

**As Introduced**

**130th General Assembly  
Regular Session  
2013-2014**

**S. B. No. 157**

**Senator Tavares**

**Cosponsor: Senator Turner**

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**A B I L L**

To amend sections 5726.98, 5747.98, and 5751.98 and 1  
to enact sections 5726.58, 5747.391, and 5751.55 2  
of the Revised Code to create a tax credit for the 3  
employment of individuals who have been convicted 4  
of criminal offenses. 5

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

**Section 1.** That sections 5726.98, 5747.98, and 5751.98 be 6  
amended and sections 5726.58, 5747.391, and 5751.55 of the Revised 7  
Code be enacted to read as follows: 8

**Sec. 5726.58.** (A) As used in this section: 9

(1) "Qualified reforming offender" means an individual who: 10

(a) Has been convicted of a felony or misdemeanor under any 11  
statute of the United States or any state; 12

(b) Was hired by a taxpayer within one year after the 13  
conviction or, if sentenced to a term of incarceration, was hired 14  
within one year after being released from incarceration; and 15

(c) Is a member of a family that, in the six months 16  
immediately preceding the date of hiring, had an income that, on 17  
an annual basis, would be seventy per cent or less of the most 18

recent lower living standard calculated by the federal bureau of 19  
labor statistics. 20

(2) "Family" means an individual, an individual's spouse, and 21  
children. 22

(3) "Wages" has the same meaning as in section 3306 of the 23  
Internal Revenue Code. 24

(B)(1) A nonrefundable credit is allowed against the tax 25  
imposed by section 5726.02 of the Revised Code for the wages paid 26  
by a taxpayer to a qualified reforming offender who works at least 27  
one hundred twenty hours for the taxpayer during the taxpayer's 28  
taxable year. The amount of the credit shall be calculated as 29  
follows: 30

(a) For each qualified reforming offender who works at least 31  
four hundred hours during the taxable year, the credit equals 32  
forty per cent of the wages paid to the qualified reforming 33  
offender, but shall not exceed two thousand four hundred dollars 34  
per qualified reforming offender. 35

(b) For each qualified reforming offender who works less than 36  
four hundred hours but at least one hundred twenty hours during 37  
the taxable year, the credit equals twenty-five per cent of the 38  
wages paid to the qualified reforming offender, but shall not 39  
exceed one thousand five hundred dollars per qualified reforming 40  
offender. 41

The credit shall be claimed in the order required under 42  
section 5726.98 of the Revised Code. The credit, to the extent it 43  
exceeds the taxpayer's tax liability for the tax year after 44  
allowance for any other credits that precede the credit under that 45  
section in that order, may be carried forward for the next five 46  
succeeding tax years, but the amount of any excess credit allowed 47  
in any such year shall be deducted from the balance carried 48  
forward to the succeeding year. 49

(2) A taxpayer who received federally funded payments for on-the-job training of a qualified reforming offender may not claim the credit allowed under this section for any portion of the wages paid to that qualified reforming offender. 50  
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(3) A taxpayer may not claim the credit allowed under this section for any portion of the wages paid to a qualified reforming offender for services that were the same as, or substantially similar to, services that, but for a strike or lockout, would have been performed by another employee. 54  
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(4) If a qualified reforming offender's employment is terminated during the taxable year and the qualified reforming offender was employed by the taxpayer for less than twelve months, the taxpayer may not claim the full amount of the credit allowed under this section unless the qualified reforming offender voluntarily terminated employment; was unable to continue employment due to a disability or death; or was terminated for cause. If a qualified reforming offender's employment is terminated for any other reason, the amount of the credit to which the taxpayer is entitled under this section is reduced by a percentage equal to the percentage of the taxable year that the qualified reforming offender was not employed by the taxpayer. 59  
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(C) All files, statements, returns, reports, papers, or documents of any kind relating to qualified reforming offenders or their families are not public records under section 149.43 of the Revised Code. 71  
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(D) A taxpayer that claims a credit under this section may not claim the credit allowed under section 5747.391 or 5751.55 of the Revised Code on the basis of the same qualified reforming offender. 75  
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**Sec. 5726.98.** (A) To provide a uniform procedure for calculating the amount of tax due under section 5726.02 of the 79  
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Revised Code, a taxpayer shall claim any credits to which the	81
taxpayer is entitled under this chapter in the following order:	82
(1) The bank organization assessment credit under section	83
5726.51 of the Revised Code;	84
(2) The nonrefundable job retention credit under division (B)	85
of section 5726.50 of the Revised Code;	86
(3) The nonrefundable credit for purchases of qualified	87
low-income community investments under section 5726.54 of the	88
Revised Code;	89
(4) <u>The nonrefundable credit for employers that employ</u>	90
<u>qualified reforming offenders under section 5726.58 of the Revised</u>	91
<u>Code;</u>	92
<u>(5)</u> The nonrefundable credit for qualified research expenses	93
under section 5726.56 of the Revised Code;	94
<del>(5)</del> <u>(6)</u> The nonrefundable credit for qualifying dealer in	95
intangibles taxes under section 5726.57 of the Revised Code;	96
<del>(6)</del> <u>(7)</u> The refundable credit for rehabilitating an historic	97
building under section 5726.52 of the Revised Code;	98
<del>(7)</del> <u>(8)</u> The refundable job retention or job creation credit	99
under division (A) of section 5726.50 of the Revised Code;	100
<del>(8)</del> <u>(9)</u> The refundable credit under section 5726.53 of the	101
Revised Code for losses on loans made under the Ohio venture	102
capital program under sections 150.01 to 150.10 of the Revised	103
Code;	104
<del>(9)</del> <u>(10)</u> The refundable motion picture production credit under	105
section 5726.55 of the Revised Code.	106
(B) For any credit except the refundable credits enumerated	107
in this section, the amount of the credit for a taxable year shall	108
not exceed the tax due after allowing for any other credit that	109

precedes it in the order required under this section. Any excess 110  
amount of a particular credit may be carried forward if authorized 111  
under the section creating that credit. Nothing in this chapter 112  
shall be construed to allow a taxpayer to claim, directly or 113  
indirectly, a credit more than once for a taxable year. 114

Sec. 5747.391. (A) As used in this section: 115

(1) "Pass-through entity" includes a sole proprietorship. 116

(2) "Qualified reforming offender" means an individual who: 117

(a) Has been convicted of a misdemeanor or felony under any 118  
statute of the United States or any state; 119

(b) Was hired by a pass-through entity within one year after 120  
the conviction or, if sentenced to a term of incarceration, was 121  
hired within one year after being released from incarceration; and 122

(c) Is a member of a family that, in the six months 123  
immediately preceding the date of hiring, had an income that, on 124  
an annual basis, would be seventy per cent or less of the most 125  
recent lower living standard calculated by the federal bureau of 126  
labor statistics. 127

(3) "Family" means an individual, an individual's spouse, and 128  
children. 129

(4) "Wages" has the same meaning as in section 3306 of the 130  
Internal Revenue Code. 131

(B)(1) For taxable years beginning in 2013 or thereafter, a 132  
nonrefundable credit is allowed against the tax imposed by section 133  
5747.02 of the Revised Code for the wages paid by a pass-through 134  
entity to a qualified reforming offender who works at least one 135  
hundred twenty hours for the pass-through entity during the 136  
entity's taxable year ending in or with the taxpayer's taxable 137  
year. The amount of the credit shall be calculated as follows: 138

(a) For each qualified reforming offender who works at least 139  
four hundred hours during the entity's taxable year, the credit 140  
equals forty per cent of the wages paid to the qualified reforming 141  
offender, but shall not exceed two thousand four hundred dollars 142  
per qualified reforming offender. 143

(b) For each qualified reforming offender who works less than 144  
four hundred hours but at least one hundred twenty hours during 145  
the entity's taxable year, the credit equals twenty-five per cent 146  
of the wages paid to the qualified reforming offender, but shall 147  
not exceed one thousand five hundred dollars per qualified 148  
reforming offender. 149

The amount of a taxpayer's credit is the taxpayer's 150  
proportionate share of the credit distributed by the pass-through 151  
entity. The credit shall be claimed in the order required under 152  
section 5747.98 of the Revised Code. The credit, to the extent it 153  
exceeds the taxpayer's tax liability for the taxable year after 154  
allowance for any other credits that precede the credit under that 155  
section in that order, may be carried forward for the next five 156  
succeeding taxable years, but the amount of any excess credit 157  
allowed in any such year shall be deducted from the balance 158  
carried forward to the succeeding year. 159

(2) A taxpayer may not claim the credit allowed under this 160  
section for any portion of the wages paid to a qualified reforming 161  
offender for whom the pass-through entity received federally 162  
funded payments for on-the-job training. 163

(3) A taxpayer may not claim the credit allowed under this 164  
section for any portion of the wages paid to a qualified reforming 165  
offender for services that were the same as, or substantially 166  
similar to, services that, but for a strike or lockout, would have 167  
been performed by another employee. 168

(4) If a qualified reforming offender's employment is 169

terminated during the pass-through entity's taxable year ending in 170  
or with the taxpayer's taxable year and the qualified reforming 171  
offender was employed by the pass-through entity for less than 172  
twelve months, a taxpayer may not claim the full amount of the 173  
credit allowed under this section unless the qualified reforming 174  
offender voluntarily terminated employment; was unable to continue 175  
employment due to a disability or death; or was terminated for 176  
cause. If a qualified reforming offender's employment is 177  
terminated for any other reason, the amount of the credit to which 178  
the taxpayer is entitled under this section is reduced by a 179  
percentage equal to the percentage of the taxable year that the 180  
qualified reforming offender was not employed by the pass-through 181  
entity. 182

(C) All files, statements, returns, reports, papers, or 183  
documents of any kind relating to qualified reforming offenders or 184  
their families are not public records under section 149.43 of the 185  
Revised Code. 186

(D) A taxpayer who claims a credit under this section may not 187  
directly or indirectly claim the credit allowed under section 188  
5726.58 or 5751.55 of the Revised Code on the basis of the same 189  
qualified reforming offender. 190

**Sec. 5747.98.** (A) To provide a uniform procedure for 191  
calculating the amount of tax due under section 5747.02 of the 192  
Revised Code, a taxpayer shall claim any credits to which the 193  
taxpayer is entitled in the following order: 194

(1) The retirement income credit under division (B) of 195  
section 5747.055 of the Revised Code; 196

(2) The senior citizen credit under division (C) of section 197  
5747.05 of the Revised Code; 198

(3) The lump sum distribution credit under division (D) of 199

section 5747.05 of the Revised Code;	200
(4) The dependent care credit under section 5747.054 of the Revised Code;	201 202
(5) The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;	203 204
(6) The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;	205 206
(7) The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;	207 208
(8) The low-income credit under section 5747.056 of the Revised Code;	209 210
(9) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	211 212
(10) The campaign contribution credit under section 5747.29 of the Revised Code;	213 214
(11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	215 216
(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	217 218
(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	219 220
(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	221 222
(15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	223 224
(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	225 226
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	227 228



(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	229 230
(19) The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;	231 232
(20) The credit for selling alternative fuel under section 5747.77 of the Revised Code;	233 234
(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;	235 236 237
(22) The job training credit under section 5747.39 of the Revised Code;	238 239
(23) The enterprise zone credit under section 5709.66 of the Revised Code;	240 241
(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	242 243
(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	244 245
(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;	246 247
(27) <u>The nonrefundable credit for employers that employ qualified reforming offenders under section 5747.391 of the Revised Code;</u>	248 249 250
<u>(28)</u> The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	251 252
<del>(28)</del> <u>(29)</u> The small business investment credit under section 5747.81 of the Revised Code;	253 254
<del>(29)</del> <u>(30)</u> The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	255 256 257

<del>(30)</del> <u>(31)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	258 259
<del>(31)</del> <u>(32)</u> The research and development credit under section 5747.331 of the Revised Code;	260 261
<del>(32)</del> <u>(33)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	262 263
<del>(33)</del> <u>(34)</u> The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	264 265
<del>(34)</del> <u>(35)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	266 267
<del>(35)</del> <u>(36)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	268 269
<del>(36)</del> <u>(37)</u> The refundable credits for taxes paid by a qualifying pass-through entity granted under division (J) of section 5747.08 of the Revised Code;	270 271 272
<del>(37)</del> <u>(38)</u> 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;	273 274 275
<del>(38)</del> <u>(39)</u> The refundable motion picture production credit under section 5747.66 of the Revised Code.	276 277
<del>(39)</del> <u>(40)</u> The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code.	278 279 280
(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.	281 282 283 284 285 286 287

Nothing in this chapter shall be construed to allow a taxpayer to 288  
claim, directly or indirectly, a credit more than once for a 289  
taxable year. 290

Sec. 5751.55. (A) As used in this section: 291

(1) "Qualified reforming offender" means an individual who: 292

(a) Has been convicted of a misdemeanor or felony under any 293  
statute of the United States or any state; 294

(b) Was hired by a taxpayer within one year after the 295  
conviction or, if sentenced to a term of incarceration, was hired 296  
within one year after being released from incarceration; and 297

(c) Is a member of a family that, in the six months 298  
immediately preceding the date of hiring, had an income that, on 299  
an annual basis, would be seventy per cent or less of the most 300  
recent lower living standard calculated by the federal bureau of 301  
labor statistics. 302

(2) "Family" means an individual, an individual's spouse, and 303  
children. 304

(3) "Wages" has the same meaning as in section 3306 of the 305  
Internal Revenue Code. 306

(B)(1) For tax periods beginning in 2013 and thereafter, a 307  
nonrefundable credit is allowed against the tax imposed by section 308  
5751.02 of the Revised Code for the wages paid by a taxpayer to a 309  
qualified reforming offender who works at least one hundred twenty 310  
hours for the taxpayer during the calendar year. The amount of the 311  
credit shall be calculated as follows: 312

(a) For each qualified reforming offender who works at least 313  
four hundred hours during the calendar year, the credit equals 314  
forty per cent of the wages paid to the qualified reforming 315  
offender, but shall not exceed two thousand four hundred dollars 316  
per qualified reforming offender. 317

(b) For each qualified reforming offender who works less than 318  
four hundred hours but at least one hundred twenty hours during 319  
the calendar year, the credit equals twenty-five per cent of the 320  
wages paid to the qualified reforming offender, but shall not 321  
exceed one thousand five hundred dollars per qualified reforming 322  
offender. 323

The credit shall be claimed in the order required under 324  
section 5751.98 of the Revised Code. The credit, to the extent it 325  
exceeds a calendar year taxpayer's tax liability for the tax 326  
period after allowance for any other credits that precede the 327  
credit under that section in that order, may be carried forward 328  
for the next five succeeding tax periods. A calendar quarter 329  
taxpayer shall claim the credit for the tax period ending on the 330  
thirty-first day of December. To the extent the credit exceeds the 331  
calendar quarter taxpayer's tax liability for the tax period after 332  
allowance for any other credits that precede the credit under 333  
section 5751.98 of the Revised Code in that order, the excess may 334  
be carried forward for the next twenty-three tax periods. For all 335  
taxpayers, the amount of any excess credit allowed in any such tax 336  
period shall be deducted from the balance carried forward to the 337  
succeeding tax period. 338

(2) A taxpayer who received federally funded payments for 339  
on-the-job training of a qualified reforming offender may not 340  
claim the credit allowed under this section for any portion of the 341  
wages paid to that qualified reforming offender. 342

(3) A taxpayer may not claim the credit allowed under this 343  
section for any portion of the wages paid to a qualified reforming 344  
offender for services that were the same as, or substantially 345  
similar to, services that, but for a strike or lockout, would have 346  
been performed by another employee. 347

(4) If a qualified reforming offender's employment is 348  
terminated during the calendar year and the qualified reforming 349

offender was employed by the taxpayer for less than twelve months, 350  
the taxpayer may not claim the full amount of the credit allowed 351  
under this section unless the qualified reforming offender 352  
voluntarily terminated employment; was unable to continue 353  
employment due to a disability or death; or was terminated for 354  
cause. If a qualified reforming offender's employment is 355  
terminated for any other reason, the amount of the credit to which 356  
the taxpayer is entitled under this section is reduced by a 357  
percentage equal to the percentage of the calendar year that the 358  
qualified reforming offender was not employed by the taxpayer. 359

(C) All files, statements, returns, reports, papers, or 360  
documents of any kind relating to qualified reforming offenders or 361  
their families are not public records under section 149.43 of the 362  
Revised Code. 363

(D) A taxpayer that claims a credit under this section may 364  
not claim the credit allowed under section 5726.58 or 5747.391 of 365  
the Revised Code on the basis of the same qualified reforming 366  
offender. 367

**Sec. 5751.98.** (A) To provide a uniform procedure for 368  
calculating the amount of tax due under this chapter, a taxpayer 369  
shall claim any credits to which it is entitled in the following 370  
order: 371

(1) The nonrefundable jobs retention credit under division 372  
(B) of section 5751.50 of the Revised Code; 373

(2) The nonrefundable credit for employers that employ 374  
qualified reforming offenders under section 5751.55 of the Revised 375  
Code; 376

(3) The nonrefundable credit for qualified research expenses 377  
under division (B) of section 5751.51 of the Revised Code; 378

~~(3)~~(4) The nonrefundable credit for a borrower's qualified 379

research and development loan payments under division (B) of 380  
section 5751.52 of the Revised Code; 381

~~(4)~~(5) The nonrefundable credit for calendar years 2010 to 382  
2029 for unused net operating losses under division (B) of section 383  
5751.53 of the Revised Code; 384

~~(5)~~(6) The refundable motion picture production credit under 385  
section 5751.54 of the Revised Code; 386

~~(6)~~(7) The refundable jobs creation credit or job retention 387  
credit under division (A) of section 5751.50 of the Revised Code; 388

~~(7)~~(8) The refundable credit for calendar year 2030 for 389  
unused net operating losses under division (C) of section 5751.53 390  
of the Revised Code. 391

(B) For any credit except the refundable credits enumerated 392  
in this section, the amount of the credit for a tax period shall 393  
not exceed the tax due after allowing for any other credit that 394  
precedes it in the order required under this section. Any excess 395  
amount of a particular credit may be carried forward if authorized 396  
under the section creating the credit. 397

**Section 2.** That existing sections 5726.98, 5747.98, and 398  
5751.98 of the Revised Code are hereby repealed. 399

**Section 3.** Section 5747.98 of the Revised Code is presented 400  
in this act as a composite of the section as amended by both Am. 401  
Sub. H.B. 386 and Am. Sub. H.B. 510 of the 129th General Assembly. 402  
The General Assembly, applying the principle stated in division 403  
(B) of section 1.52 of the Revised Code that amendments are to be 404  
harmonized if reasonably capable of simultaneous operation, finds 405  
that the composite is the resulting version of the section in 406  
effect prior to the effective date of the section as presented in 407  
this act. 408