

As Introduced

**129th General Assembly
Regular Session
2011-2012**

H. B. No. 571

Representative Cera

Cosponsors: Representatives Letson, Antonio, O'Brien

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A B I L L

To amend section 5751.98 and to enact section 5751.54 1
of the Revised Code to establish a nonrefundable 2
commercial activity tax credit for companies 3
involved in horizontal well drilling or related 4
oil and gas production services that hire Ohio 5
residents who have completed a federally 6
registered apprenticeship program. 7

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

Section 1. That section 5751.98 be amended and section 8
5751.54 of the Revised Code be enacted to read as follows: 9

Sec. 5751.54. (A) As used in this section: 10

(1) "Owner," "horizontal well," "production operation," and 11
"well pad" have the same meanings as in section 1509.01 of the 12
Revised Code. 13

(2) "Severance" has the same meaning as in section 5749.01 of 14
the Revised Code. 15

(3) "Qualifying wages" means a rate of pay that is at least 16
two hundred fifty per cent of the federal minimum wage under 29 17
U.S.C. 206 or is equivalent to such rate of pay for a full-time 18

employee. 19

(4) "Full-time employee" means an employee employed for at least thirty-five hours per week. 20
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(5) "Horizontal well employer" means the owner of a horizontal well or any other person that performs a horizontal well service. 22
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(6) "Horizontal well service" means any of the following: 25

(a) Operations involving the severance of natural gas, oil, or other hydrocarbons by a horizontal well, including any production operations; 26
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(b) Preparation of the well pad or the means of access to the well pad; 29
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(c) Transportation of equipment, materials, or supplies to the well site or of the products of the well from the well site. Transportation may include movement of such products through pipes or tubing or by any other means. 31
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(d) Processing the raw products of the horizontal well to produce pipeline quality natural gas by separating impurities, nonmethane hydrocarbons, and fluids at the wellhead or another site; 35
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(e) Operating or servicing equipment utilized in any horizontal well service. 39
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(7) "Horizontal well employee" means a full-time employee of a horizontal well employer who is domiciled in this state for the purposes of Chapter 5747. of the Revised Code, is paid qualifying wages, is primarily employed in a horizontal well service, and has completed a qualified apprenticeship program that corresponds to the appropriate horizontal well service and that is registered in accordance with 29 C.F.R. 29.3. 41
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(B) Any horizontal well employer may claim a nonrefundable 48

credit against the tax imposed under section 5751.02 of the 49
Revised Code. If the horizontal well employer is a calendar 50
quarter taxpayer, the amount of the credit shall equal two 51
thousand five hundred dollars for each horizontal well employee 52
hired by the horizontal well employer in the tax period preceding 53
the tax period on the basis of which the tax is owed and employed 54
by the horizontal well employer for the duration of the tax period 55
on the basis of which the tax is owed. If the horizontal well 56
employer is a calendar year taxpayer, the credit equals two 57
thousand five hundred dollars for each horizontal well employee 58
hired by the horizontal well employer during the calendar year on 59
the basis of which the tax is owed and employed by the horizontal 60
well employer for at least three consecutive months in that year. 61

The taxpayer shall claim the credit in the order required by 62
section 5751.98 of the Revised Code. Any credit amount in excess 63
of the tax due under section 5751.03 of the Revised Code, after 64
allowing for any other credits that precede the credit under this 65
section in the order required under that section, may not be 66
carried forward. 67

Sec. 5751.98. (A) To provide a uniform procedure for 68
calculating the amount of tax due under this chapter, a taxpayer 69
shall claim any credits to which it is entitled in the following 70
order: 71

(1) The nonrefundable jobs retention credit under division 72
(B) of section 5751.50 of the Revised Code; 73

(2) The nonrefundable credit for qualified research expenses 74
under division (B) of section 5751.51 of the Revised Code; 75

(3) The nonrefundable credit for a borrower's qualified 76
research and development loan payments under division (B) of 77
section 5751.52 of the Revised Code; 78

(4) The nonrefundable credit for calendar years 2010 to 2029 79
for unused net operating losses under division (B) of section 80
5751.53 of the Revised Code; 81

(5) The nonrefundable credit for horizontal well employers 82
that hire residents of this state; 83

(6) The refundable credit for calendar year 2030 for unused 84
net operating losses under division (C) of section 5751.53 of the 85
Revised Code; 86

~~(6)~~(7) The refundable jobs creation credit or job retention 87
credit under division (A) of section 5751.50 of the Revised Code. 88

(B) For any credit except the refundable credits enumerated 89
in this section, the amount of the credit for a tax period shall 90
not exceed the tax due after allowing for any other credit that 91
precedes it in the order required under this section. Any excess 92
amount of a particular credit may be carried forward if authorized 93
under the section creating the credit. 94

Section 2. That existing section 5751.98 of the Revised Code 95
is hereby repealed. 96