxpayer's own return. 224

(F) Each return or notice required to be filed under this 225  
section shall contain the signature of the taxpayer or the 226  
taxpayer's duly authorized agent and of the person who prepared 227  
the return for the taxpayer, and shall include the taxpayer's 228  
social security number. Each return shall be verified by a 229  
declaration under the penalties of perjury. The tax commissioner 230  
shall prescribe the form that the signature and declaration shall 231  
take. 232

(G) Each return or notice required to be filed under this 233  
section shall be made and filed as required by section 5747.04 of 234  
the Revised Code, on or before the fifteenth day of April of each 235



year, on forms that the tax commissioner shall prescribe, together 236  
with remittance made payable to the treasurer of state in the 237  
combined amount of the state and all school district income taxes 238  
shown to be due on the form, unless the combined amount shown to 239  
be due is one dollar or less, in which case that amount need not 240  
be remitted. 241

Upon good cause shown, the tax commissioner may extend the 242  
period for filing any notice or return required to be filed under 243  
this section and may adopt rules relating to extensions. If the 244  
extension results in an extension of time for the payment of any 245  
state or school district income tax liability with respect to 246  
which the return is filed, the taxpayer shall pay at the time the 247  
tax liability is paid an amount of interest computed at the rate 248  
per annum prescribed by section 5703.47 of the Revised Code on 249  
that liability from the time that payment is due without extension 250  
to the time of actual payment. Except as provided in section 251  
5747.132 of the Revised Code, in addition to all other interest 252  
charges and penalties, all taxes imposed under this chapter or 253  
Chapter 5748. of the Revised Code and remaining unpaid after they 254  
become due, except combined amounts due of one dollar or less, 255  
bear interest at the rate per annum prescribed by section 5703.47 256  
of the Revised Code until paid or until the day an assessment is 257  
issued under section 5747.13 of the Revised Code, whichever occurs 258  
first. 259

If the tax commissioner considers it necessary in order to 260  
ensure the payment of the tax imposed by section 5747.02 of the 261  
Revised Code or any tax imposed under Chapter 5748. of the Revised 262  
Code, the tax commissioner may require returns and payments to be 263  
made otherwise than as provided in this section. 264

To the extent that any provision in this division conflicts 265  
with any provision in section 5747.026 of the Revised Code, the 266  
provision in that section prevails. 267

(H) If any report, claim, statement, or other document 268  
required to be filed, or any payment required to be made, within a 269  
prescribed period or on or before a prescribed date under this 270  
chapter is delivered after that period or that date by United 271  
States mail to the agency, officer, or office with which the 272  
report, claim, statement, or other document is required to be 273  
filed, or to which the payment is required to be made, the date of 274  
the postmark stamped on the cover in which the report, claim, 275  
statement, or other document, or payment is mailed shall be deemed 276  
to be the date of delivery or the date of payment. 277

If a payment is required to be made by electronic funds 278  
transfer pursuant to section 5747.072 of the Revised Code, the 279  
payment is considered to be made when the payment is received by 280  
the treasurer of state or credited to an account designated by the 281  
treasurer of state for the receipt of tax payments. 282

"The date of the postmark" means, in the event there is more 283  
than one date on the cover, the earliest date imprinted on the 284  
cover by the United States postal service. 285

(I) The amounts withheld by the employer pursuant to section 286  
5747.06 of the Revised Code shall be allowed to the recipient of 287  
the compensation as credits against payment of the appropriate 288  
taxes imposed on the recipient by section 5747.02 and under 289  
Chapter 5748. of the Revised Code. 290

(J) If, in accordance with division (D) of this section, a 291  
pass-through entity elects to file a single return and if any 292  
investor is required to file the return and make the payment of 293  
taxes required by this chapter on account of the investor's other 294  
income that is not included in a single return filed by a 295  
pass-through entity, the investor is entitled to a refundable 296  
credit equal to the investor's proportionate share of the tax paid 297  
by the pass-through entity on behalf of the investor. The investor 298  
shall claim the credit for the investor's taxable year in which or 299

with which ends the taxable year of the pass-through entity. 300  
Nothing in this chapter shall be construed to allow any credit 301  
provided in this chapter to be claimed more than once. For the 302  
purposes of computing any interest, penalty, or interest penalty, 303  
the investor shall be deemed to have paid the refundable credit 304  
provided by this division on the day that the pass-through entity 305  
paid the estimated tax or the tax giving rise to the credit. 306

(K) The tax commissioner shall ensure that each return 307  
required to be filed under this section includes a box that the 308  
taxpayer may check to authorize a paid tax preparer who prepared 309  
the return to communicate with the department of taxation about 310  
matters pertaining to the return. The return or instructions 311  
accompanying the return shall indicate that by checking the box 312  
the taxpayer authorizes the department of taxation to contact the 313  
preparer concerning questions that arise during the processing of 314  
the return and authorizes the preparer only to provide the 315  
department with information that is missing from the return, to 316  
contact the department for information about the processing of the 317  
return or the status of the taxpayer's refund or payments, and to 318  
respond to notices about mathematical errors, offsets, or return 319  
preparation that the taxpayer has received from the department and 320  
has shown to the preparer. 321

(L) The tax commissioner shall permit individual taxpayers to 322  
instruct the department of taxation to cause any refund of 323  
overpaid taxes to be deposited directly into a checking account, 324  
savings account, or an individual retirement account or individual 325  
retirement annuity, or preexisting college savings plan or program 326  
account offered by the Ohio tuition trust authority under Chapter 327  
3334. of the Revised Code, as designated by the taxpayer, when the 328  
taxpayer files the annual return required by this section 329  
electronically. 330

(M) The tax commissioner may adopt rules to administer this 331

section. 332

Sec. 5747.81. A taxpayer who qualifies for the credit 333  
authorized under section 3333.51 of the Revised Code is allowed a 334  
nonrefundable credit against the tax imposed by section 5747.02 of 335  
the Revised Code. The credit shall be claimed as provided in 336  
section 3333.51 of the Revised Code and in the order required 337  
under section 5747.98 of the Revised Code. The amount of credit 338  
claimed for a taxable year shall not exceed the tax otherwise due 339  
after allowing for all preceding credits in that order. If the 340  
amount of credit allowed for a taxable year exceeds the tax 341  
otherwise due, the excess may be carried forward to the next 342  
taxable year. Excess credit allowed in a taxable year shall be 343  
deducted from the balance carried forward to the ensuing taxable 344  
year. If a credit may not be claimed for a taxable year, excess 345  
credit carried forward from a previous year may not be claimed. 346

**Sec. 5747.98.** (A) To provide a uniform procedure for 347  
calculating the amount of tax due under section 5747.02 of the 348  
Revised Code, a taxpayer shall claim any credits to which the 349  
taxpayer is entitled in the following order: 350

(1) The retirement income credit under division (B) of 351  
section 5747.055 of the Revised Code; 352

(2) The senior citizen credit under division (C) of section 353  
5747.05 of the Revised Code; 354

(3) The lump sum distribution credit under division (D) of 355  
section 5747.05 of the Revised Code; 356

(4) The dependent care credit under section 5747.054 of the 357  
Revised Code; 358

(5) The lump sum retirement income credit under division (C) 359  
of section 5747.055 of the Revised Code; 360

(6) The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;	361 362
(7) The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;	363 364
(8) The low-income credit under section 5747.056 of the Revised Code;	365 366
(9) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	367 368
(10) The campaign contribution credit under section 5747.29 of the Revised Code;	369 370
(11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	371 372
(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	373 374
(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	375 376
(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	377 378
(15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	379 380
(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	381 382
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	383 384
(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	385 386
(19) The job retention credit under division (B) of section 5747.058 of the Revised Code;	387 388
(20) The credit for selling alternative fuel under section	389

5747.77 of the Revised Code;	390
(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;	391 392 393
(22) The job training credit under section 5747.39 of the Revised Code;	394 395
(23) The enterprise zone credit under section 5709.66 of the Revised Code;	396 397
(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	398 399
(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	400 401
(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;	402 403
(27) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	404 405
(28) <u>The credit for graduates from institutions of higher education in approved fields of study under section 5747.81 of the Revised Code;</u>	406 407 408
<u>(29)</u> The export sales credit under section 5747.057 of the Revised Code;	409 410
<del>(29)</del> <u>(30)</u> The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	411 412 413
<del>(30)</del> <u>(31)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	414 415
<del>(31)</del> <u>(32)</u> The research and development credit under section 5747.331 of the Revised Code;	416 417
<del>(32)</del> <u>(33)</u> The credit for rehabilitating a historic building	418

under section 5747.76 of the Revised Code;	419
<del>(33)</del> (34) The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	420 421
<del>(34)</del> (35) The refundable jobs creation credit under division (A) of section 5747.058 of the Revised Code;	422 423
<del>(35)</del> (36) The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	424 425
<del>(36)</del> (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;	426 427 428
<del>(37)</del> (38) The refundable credit for tax withheld under division (B)(1) of section 5747.062 of the Revised Code;	429 430
<del>(38)</del> (39) The refundable credit for tax withheld under section 5747.063 of the Revised Code;	431 432
<del>(39)</del> (40) The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	433 434 435
<del>(40)</del> (41) The refundable motion picture production credit under section 5747.66 of the Revised Code.	436 437
(B) For any <u>nonrefundable</u> credit, <del>except the refundable credits enumerated in this section and the credit granted under division (I) of section 5747.08 of the Revised Code,</del> the amount of the credit for a taxable 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. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.	438 439 440 441 442 443 444 445 446 447

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

**Section 3.** Section 5747.08 of the Revised Code is presented in this act as a composite of the section as amended by both Sub. S.B. 155 and Am. Sub. S.B. 194 of the 128th General Assembly. The General Assembly, applying the principle stated in division (B) of section 1.52 of the Revised Code that amendments are to be harmonized if reasonably capable of simultaneous operation, finds that the composite is the resulting version of the section in effect prior to the effective date of the section as presented in this act.