

As Introduced

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

S. B. No. 384

Senator Jordan

Cosponsor: Senator Schaffer

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A B I L L

To amend section 5747.02 and to enact section 101.88 1
of the Revised Code to establish a Joint Committee 2
on Government Efficiency that, on or before August 3
1, 2014, must issue a report recommending the 4
elimination or consolidation of state agencies and 5
proposing an income tax rate reduction 6
corresponding to the savings projected from its 7
recommendations. 8

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

Section 1. That section 5747.02 be amended and section 101.88 9
of the Revised Code be enacted to read as follows: 10

Sec. 101.88. (A) There is hereby created in the general 11
assembly the joint committee on government efficiency. The 12
committee shall review the functions and duties of state agencies, 13
departments, commissions, councils, boards, and similar public 14
bodies established pursuant to state statute for the exercise of 15
any function of state government. Upon such review, the committee 16
shall issue recommendations for the elimination or consolidation 17
of such bodies. 18

(B) The committee shall be composed of six members. The 19

president of the senate shall appoint three members of the senate 20
to the committee. The speaker of the house of representatives 21
shall appoint three members of the house of representatives to the 22
committee. Not more than two members from each house shall be of 23
the same political party. Members shall be appointed within 24
fifteen days after the commencement of the first regular session 25
of the 130th general assembly and shall serve for a term ending on 26
December 31, 2014. A vacancy on the committee shall be filled in 27
the same manner as the original appointment. 28

(C) The committee shall meet at least once in January 2013 29
and once each month thereafter until the committee issues the 30
report required under division (D) of this section. The president 31
of the senate shall designate one member of the committee to serve 32
as chairperson for the purposes of the first meeting of the 33
committee. At the first meeting, the committee members shall 34
select one member to serve as chairperson and one member to serve 35
as vice-chairperson. Four members of the committee shall 36
constitute a quorum for the conduct of committee business, except 37
that the committee may hear testimony as a subcommittee with a 38
minimum of one member present. 39

(D) The committee shall issue a written report, not later 40
than August 1, 2014, to the speaker and minority leader of the 41
house of representatives, to the president and minority leader of 42
the senate, and to the clerks of the senate and of the house of 43
representatives. The report shall include all of the following: 44

(1) Recommendations for the elimination or consolidation of 45
reviewed state agencies, departments, commissions, councils, 46
boards, or other public bodies; 47

(2) An estimate of the expected annual savings that would 48
result from the adoption of the committee's recommendations; 49

(3) Draft legislation that implements the committee's 50

recommendations and that proposes a reduction in the rates of the 51
tax levied under section 5747.02 of the Revised Code equal to the 52
percentage that the estimated annual savings reported under 53
division (D)(2) of this section is of the total revenue received 54
from that tax in fiscal year 2014. 55

The clerk of the senate, immediately upon receiving the 56
report, shall certify a copy of the report to the tax 57
commissioner, together with a certification by the clerk that the 58
clerk received the report not later than August 1, 2014, and the 59
commissioner shall thereupon enter the fact of the receipt of the 60
copy of the report and certification in the commissioner's 61
journal. 62

The committee may request the assistance of the office of 63
budget and management in calculating the estimates and proposed 64
tax rate reductions reported under divisions (D)(2) and (3) of 65
this section. 66

Any report issued under this section shall have received the 67
approval of a majority of the members of the committee. If the 68
committee fails to issue a report on or before August 1, 2014, the 69
tax rate reductions described in division (B)(2) of section 70
5747.02 of the Revised Code shall take effect on January 1, 2015. 71

(E) Members of the committee shall receive no compensation 72
and shall not be reimbursed for their expenses incurred in the 73
performance of their official duties. Any expenses of the 74
committee shall be paid from the funds appropriated for the 75
payment of expenses of legislative committees. 76

Sec. 5747.02. (A) For the purpose of providing revenue for 77
the support of schools and local government functions, to provide 78
relief to property taxpayers, to provide revenue for the general 79
revenue fund, and to meet the expenses of administering the tax 80
levied by this chapter, there is hereby levied on every 81

individual, trust, and estate residing in or earning or receiving 82
income in this state, on every individual, trust, and estate 83
earning or receiving lottery winnings, prizes, or awards pursuant 84
to Chapter 3770. of the Revised Code, on every individual, trust, 85
and estate earning or receiving winnings on casino gaming, and on 86
every individual, trust, and estate otherwise having nexus with or 87
in this state under the Constitution of the United States, an 88
annual tax measured in the case of individuals by Ohio adjusted 89
gross income less an exemption for the taxpayer, the taxpayer's 90
spouse, and each dependent as provided in section 5747.025 of the 91
Revised Code; measured in the case of trusts by modified Ohio 92
taxable income under division (D) of this section; and measured in 93
the case of estates by Ohio taxable income. The tax imposed by 94
this section on the balance thus obtained is hereby levied as 95
follows: 96

(1) For taxable years beginning in 2004: 97

OHIO ADJUSTED GROSS INCOME LESS 98

EXEMPTIONS (INDIVIDUALS)

OR 99

MODIFIED OHIO 100

TAXABLE INCOME (TRUSTS) 101

OR 102

OHIO TAXABLE INCOME (ESTATES) TAX 103

\$5,000 or less .743% 104

More than \$5,000 but not more \$37.15 plus 1.486% of the amount 105
than \$10,000 in excess of \$5,000

More than \$10,000 but not more \$111.45 plus 2.972% of the 106
than \$15,000 amount in excess of \$10,000

More than \$15,000 but not more \$260.05 plus 3.715% of the 107
than \$20,000 amount in excess of \$15,000

More than \$20,000 but not more \$445.80 plus 4.457% of the 108
than \$40,000 amount in excess of \$20,000

More than \$40,000 but not more than \$80,000	\$1,337.20 plus 5.201% of the amount in excess of \$40,000	109
More than \$80,000 but not more than \$100,000	\$3,417.60 plus 5.943% of the amount in excess of \$80,000	110
More than \$100,000 but not more than \$200,000	\$4,606.20 plus 6.9% of the amount in excess of \$100,000	111
More than \$200,000	\$11,506.20 plus 7.5% of the amount in excess of \$200,000	112
(2) For taxable years beginning in 2005:		113
OHIO ADJUSTED GROSS INCOME LESS EXEMPTIONS (INDIVIDUALS)		114
OR		115
MODIFIED OHIO		116
TAXABLE INCOME (TRUSTS)		117
OR		118
OHIO TAXABLE INCOME (ESTATES)	TAX	119
\$5,000 or less	.712%	120
More than \$5,000 but not more than \$10,000	\$35.60 plus 1.424% of the amount in excess of \$5,000	121
More than \$10,000 but not more than \$15,000	\$106.80 plus 2.847% of the amount in excess of \$10,000	122
More than \$15,000 but not more than \$20,000	\$249.15 plus 3.559% of the amount in excess of \$15,000	123
More than \$20,000 but not more than \$40,000	\$427.10 plus 4.27% of the amount in excess of \$20,000	124
More than \$40,000 but not more than \$80,000	\$1,281.10 plus 4.983% of the amount in excess of \$40,000	125
More than \$80,000 but not more than \$100,000	\$3,274.30 plus 5.693% of the amount in excess of \$80,000	126
More than \$100,000 but not more than \$200,000	\$4,412.90 plus 6.61% of the amount in excess of \$100,000	127
More than \$200,000	\$11,022.90 plus 7.185% of the amount in excess of \$200,000	128

(3) For taxable years beginning in 2006:	129
OHIO ADJUSTED GROSS INCOME LESS	130
EXEMPTIONS (INDIVIDUALS)	
OR	131
MODIFIED OHIO	132
TAXABLE INCOME (TRUSTS)	133
OR	134
OHIO TAXABLE INCOME (ESTATES)	TAX 135
\$5,000 or less	.681% 136
More than \$5,000 but not more than \$10,000	\$34.05 plus 1.361% of the amount in excess of \$5,000 137
More than \$10,000 but not more than \$15,000	\$102.10 plus 2.722% of the amount in excess of \$10,000 138
More than \$15,000 but not more than \$20,000	\$238.20 plus 3.403% of the amount in excess of \$15,000 139
More than \$20,000 but not more than \$40,000	\$408.35 plus 4.083% of the amount in excess of \$20,000 140
More than \$40,000 but not more than \$80,000	\$1,224.95 plus 4.764% of the amount in excess of \$40,000 141
More than \$80,000 but not more than \$100,000	\$3,130.55 plus 5.444% of the amount in excess of \$80,000 142
More than \$100,000 but not more than \$200,000	\$4,219.35 plus 6.32% of the amount in excess of \$100,000 143
More than \$200,000	\$10,539.35 plus 6.87% of the amount in excess of \$200,000 144
(4) For taxable years beginning in 2007:	145
OHIO ADJUSTED GROSS INCOME LESS	146
EXEMPTIONS (INDIVIDUALS)	
OR	147
MODIFIED OHIO	148
TAXABLE INCOME (TRUSTS)	149
OR	150

OHIO TAXABLE INCOME (ESTATES)	TAX	151
\$5,000 or less	.649%	152
More than \$5,000 but not more than \$10,000	\$32.45 plus 1.299% of the amount in excess of \$5,000	153
More than \$10,000 but not more than \$15,000	\$97.40 plus 2.598% of the amount in excess of \$10,000	154
More than \$15,000 but not more than \$20,000	\$227.30 plus 3.247% of the amount in excess of \$15,000	155
More than \$20,000 but not more than \$40,000	\$389.65 plus 3.895% of the amount in excess of \$20,000	156
More than \$40,000 but not more than \$80,000	\$1,168.65 plus 4.546% of the amount in excess of \$40,000	157
More than \$80,000 but not more than \$100,000	\$2,987.05 plus 5.194% of the amount in excess of \$80,000	158
More than \$100,000 but not more than \$200,000	\$4,025.85 plus 6.031% of the amount in excess of \$100,000	159
More than \$200,000	\$10,056.85 plus 6.555% of the amount in excess of \$200,000	160
(5) For taxable years beginning in 2008, 2009, or 2010:		161
OHIO ADJUSTED GROSS INCOME LESS		162
EXEMPTIONS (INDIVIDUALS)		
OR		163
MODIFIED OHIO		164
TAXABLE INCOME (TRUSTS)		165
OR		166
OHIO TAXABLE INCOME (ESTATES)	TAX	167
\$5,000 or less	.618%	168
More than \$5,000 but not more than \$10,000	\$30.90 plus 1.236% of the amount in excess of \$5,000	169
More than \$10,000 but not more than \$15,000	\$92.70 plus 2.473% of the amount in excess of \$10,000	170
More than \$15,000 but not more than \$20,000	\$216.35 plus 3.091% of the amount in excess of \$15,000	171

More than \$20,000 but not more than \$40,000	\$370.90 plus 3.708% of the amount in excess of \$20,000	172
More than \$40,000 but not more than \$80,000	\$1,112.50 plus 4.327% of the amount in excess of \$40,000	173
More than \$80,000 but not more than \$100,000	\$2,843.30 plus 4.945% of the amount in excess of \$80,000	174
More than \$100,000 but not more than \$200,000	\$3,832.30 plus 5.741% of the amount in excess of \$100,000	175
More than \$200,000	\$9,573.30 plus 6.24% of the amount in excess of \$200,000	176
(6) For taxable years beginning in 2011 or thereafter:		177
OHIO ADJUSTED GROSS INCOME LESS		178
EXEMPTIONS (INDIVIDUALS)		
OR		179
MODIFIED OHIO		180
TAXABLE INCOME (TRUSTS)		181
OR		182
OHIO TAXABLE INCOME (ESTATES)	TAX	183
\$5,000 or less	.587%	184
More than \$5,000 but not more than \$10,000	\$29.35 plus 1.174% of the amount in excess of \$5,000	185
More than \$10,000 but not more than \$15,000	\$88.05 plus 2.348% of the amount in excess of \$10,000	186
More than \$15,000 but not more than \$20,000	\$205.45 plus 2.935% of the amount in excess of \$15,000	187
More than \$20,000 but not more than \$40,000	\$352.20 plus 3.521% of the amount in excess of \$20,000	188
More than \$40,000 but not more than \$80,000	\$1,056.40 plus 4.109% of the amount in excess of \$40,000	189
More than \$80,000 but not more than \$100,000	\$2,700.00 plus 4.695% of the amount in excess of \$80,000	190
More than \$100,000 but not more than \$200,000	\$3,639.00 plus 5.451% of the amount in excess of \$100,000	191

More than \$200,000 \$9,090.00 plus 5.925% of the amount in excess of \$200,000 192

In July of each year, beginning in 2010, the tax commissioner shall adjust the income amounts prescribed in this division by multiplying the percentage increase in the gross domestic product deflator computed that year under section 5747.025 of the Revised Code by each of the income amounts resulting from the adjustment under this division in the preceding year, adding the resulting product to the corresponding income amount resulting from the adjustment in the preceding year, and rounding the resulting sum to the nearest multiple of fifty dollars. The tax commissioner also shall recompute each of the tax dollar amounts to the extent necessary to reflect the adjustment of the income amounts. The rates of taxation shall not be adjusted. 193-204

The adjusted amounts apply to taxable years beginning in the calendar year in which the adjustments are made. The tax commissioner shall not make such adjustments in any year in which the amount resulting from the adjustment would be less than the amount resulting from the adjustment in the preceding year. 205-209

(B)(1) If the director of budget and management makes a certification to the tax commissioner under division (B) of section 131.44 of the Revised Code, the amount of tax as determined under division (A) of this section shall be reduced by the percentage prescribed in that certification for taxable years beginning in the calendar year in which that certification is made, in addition to any reduction required under division (B)(2) of this section. 210-217

(2) If the joint committee on government efficiency fails to issue the report described in division (D) of section 101.88 of the Revised Code on or before August 1, 2014, as evidenced by the tax commissioner's receipt of a copy of the report and the certification as provided in that division, the amount of tax as 218-222

determined under division (A) of this section shall be reduced by 223
five per cent for taxable years beginning on or after January 1, 224
2015, in addition to any reduction under division (B)(1) of this 225
section. The resulting rates shall be rounded to the nearest one 226
thousandth of one per cent. 227

(C) The levy of this tax on income does not prevent a 228
municipal corporation, a joint economic development zone created 229
under section 715.691, or a joint economic development district 230
created under section 715.70 or 715.71 or sections 715.72 to 231
715.81 of the Revised Code from levying a tax on income. 232

(D) This division applies only to taxable years of a trust 233
beginning in 2002 or thereafter. 234

(1) The tax imposed by this section on a trust shall be 235
computed by multiplying the Ohio modified taxable income of the 236
trust by the rates prescribed by division (A) of this section. 237

(2) A resident trust may claim a credit against the tax 238
computed under division (D) of this section equal to the lesser of 239
(1) the tax paid to another state or the District of Columbia on 240
the resident trust's modified nonbusiness income, other than the 241
portion of the resident trust's nonbusiness income that is 242
qualifying investment income as defined in section 5747.012 of the 243
Revised Code, or (2) the effective tax rate, based on modified 244
Ohio taxable income, multiplied by the resident trust's modified 245
nonbusiness income other than the portion of the resident trust's 246
nonbusiness income that is qualifying investment income. The 247
credit applies before any other applicable credits. 248

(3) The credits enumerated in divisions (A)(1) to (13) of 249
section 5747.98 of the Revised Code do not apply to a trust 250
subject to division (D) of this section. Any credits enumerated in 251
other divisions of section 5747.98 of the Revised Code apply to a 252
trust subject to division (D) of this section. To the extent that 253

the trust distributes income for the taxable year for which a 254
credit is available to the trust, the credit shall be shared by 255
the trust and its beneficiaries. The tax commissioner and the 256
trust shall be guided by applicable regulations of the United 257
States treasury regarding the sharing of credits. 258

(E) For the purposes of this section, "trust" means any trust 259
described in Subchapter J of Chapter 1 of the Internal Revenue 260
Code, excluding trusts that are not irrevocable as defined in 261
division (I)(3)(b) of section 5747.01 of the Revised Code and that 262
have no modified Ohio taxable income for the taxable year, 263
charitable remainder trusts, qualified funeral trusts and preneed 264
funeral contract trusts established pursuant to sections 4717.31 265
to 4717.38 of the Revised Code that are not qualified funeral 266
trusts, endowment and perpetual care trusts, qualified settlement 267
trusts and funds, designated settlement trusts and funds, and 268
trusts exempted from taxation under section 501(a) of the Internal 269
Revenue Code. 270

Section 2. That existing section 5747.02 of the Revised Code 271
is hereby repealed. 272

Section 3. That section 101.88 of the Revised Code is hereby 273
repealed, effective December 31, 2014. 274