

As Introduced

130th General Assembly

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H. B. No. 107

Representative Baker

**Cosponsors: Representatives Adams, J., Barborak, Gonzales, Henne,
Stebelton**

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A B I L L

To amend sections 5725.98, 5726.98, 5729.98, and	1
5747.98 and to enact section 122.177 of the	2
Revised Code to authorize a tax credit for	3
businesses that employ high school students in	4
career exploration internships.	5

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

Section 1. That sections 5725.98, 5726.98, 5729.98, and	6
5747.98 be amended and section 122.177 of the Revised Code be	7
enacted to read as follows:	8

<u>Sec. 122.177.</u> (A) As used in this section:	9
(1) "Business" means a sole proprietorship, a corporation for	10
profit, or a pass-through entity as defined in section 5733.04 of	11
the Revised Code.	12

(2) "Career exploration internship" means a paid employment	13
relationship between a student intern and a business in which the	14
student intern acquires education, instruction, and experience	15
relevant to the student intern's career aspirations.	16

(3) "Student intern" means an individual who, at the time the	17
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<u>business applies for the tax credit under division (B) of this section, meets all of the following criteria:</u>	18 19
(a) <u>The individual is entitled to attend school in this state.</u>	20 21
(b) <u>The individual is either between sixteen and eighteen years of age or is enrolled in grade eleven or twelve.</u>	22 23
(c) <u>The individual has a cumulative grade point average of at least 2.5 out of 4.0, or its equivalent as designated in the rules adopted by the state board of education.</u>	24 25 26
(4) <u>"Tax period" means:</u>	27
(a) <u>In the case of a business applying the tax credit against the tax imposed under section 5725.18, 5727.30, 5727.81, 5727.811, or 5729.03 of the Revised Code, a calendar year;</u>	28 29 30
(b) <u>In the case of a business applying the tax credit against the tax imposed under section 5726.02 or 5747.02 of the Revised Code, the business's taxable year;</u>	31 32 33
(c) <u>In the case of a business applying the tax credit against the tax imposed under section 5727.24 of the Revised Code, the business's return period.</u>	34 35 36
(B) <u>A nonrefundable credit is allowed against the tax imposed by section 5725.18, 5726.02, 5727.24, 5727.30, 5727.81, 5727.811, 5729.03, or 5747.02 of the Revised Code for a business that employs a student intern in a career exploration internship. To qualify for the credit, the career exploration internship shall be at least twenty weeks in duration and include at least two hundred hours of paid work and instruction. To obtain the tax credit, the business shall apply to the development services agency before the starting date of the career exploration internship. The application shall include all of the following:</u>	37 38 39 40 41 42 43 44 45 46
(1) <u>A brief description of the career exploration internship;</u>	47

(2) A signed statement by the student intern briefly describing the student intern's career aspirations and how the student intern believes this career exploration internship may help achieve those aspirations;	48
(3) A signed statement by a principal or guidance counselor at the student intern's high school or, in the case of a home schooled student, an individual responsible for administering instruction to the student intern, acknowledging that the employment opportunity qualifies as a career exploration internship;	52
(4) The name, address, and telephone number of the business;	58
(5) Any other information required by the development services agency.	59
(C)(1) The development services agency shall review and make a determination with respect to each application submitted under division (B) of this section in the order in which the application is received. The agency shall not approve any application under this section that is received by the agency more than three years after the effective date of .B. of the 130th general assembly. The agency may not otherwise deny an application unless the application is incomplete, the proposed employment relationship does not qualify as a career exploration internship for which a credit may be granted under this section, the business is ineligible to receive a tax credit certificate under division (D)(1) or (J) of this section, or the agency determines that approving the application would cause the tax credit ceiling described in division (D)(3) of this section to be exceeded.	61
(2) The agency shall send written notice of its determination to the business within thirty days after receiving the application. If the agency determines that the application shall not be approved, the notice shall include the reasons for such	75
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<u>determination.</u>	79
<u>(3) The agency's determination is final and may not be appealed for any reason. A business may submit a new or amended application under division (B) of this section at any time before or after receiving notice under division (C)(2) of this section.</u>	80 81 82 83
<u>(D)(1) In any calendar year, the development services agency shall not issue tax credit certificates under this section to any business that has received tax credit certificates for three career exploration internships in that calendar year. The agency shall not issue a tax credit certificate unless the agency receives a report from the business within thirty days after the end of the career exploration internship or thirteen months after the approval of the application, whichever comes first, that includes all of the following:</u>	84 85 86 87 88 89 90 91 92
<u>(a) The date the student intern began the internship;</u>	93
<u>(b) The date the internship ended or a statement that the student will continue to be employed by the business;</u>	94 95
<u>(c) The total number of hours during the internship that the student intern was employed by the business;</u>	96 97
<u>(d) The total wages paid by the business to the student intern during the internship;</u>	98 99
<u>(e) A signed statement by the student intern briefly describing the duties performed during the internship and the skills and experiences gained throughout the internship;</u>	100 101 102
<u>(f) Any other information required by the agency.</u>	103
<u>(2) If the agency receives the report and determines that it contains all of the information and the statement required by division (D)(1) of this section and that the career exploration internship described in the report complies with all the provisions of this section, the agency shall issue a tax credit</u>	104 105 106 107 108

<u>certificate to the business. The tax credit certificate shall indicate that the business is allowed a tax credit equal to the lesser of the following:</u>	109 110 111
<u>(a) Fifty per cent of the wages paid by the business to the student intern for the first twelve months following the date the application was approved;</u>	112 113 114
<u>(b) Five thousand dollars.</u>	115
<u>(3) The sum of all tax credit certificates issued under this section shall not exceed two million dollars.</u>	116 117
<u>(E) A business that is issued a tax credit certificate under this section shall claim the tax credit for the tax period in which the certificate is issued, except that an individual claiming a distributive share of a credit as an equity owner of a pass-through entity shall claim the credit for the taxpayer's taxable year that includes the last day of the entity's taxable year in which the certificate was issued. If applicable to the business, the tax credit shall be claimed in the order required under section 5725.98, 5726.98, 5729.98, or 5747.98 of the Revised Code. If the amount of the credit exceeds the amount of tax otherwise due, the excess shall be allowed as a credit in each of the ensuing three tax periods, but the amount of any excess credit allowed in an ensuing tax period shall be deducted from the balance carried forward to the next tax period. If the tax credit is applied against the tax imposed under section 5727.24 of the Revised Code, any excess credit shall be allowed as a credit against the tax due for each return period in the ensuing three years.</u>	118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135
<u>(F) The director of development services shall prescribe the form of the tax credit certificate and shall report to the tax commissioner any information requested by the commissioner concerning tax credit certificates issued under this section. A</u>	136 137 138 139

<u>business shall present the certificate to the tax commissioner upon the commissioner's request.</u>	140 141
<u>(G) A tax credit certificate issued to a business under this section may not be transferred by that business to any other person. This division does not prohibit an equity owner of a pass-through entity from claiming the owner's distributive or proportionate share of the credit allowed under this section.</u>	142 143 144 145 146
<u>(H) A business that receives a tax credit certificate under this section may submit a new application under division (B) of this section for another career exploration internship with the same student intern. Such an application does not have to include the statements otherwise required by divisions (B)(2) and (3) of this section.</u>	147 148 149 150 151 152
<u>(I) Annually, before the seventh day of January, the development services agency shall compile a report indicating the number of career exploration internships approved by the agency under this section, the statements issued by the student interns under divisions (B)(2) and (D)(1)(e) of this section, the number of student interns that continued employment with the business after the commencement of the career exploration internship, and the total amount of tax credit certificates issued under this section. The report shall not disclose any student interns' personally identifiable information. The agency shall provide copies of the report to the governor, the speaker and minority leader of the house of representatives, and the president and minority leader of the senate.</u>	153 154 155 156 157 158 159 160 161 162 163 164 165
<u>(J)(1) If the development services agency receives information alleging that a business that was issued a tax credit certificate under this section presented or contributed to the presentation of false information to the agency in connection with obtaining the certificate, the agency shall send written notice to the business that if the allegation is found to be true the</u>	166 167 168 169 170 171

<u>business may be penalized as provided in division (J) of this section.</u>	172
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<u>(2) After giving the business an opportunity to be heard on the allegation, the agency shall determine if the business presented or contributed to the presentation of false information in connection with obtaining a tax credit certificate.</u>	174
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<u>(3) If the agency determines a business submitted or contributed to the submission of false information, it may revoke any remaining tax credit available to the business. The agency shall send written notice of the revocation to the business and the tax commissioner. The tax commissioner may make an assessment against the business to recapture any amount of the tax credit that the business already has claimed under this section. The time limitations on assessments under the laws of the particular tax against which the business claimed the credit do not apply to an assessment under this section.</u>	178
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<u>(4) If the agency determines a business submitted or contributed to the submission of false information, the agency shall not approve any application by the business under division (B) of this section or issue any tax credit certificate to the business under division (D)(2) of this section after the date of the agency's determination.</u>	188
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Sec. 5725.98. (A) To provide a uniform procedure for calculating the amount of tax imposed by section 5725.18 of the Revised Code that is due under this chapter, a taxpayer shall claim any credits and offsets against tax liability to which it is entitled in the following order:	194
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(1) The credit for an insurance company or insurance company group under section 5729.031 of the Revised Code;	199
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(2) The credit for eligible employee training costs under	201

section 5725.31 of the Revised Code;	202
(3) <u>The credit for employing a student intern under section 122.177 of the Revised Code;</u>	203
(4) The credit for purchasers of qualified low-income community investments under section 5725.33 of the Revised Code;	205
(4)(5) The nonrefundable job retention credit under division (B)(1) of section 122.171 of the Revised Code;	207
(5)(6) The offset of assessments by the Ohio life and health insurance guaranty association permitted by section 3956.20 of the Revised Code;	209
(6)(7) The refundable credit for rehabilitating a historic building under section 5725.34 of the Revised Code.	212
(7)(8) The refundable credit for Ohio job retention under division (B)(2) or (3) of section 122.171 of the Revised Code;	214
(8)(9) The refundable credit for Ohio job creation under section 5725.32 of the Revised Code;	216
(9)(10) The refundable credit under section 5725.19 of the Revised Code for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code.	218
(B) For any credit except the refundable credits enumerated in this section, 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.	222
Sec. 5726.98. (A) To provide a uniform procedure for	230

calculating the amount of tax due under section 5726.02 of the Revised Code, a taxpayer shall claim any credits to which the taxpayer is entitled under this chapter in the following order:	231 232 233
(1) The bank organization assessment credit under section 5726.51 of the Revised Code;	234 235
(2) <u>The nonrefundable credit for employing a student intern under section 122.177 of the Revised Code;</u>	236 237
(3) The nonrefundable job retention credit under division (B) of section 5726.50 of the Revised Code;	238 239
(3)(4) The nonrefundable credit for purchases of qualified low-income community investments under section 5726.54 of the Revised Code;	240 241 242
(4)(5) The nonrefundable credit for qualified research expenses under section 5726.56 of the Revised Code;	243 244
(5)(6) The nonrefundable credit for qualifying dealer in intangibles taxes under section 5726.57 of the Revised Code.;	245 246
(6)(7) The refundable credit for rehabilitating an historic building under section 5726.52 of the Revised Code;	247 248
(7)(8) The refundable job retention or job creation credit under division (A) of section 5726.50 of the Revised Code;	249 250
(8)(9) The refundable credit under section 5726.53 of the Revised Code for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	251 252 253 254
(9)(10) The refundable motion picture production credit under section 5726.55 of the Revised Code.	255 256
(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a taxable year shall not exceed the tax due after allowing for any other credit that	257 258 259

precedes it in the order required under this section. Any excess 260
amount of a particular credit may be carried forward if authorized 261
under the section creating that credit. Nothing in this chapter 262
shall be construed to allow a taxpayer to claim, directly or 263
indirectly, a credit more than once for a taxable year. 264

Sec. 5729.98. (A) To provide a uniform procedure for 265
calculating the amount of tax due under this chapter, a taxpayer 266
shall claim any credits and offsets against tax liability to which 267
it is entitled in the following order: 268

(1) The credit for an insurance company or insurance company 269
group under section 5729.031 of the Revised Code; 270

(2) The credit for eligible employee training costs under 271
section 5729.07 of the Revised Code; 272

(3) The credit for employing a student intern under section 273
122.177 of the Revised Code; 274

(4) The credit for purchases of qualified low-income 275
community investments under section 5729.16 of the Revised Code; 276

~~(4)~~(5) The nonrefundable job retention credit under division 277
(B)(1) of section 122.171 of the Revised Code; 278

~~(5)~~(6) The offset of assessments by the Ohio life and health 279
insurance guaranty association against tax liability permitted by 280
section 3956.20 of the Revised Code; 281

~~(6)~~(7) The refundable credit for rehabilitating a historic 282
building under section 5729.17 of the Revised Code. 283

~~(7)~~(8) The refundable credit for Ohio job retention under 284
division (B)(2) or (3) of section 122.171 of the Revised Code; 285

~~(8)~~(9) The refundable credit for Ohio job creation under 286
section 5729.032 of the Revised Code; 287

~~(9)~~(10) The refundable credit under section 5729.08 of the 288

Revised Code for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code.	289 290 291
(B) For any credit except the refundable credits enumerated in this section, 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.	292 293 294 295 296 297 298 299
Sec. 5747.98. (A) To provide a uniform procedure for calculating the amount of tax due under section 5747.02 of the Revised Code, a taxpayer shall claim any credits to which the taxpayer is entitled in the following order:	300 301 302 303
(1) The retirement income credit under division (B) of section 5747.055 of the Revised Code;	304 305
(2) The senior citizen credit under division (C) of section 5747.05 of the Revised Code;	306 307
(3) The lump sum distribution credit under division (D) of section 5747.05 of the Revised Code;	308 309
(4) The dependent care credit under section 5747.054 of the Revised Code;	310 311
(5) The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;	312 313
(6) The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;	314 315
(7) The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;	316 317

(8) The low-income credit under section 5747.056 of the Revised Code;	318 319
(9) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	320 321
(10) The campaign contribution credit under section 5747.29 of the Revised Code;	322 323
(11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	324 325
(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	326 327
(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	328 329
(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	330 331
(15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	332 333
(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	334 335
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	336 337
(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	338 339
(19) <u>The credit for employing a student intern under section 122.177 of the Revised Code;</u>	340 341
(20) <u>The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;</u>	342 343
(20)(21) <u>The credit for selling alternative fuel under section 5747.77 of the Revised Code;</u>	344 345
(21)(22) <u>The second credit for purchases of new manufacturing</u>	346

machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code;	347 348
(22)(23) The job training credit under section 5747.39 of the Revised Code;	349 350
(23)(24) The enterprise zone credit under section 5709.66 of the Revised Code;	351 352
(24)(25) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	353 354
(25)(26) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	355 356
(26)(27) The ethanol plant investment credit under section 5747.75 of the Revised Code;	357 358
(27)(28) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	359 360
(28)(29) The small business investment credit under section 5747.81 of the Revised Code;	361 362
(29)(30) The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	363 364 365
(30)(31) The enterprise zone credits under section 5709.65 of the Revised Code;	366 367
(31)(32) The research and development credit under section 5747.331 of the Revised Code;	368 369
(32)(33) The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	370 371
(33)(34) The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	372 373
(34)(35) The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	374 375

(35) <ins>(36)</ins> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	376 377
(36) <ins>(37)</ins> The refundable credits for taxes paid by a qualifying pass-through entity granted under division (J) of section 5747.08 of the Revised Code;	378 379 380
(37) <ins>(38)</ins> 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;	381 382 383
(38) <ins>(39)</ins> The refundable motion picture production credit under section 5747.66 of the Revised Code.	384 385
(39) <ins>(40)</ins> The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code.	386 387 388
(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (I) of section 5747.08 of the Revised Code, 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.	389 390 391 392 393 394 395 396 397 398
Section 2. That existing sections 5725.98, 5726.98, 5729.98, and 5747.98 of the Revised Code are hereby repealed.	399 400
Section 3. Section 5747.98 of the Revised Code is presented in this act as a composite of the section as amended by both Am. Sub. H.B. 386 and Am. Sub. H.B. 510 of the 129th 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	401 402 403 404 405

harmonized if reasonably capable of simultaneous operation, finds 406
that the composite is the resulting version of the section in 407
effect prior to the effective date of the section as presented in 408
this act. 409