

As Introduced

**130th General Assembly
Regular Session
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S. B. No. 210

Senator Widener

Cosponsors: Senators Faber, Patton, Obhof, Oelslager

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A B I L L

To amend section 5747.02 of the Revised Code to 1
provide for a permanent income tax rate reduction 2
of 4% for all tax brackets beginning in 2014. 3

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

Section 1. That section 5747.02 of the Revised Code be 4
amended to read as follows: 5

Sec. 5747.02. (A) For the purpose of providing revenue for 6
the support of schools and local government functions, to provide 7
relief to property taxpayers, to provide revenue for the general 8
revenue fund, and to meet the expenses of administering the tax 9
levied by this chapter, there is hereby levied on every 10
individual, trust, and estate residing in or earning or receiving 11
income in this state, on every individual, trust, and estate 12
earning or receiving lottery winnings, prizes, or awards pursuant 13
to Chapter 3770. of the Revised Code, on every individual, trust, 14
and estate earning or receiving winnings on casino gaming, and on 15
every individual, trust, and estate otherwise having nexus with or 16
in this state under the Constitution of the United States, an 17
annual tax measured in the case of individuals by Ohio adjusted 18
gross income less an exemption for the taxpayer, the taxpayer's 19

spouse, and each dependent as provided in section 5747.025 of the Revised Code; measured in the case of trusts by modified Ohio taxable income under division (D) of this section; and measured in the case of estates by Ohio taxable income. The tax imposed by this section on the balance thus obtained is hereby levied as follows:

(1) For taxable years beginning in 2004:

OHIO ADJUSTED GROSS INCOME LESS

EXEMPTIONS (INDIVIDUALS)

OR

MODIFIED OHIO

TAXABLE INCOME (TRUSTS)

OR

OHIO TAXABLE INCOME (ESTATES) TAX

\$5,000 or less .743%

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

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

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

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

More than \$80,000 but not more than \$100,000 \$3,417.60 plus 5.943% of the amount in excess of \$80,000

More than \$100,000 but not more than \$200,000 \$4,606.20 plus 6.9% of the amount in excess of \$100,000

More than \$200,000 \$11,506.20 plus 7.5% of the amount in excess of \$200,000

(2) For taxable years beginning in 2005:

OHIO ADJUSTED GROSS INCOME LESS		43
EXEMPTIONS (INDIVIDUALS)		
OR		44
MODIFIED OHIO		45
TAXABLE INCOME (TRUSTS)		46
OR		47
OHIO TAXABLE INCOME (ESTATES)	TAX	48
\$5,000 or less	.712%	49
More than \$5,000 but not more than \$10,000	\$35.60 plus 1.424% of the amount in excess of \$5,000	50
More than \$10,000 but not more than \$15,000	\$106.80 plus 2.847% of the amount in excess of \$10,000	51
More than \$15,000 but not more than \$20,000	\$249.15 plus 3.559% of the amount in excess of \$15,000	52
More than \$20,000 but not more than \$40,000	\$427.10 plus 4.27% of the amount in excess of \$20,000	53
More than \$40,000 but not more than \$80,000	\$1,281.10 plus 4.983% of the amount in excess of \$40,000	54
More than \$80,000 but not more than \$100,000	\$3,274.30 plus 5.693% of the amount in excess of \$80,000	55
More than \$100,000 but not more than \$200,000	\$4,412.90 plus 6.61% of the amount in excess of \$100,000	56
More than \$200,000	\$11,022.90 plus 7.185% of the amount in excess of \$200,000	57
(3) For taxable years beginning in 2006:		58
OHIO ADJUSTED GROSS INCOME LESS		59
EXEMPTIONS (INDIVIDUALS)		
OR		60
MODIFIED OHIO		61
TAXABLE INCOME (TRUSTS)		62
OR		63
OHIO TAXABLE INCOME (ESTATES)	TAX	64
\$5,000 or less	.681%	65

More than \$5,000 but not more than \$10,000	\$34.05 plus 1.361% of the amount in excess of \$5,000	66
More than \$10,000 but not more than \$15,000	\$102.10 plus 2.722% of the amount in excess of \$10,000	67
More than \$15,000 but not more than \$20,000	\$238.20 plus 3.403% of the amount in excess of \$15,000	68
More than \$20,000 but not more than \$40,000	\$408.35 plus 4.083% of the amount in excess of \$20,000	69
More than \$40,000 but not more than \$80,000	\$1,224.95 plus 4.764% of the amount in excess of \$40,000	70
More than \$80,000 but not more than \$100,000	\$3,130.55 plus 5.444% of the amount in excess of \$80,000	71
More than \$100,000 but not more than \$200,000	\$4,219.35 plus 6.32% of the amount in excess of \$100,000	72
More than \$200,000	\$10,539.35 plus 6.87% of the amount in excess of \$200,000	73
(4) For taxable years beginning in 2007:		74
OHIO ADJUSTED GROSS INCOME LESS		75
EXEMPTIONS (INDIVIDUALS)		
OR		76
MODIFIED OHIO		77
TAXABLE INCOME (TRUSTS)		78
OR		79
OHIO TAXABLE INCOME (ESTATES)	TAX	80
\$5,000 or less	.649%	81
More than \$5,000 but not more than \$10,000	\$32.45 plus 1.299% of the amount in excess of \$5,000	82
More than \$10,000 but not more than \$15,000	\$97.40 plus 2.598% of the amount in excess of \$10,000	83
More than \$15,000 but not more than \$20,000	\$227.30 plus 3.247% of the amount in excess of \$15,000	84
More than \$20,000 but not more than \$40,000	\$389.65 plus 3.895% of the amount in excess of \$20,000	85

More than \$40,000 but not more than \$80,000	\$1,168.65 plus 4.546% of the amount in excess of \$40,000	86
More than \$80,000 but not more than \$100,000	\$2,987.05 plus 5.194% of the amount in excess of \$80,000	87
More than \$100,000 but not more than \$200,000	\$4,025.85 plus 6.031% of the amount in excess of \$100,000	88
More than \$200,000	\$10,056.85 plus 6.555% of the amount in excess of \$200,000	89
(5) For taxable years beginning in 2008, 2009, or 2010:		90
OHIO ADJUSTED GROSS INCOME LESS		91
EXEMPTIONS (INDIVIDUALS)		
OR		92
MODIFIED OHIO		93
TAXABLE INCOME (TRUSTS)		94
OR		95
OHIO TAXABLE INCOME (ESTATES)	TAX	96
\$5,000 or less	.618%	97
More than \$5,000 but not more than \$10,000	\$30.90 plus 1.236% of the amount in excess of \$5,000	98
More than \$10,000 but not more than \$15,000	\$92.70 plus 2.473% of the amount in excess of \$10,000	99
More than \$15,000 but not more than \$20,000	\$216.35 plus 3.091% of the amount in excess of \$15,000	100
More than \$20,000 but not more than \$40,000	\$370.90 plus 3.708% of the amount in excess of \$20,000	101
More than \$40,000 but not more than \$80,000	\$1,112.50 plus 4.327% of the amount in excess of \$40,000	102
More than \$80,000 but not more than \$100,000	\$2,843.30 plus 4.945% of the amount in excess of \$80,000	103
More than \$100,000 but not more than \$200,000	\$3,832.30 plus 5.741% of the amount in excess of \$100,000	104
More than \$200,000	\$9,573.30 plus 6.24% of the amount in excess of \$200,000	105

(6) For taxable years beginning in 2011 or 2012:	106
OHIO ADJUSTED GROSS INCOME LESS	107
EXEMPTIONS (INDIVIDUALS)	
OR	108
MODIFIED OHIO	109
TAXABLE INCOME (TRUSTS)	110
OR	111
OHIO TAXABLE INCOME (ESTATES)	TAX 112
\$5,000 or less	.587% 113
More than \$5,000 but not more than \$10,000	\$29.35 plus 1.174% of the amount in excess of \$5,000 114
More than \$10,000 but not more than \$15,000	\$88.05 plus 2.348% of the amount in excess of \$10,000 115
More than \$15,000 but not more than \$20,000	\$205.45 plus 2.935% of the amount in excess of \$15,000 116
More than \$20,000 but not more than \$40,000	\$352.20 plus 3.521% of the amount in excess of \$20,000 117
More than \$40,000 but not more than \$80,000	\$1,056.40 plus 4.109% of the amount in excess of \$40,000 118
More than \$80,000 but not more than \$100,000	\$2,700.00 plus 4.695% of the amount in excess of \$80,000 119
More than \$100,000 but not more than \$200,000	\$3,639.00 plus 5.451% of the amount in excess of \$100,000 120
More than \$200,000	\$9,090.00 plus 5.925% of the amount in excess of \$200,000 121
(7) For taxable years beginning in 2013:	122
OHIO ADJUSTED GROSS INCOME LESS	123
EXEMPTIONS (INDIVIDUALS)	
OR	124
MODIFIED OHIO	125
TAXABLE INCOME (TRUSTS)	126
OR	127

OHIO TAXABLE INCOME (ESTATES)	TAX	128
\$5,000 or less	.537%	129
More than \$5,000 but not more than \$10,000	\$26.86 plus 1.074% of the amount in excess of \$5,000	130
More than \$10,000 but not more than \$15,000	\$80.57 plus 2.148% of the amount in excess of \$10,000	131
More than \$15,000 but not more than \$20,000	\$187.99 plus 2.686% of the amount in excess of \$15,000	132
More than \$20,000 but not more than \$40,000	\$322.26 plus 3.222% of the amount in excess of \$20,000	133
More than \$40,000 but not more than \$80,000	\$966.61 plus 3.760% of the amount in excess of \$40,000	134
More than \$80,000 but not more than \$100,000	\$2,470.50 plus 4.296% of the amount in excess of \$80,000	135
More than \$100,000 but not more than \$200,000	\$3,329.68 plus 4.988% of the amount in excess of \$100,000	136
More than \$200,000	\$8,317.35 plus 5.421% of the amount in excess of \$200,000	137
(8) For taxable years beginning in 2014:		138
OHIO ADJUSTED GROSS INCOME LESS EXEMPTIONS (INDIVIDUALS)		139
OR		140
MODIFIED OHIO TAXABLE INCOME (TRUSTS)		141
OR		142
OHIO TAXABLE INCOME (ESTATES)	TAX	143
\$5,000 or less	.534 <u>.513</u> %	144
More than \$5,000 but not more than \$10,000	\$26.71 <u>25.63</u> plus 1.068 <u>1.025</u> % of the amount in excess of \$5,000	146
More than \$10,000 but not more than \$15,000	\$80.13 <u>76.90</u> plus 2.137 <u>2.052</u> % of the amount in excess of \$10,000	147

More than \$15,000 but not more than \$20,000	\$186.96 <u>179.47</u> plus 2.671 <u>2.564</u> %	148
	of the amount in excess of \$15,000	
More than \$20,000 but not more than \$40,000	\$320.50 <u>307.68</u> plus 3.204 <u>3.076</u> %	149
	of the amount in excess of \$20,000	
More than \$40,000 but not more than \$80,000	\$961.32 <u>922.85</u> plus 3.739 <u>3.589</u> %	150
	of the amount in excess of \$40,000	
More than \$80,000 but not more than \$100,000	\$2,457.00 <u>2,358.62</u> plus 4.272 <u>4.101</u> %	151
	of the amount in excess of \$80,000	
More than \$100,000 but not more than \$200,000	\$3,311.49 <u>3,178.85</u> plus 4.960 <u>4.762</u> %	152
	of the amount in excess of \$100,000	
More than \$200,000	\$8,271.90 <u>7,940.45</u> plus 5.392 <u>5.176</u> %	153
	of the amount in excess of \$200,000	
(9) For taxable years beginning in 2015 or thereafter:		154
OHIO ADJUSTED GROSS INCOME LESS		155
EXEMPTIONS (INDIVIDUALS)		
OR		156
MODIFIED OHIO		157
TAXABLE INCOME (TRUSTS)		158
OR		159
OHIO TAXABLE INCOME (ESTATES)	TAX	160
\$5,000 or less	.528 <u>.507</u> %	161
More than \$5,000 but not more than \$10,000	\$26.41 <u>25.34</u> plus 1.057 <u>1.015</u> %	162
	of the amount in excess of \$5,000	
More than \$10,000 but not more than \$15,000	\$79.24 <u>76.08</u> plus 2.113 <u>2.028</u> %	163
	of the amount in excess of \$10,000	

More than \$15,000 but not more than \$20,000	\$184.90 <u>177.50</u> plus 2.642 <u>2.536</u> % of the amount in excess of \$15,000	164
More than \$20,000 but not more than \$40,000	\$316.98 <u>304.32</u> plus 3.169 <u>3.042</u> % of the amount in excess of \$20,000	165
More than \$40,000 but not more than \$80,000	\$950.76 <u>912.77</u> plus 3.698 <u>3.550</u> % of the amount in excess of \$40,000	166
More than \$80,000 but not more than \$100,000	\$2,430.00 <u>2,332.80</u> plus 4.226 <u>4.057</u> % of the amount in excess of \$80,000	167
More than \$100,000 but not more than \$200,000	\$3,275.10 <u>3,144.19</u> plus 4.906 <u>4.710</u> % of the amount in excess of \$100,000	168
More than \$200,000	\$8,181.00 <u>7,853.95</u> plus 5.333 <u>5.120</u> % of the amount in excess of \$200,000	169

In August of each year, 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.

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 185
amount resulting from the adjustment in the preceding year. The 186
commissioner shall not make such adjustments for taxable years 187
beginning in 2013, 2014, or 2015. 188

(B) If the director of budget and management makes a 189
certification to the tax commissioner under division (B) of 190
section 131.44 of the Revised Code, the amount of tax as 191
determined under division (A) of this section shall be reduced by 192
the percentage prescribed in that certification for taxable years 193
beginning in the calendar year in which that certification is 194
made. 195

(C) The levy of this tax on income does not prevent a 196
municipal corporation, a joint economic development zone created 197
under section 715.691, or a joint economic development district 198
created under section 715.70 or 715.71 or sections 715.72 to 199
715.81 of the Revised Code from levying a tax on income. 200

(D) This division applies only to taxable years of a trust 201
beginning in 2002 or thereafter. 202

(1) The tax imposed by this section on a trust shall be 203
computed by multiplying the Ohio modified taxable income of the 204
trust by the rates prescribed by division (A) of this section. 205

(2) A resident trust may claim a credit against the tax 206
computed under division (D) of this section equal to the lesser of 207
(1) the tax paid to another state or the District of Columbia on 208
the resident trust's modified nonbusiness income, other than the 209
portion of the resident trust's nonbusiness income that is 210
qualifying investment income as defined in section 5747.012 of the 211
Revised Code, or (2) the effective tax rate, based on modified 212
Ohio taxable income, multiplied by the resident trust's modified 213
nonbusiness income other than the portion of the resident trust's 214
nonbusiness income that is qualifying investment income. The 215

credit applies before any other applicable credits. 216

(3) The credits enumerated in divisions (A)(1) to (13) of 217
section 5747.98 of the Revised Code do not apply to a trust 218
subject to division (D) of this section. Any credits enumerated in 219
other divisions of section 5747.98 of the Revised Code apply to a 220
trust subject to division (D) of this section. To the extent that 221
the trust distributes income for the taxable year for which a 222
credit is available to the trust, the credit shall be shared by 223
the trust and its beneficiaries. The tax commissioner and the 224
trust shall be guided by applicable regulations of the United 225
States treasury regarding the sharing of credits. 226

(E) For the purposes of this section, "trust" means any trust 227
described in Subchapter J of Chapter 1 of the Internal Revenue 228
Code, excluding trusts that are not irrevocable as defined in 229
division (I)(3)(b) of section 5747.01 of the Revised Code and that 230
have no modified Ohio taxable income for the taxable year, 231
charitable remainder trusts, qualified funeral trusts and preneed 232
funeral contract trusts established pursuant to sections 4717.31 233
to 4717.38 of the Revised Code that are not qualified funeral 234
trusts, endowment and perpetual care trusts, qualified settlement 235
trusts and funds, designated settlement trusts and funds, and 236
trusts exempted from taxation under section 501(a) of the Internal 237
Revenue Code. 238

Section 2. That existing section 5747.02 of the Revised Code 239
is hereby repealed. 240