

As Introduced

**130th General Assembly
Regular Session
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H. B. No. 63

Representatives Cera, O'Brien

Cosponsors: Representatives Rogers, Hagan, R.

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A B I L L

To amend section 5751.98 and to enact section 5751.55 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 or dislocated workers who have enrolled 6
in or completed a federally registered 7
apprenticeship program. 8

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

Section 1. That section 5751.98 be amended and section 9
5751.55 of the Revised Code be enacted to read as follows: 10

Sec. 5751.55. (A) As used in this section: 11

(1) "Owner," "horizontal well," "production operation," and 12
"well pad" have the same meanings as in section 1509.01 of the 13
Revised Code. 14

(2) "Severance" has the same meaning as in section 5749.01 of 15
the Revised Code. 16

(3) "Qualifying wages" means a rate of pay that is at least 17
two hundred fifty per cent of the federal minimum wage under 29 18

U.S.C. 206 or is equivalent to such rate of pay for a full-time 19
employee. 20

(4) "Full-time employee" means an employee employed for at 21
least thirty-five hours per week. 22

(5) "Horizontal well employer" means the owner of a 23
horizontal well or any other person that performs a horizontal 24
well service. 25

(6) "Horizontal well service" means any of the following: 26

(a) Operations involving the severance of natural gas, oil, 27
or other hydrocarbons by a horizontal well, including any 28
production operations; 29

(b) Preparation of the well pad or the means of access to the 30
well pad; 31

(c) Transportation of equipment, materials, or supplies to 32
the well site or of the products of the well from the well site. 33
Transportation may include movement of such products through pipes 34
or tubing or by any other means. 35

(d) Processing the raw products of the horizontal well to 36
produce pipeline quality natural gas by separating impurities, 37
nonmethane hydrocarbons, and fluids at the wellhead or another 38
site; 39

(e) Operating or servicing equipment utilized in any 40
horizontal well service. 41

(7) "Horizontal well employee" means a full-time employee of 42
a horizontal well employer who is domiciled in this state for the 43
purposes of Chapter 5747. of the Revised Code or who is a 44
"dislocated worker" as defined in 29 U.S.C. 2801, and who is paid 45
qualifying wages, is primarily employed in a horizontal well 46
service, and is enrolled in or has completed a qualified 47
apprenticeship program that corresponds to the appropriate 48

horizontal well service and that is registered in accordance with 49
29 C.F.R. 29.3. 50

(B) Any horizontal well employer may claim a nonrefundable 51
credit against the tax imposed under section 5751.02 of the 52
Revised Code. If the horizontal well employer is a calendar 53
quarter taxpayer, the amount of the credit shall equal two 54
thousand five hundred dollars for each horizontal well employee 55
hired by the horizontal well employer in the tax period preceding 56
the tax period on the basis of which the tax is owed and employed 57
by the horizontal well employer for the duration of the tax period 58
on the basis of which the tax is owed. If the horizontal well 59
employer is a calendar year taxpayer, the credit equals two 60
thousand five hundred dollars for each horizontal well employee 61
hired by the horizontal well employer during the calendar year on 62
the basis of which the tax is owed and employed by the horizontal 63
well employer for at least three consecutive months in that year. 64

The taxpayer shall claim the credit in the order required by 65
section 5751.98 of the Revised Code. Any credit amount in excess 66
of the tax due under section 5751.03 of the Revised Code, after 67
allowing for any other credits that precede the credit under this 68
section in the order required under that section, may not be 69
carried forward. 70

Sec. 5751.98. (A) To provide a uniform procedure for 71
calculating the amount of tax due under this chapter, a taxpayer 72
shall claim any credits to which it is entitled in the following 73
order: 74

(1) The nonrefundable jobs retention credit under division 75
(B) of section 5751.50 of the Revised Code; 76

(2) The nonrefundable credit for qualified research expenses 77
under division (B) of section 5751.51 of the Revised Code; 78

(3) The nonrefundable credit for a borrower's qualified research and development loan payments under division (B) of section 5751.52 of the Revised Code; 79
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(4) The nonrefundable credit for calendar years 2010 to 2029 for unused net operating losses under division (B) of section 5751.53 of the Revised Code; 82
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(5) The nonrefundable credit for horizontal well employers under section 5751.55 of the Revised Code; 85
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(6) The refundable motion picture production credit under section 5751.54 of the Revised Code; 87
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~~(6)~~(7) The refundable jobs creation credit or job retention credit under division (A) of section 5751.50 of the Revised Code; 89
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~~(7)~~(8) The refundable credit for calendar year 2030 for unused net operating losses under division (C) of section 5751.53 of the Revised Code. 91
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(B) For any credit except the refundable credits enumerated in this section, the amount of the credit for a tax period 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 the credit. 94
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Section 2. That existing section 5751.98 of the Revised Code is hereby repealed. 100
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