

**As Introduced**

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

**S. B. No. 56**

**Senator Kearney**

**Cosponsors: Senators Sawyer, Turner**

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**A B I L L**

To amend sections 126.35 and 5747.11 and to enact 1  
section 5747.114 of the Revised Code to require 2  
the Department of Taxation to provide taxpayers 3  
the option of receiving their income tax refund in 4  
the form of a prepaid debit card. 5

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

**Section 1.** That sections 126.35 and 5747.11 be amended and 6  
section 5747.114 of the Revised Code be enacted to read as 7  
follows: 8

**Sec. 126.35.** (A) The director of budget and management shall 9  
draw warrants against the treasurer of state pursuant to all 10  
requests for payment that the director has approved under section 11  
126.07 of the Revised Code. 12

(B) Unless a cash assistance payment is to be made by 13  
electronic benefit transfer, payment by the director of budget and 14  
management to a participant in the Ohio works first program 15  
pursuant to Chapter 5107. of the Revised Code, a recipient of 16  
disability financial assistance pursuant to Chapter 5115. of the 17  
Revised Code, or a recipient of cash assistance provided under the 18  
refugee assistance program established under section 5101.49 of 19

the Revised Code shall be made by direct deposit to the account of 20  
the participant or recipient in the financial institution 21  
designated under section 329.03 of the Revised Code. Payment by 22  
the director of budget and management to a recipient of benefits 23  
distributed through the medium of electronic benefit transfer 24  
pursuant to section 5101.33 of the Revised Code shall be by 25  
electronic benefit transfer. Payment by the director of budget and 26  
management as compensation to an employee of the state who has, 27  
pursuant to section 124.151 of the Revised Code, designated a 28  
financial institution and account for the direct deposit of such 29  
payments shall be made by direct deposit to the account of the 30  
employee. Payment to any other payee who has designated a 31  
financial institution and account for the direct deposit of such 32  
payment may be made by direct deposit to the account of the payee 33  
in the financial institution as provided in section 9.37 of the 34  
Revised Code. Accounts maintained by the director of budget and 35  
management or the director's agent in a financial institution for 36  
the purpose of effectuating payment by direct deposit or 37  
electronic benefit transfer shall be maintained in accordance with 38  
section 135.18 of the Revised Code. 39

(C) ~~All~~ Except as provided in section 5747.114 of the Revised 40  
Code, all other payments from the state treasury shall be made by 41  
paper warrants or by direct deposit payable to the respective 42  
payees. The director of budget and management may mail the paper 43  
warrants to the respective payees or distribute them through other 44  
state agencies, whichever the director determines to be the better 45  
procedure. 46

(D) If the average per transaction cost the director of 47  
budget and management incurs in making direct deposits for a state 48  
agency exceeds the average per transaction cost the director 49  
incurs in drawing paper warrants for all public offices during the 50  
same period of time, the director may certify the difference in 51

cost and the number of direct deposits for the agency to the 52  
director of administrative services. The director of 53  
administrative services shall reimburse the director of budget and 54  
management for such additional costs and add the amount to the 55  
processing charge assessed upon the state agency. 56

**Sec. 5747.11.** (A) The tax commissioner shall refund to 57  
employers, qualifying entities, or taxpayers, with respect to any 58  
tax imposed under section 5733.41, 5747.02, or 5747.41, or Chapter 59  
5748. of the Revised Code: 60

(1) Overpayments of more than one dollar; 61

(2) Amounts in excess of one dollar paid illegally or 62  
erroneously; 63

(3) Amounts in excess of one dollar paid on an illegal, 64  
erroneous, or excessive assessment. 65

(B) Except as otherwise provided under divisions (D) and (E) 66  
of this section, applications for refund shall be filed with the 67  
tax commissioner, on the form prescribed by the commissioner, 68  
within four years from the date of the illegal, erroneous, or 69  
excessive payment of the tax, or within any additional period 70  
allowed by division (B)(3)(b) of section 5747.05, division (B) of 71  
section 5747.10, division (A) of section 5747.13, or division (C) 72  
of section 5747.45 of the Revised Code. 73

On filing of the refund application, the commissioner shall 74  
determine the amount of refund due and certify such amount to the 75  
director of budget and management and treasurer of state for 76  
payment from the tax refund fund created by section 5703.052 of 77  
the Revised Code. Payment shall be made as provided in section 78  
5747.114 or division (C) of section 126.35 of the Revised Code. 79

(C)(1) Interest shall be allowed and paid upon any illegal or 80  
erroneous assessment in excess of one dollar in respect of the tax 81

imposed under section 5747.02 or Chapter 5748. of the Revised Code 82  
at the rate per annum prescribed by section 5703.47 of the Revised 83  
Code from the date of the payment of the illegal or erroneous 84  
assessment until the date the refund of such amount is paid. If 85  
such refund results from the filing of a return or report, or the 86  
payment accompanying such return or report, by an employer or 87  
taxpayer, rather than from an assessment by the commissioner, such 88  
interest shall run from a period ninety days after the final 89  
filing date of the annual return until the date the refund is 90  
paid. 91

(2) Interest shall be allowed and paid at the rate per annum 92  
prescribed by section 5703.47 of the Revised Code upon any 93  
overpayment in excess of one dollar in respect of the tax imposed 94  
under section 5747.02 or Chapter 5748. of the Revised Code from 95  
the date of the overpayment until the date of the refund of the 96  
overpayment, except that if any overpayment is refunded within 97  
ninety days after the final filing date of the annual return or 98  
ninety days after the return is filed, whichever is later, no 99  
interest shall be allowed on such overpayment. If the overpayment 100  
results from the carryback of a net operating loss or net capital 101  
loss to a previous taxable year, the overpayment is deemed not to 102  
have been made prior to the filing date, including any extension 103  
thereof, for the taxable year in which the net operating loss or 104  
net capital loss arises. For purposes of the payment of interest 105  
on overpayments, no amount of tax, for any taxable year, shall be 106  
treated as having been paid before the date on which the tax 107  
return for that year was due without regard to any extension of 108  
time for filing such return. 109

(3) Interest shall be allowed at the rate per annum 110  
prescribed by section 5703.47 of the Revised Code on amounts 111  
refunded with respect to the taxes imposed under sections 5733.41 112  
and 5747.41 of the Revised Code. The interest shall run from 113

whichever of the following days is the latest until the day the 114  
refund is paid: the day the illegal, erroneous, or excessive 115  
payment was made; the ninetieth day after the final day the annual 116  
report was required to be filed under section 5747.42 of the 117  
Revised Code; or the ninetieth day after the day that report was 118  
filed. 119

(D) "Ninety days" shall be substituted for "four years" in 120  
division (B) of this section if the taxpayer satisfies both of the 121  
following conditions: 122

(1) The taxpayer has applied for a refund based in whole or 123  
in part upon section 5747.059 of the Revised Code; 124

(2) The taxpayer asserts that either the imposition or 125  
collection of the tax imposed or charged by this chapter or any 126  
portion of such tax violates the Constitution of the United States 127  
or the Constitution of Ohio. 128

(E)(1) Division (E)(2) of this section applies only if all of 129  
the following conditions are satisfied: 130

(a) A qualifying entity pays an amount of the tax imposed by 131  
section 5733.41 or 5747.41 of the Revised Code; 132

(b) The taxpayer is a qualifying investor as to that 133  
qualifying entity; 134

(c) The taxpayer did not claim the credit provided for in 135  
section 5747.059 of the Revised Code as to the tax described in 136  
division (E)(1)(a) of this section; 137

(d) The four-year period described in division (B) of this 138  
section has ended as to the taxable year for which the taxpayer 139  
otherwise would have claimed that credit. 140

(2) A taxpayer shall file an application for refund pursuant 141  
to division (E) of this section within one year after the date the 142  
payment described in division (E)(1)(a) of this section is made. 143

An application filed under division (E)(2) of this section shall 144  
claim refund only of overpayments resulting from the taxpayer's 145  
failure to claim the credit described in division (E)(1)(c) of 146  
this section. Nothing in division (E) of this section shall be 147  
construed to relieve a taxpayer from complying with division 148  
(A)(16) of section 5747.01 of the Revised Code. 149

Sec. 5747.114. The tax commissioner shall establish a program 150  
for the payment of income tax refunds by prepaid debit card. Under 151  
the program, the commissioner shall provide a space on the income 152  
tax return form in which a taxpayer may elect to receive a tax 153  
refund in the form of a prepaid debit card. The form shall also 154  
state the other refund payment options available to the taxpayer. 155  
The commissioner shall describe in the instructions accompanying 156  
the income tax return the features of the prepaid debit card 157  
program, including any fee or fees which may be charged to the 158  
taxpayer in accessing the taxpayer's refund. 159

The commissioner shall enter into agreements with one or more 160  
prepaid debit card issuers whereby the issuer agrees to supply 161  
prepaid debit cards for taxpayers and to credit prepaid debit 162  
cards with the refund amounts specified by the commissioner. Each 163  
such agreement shall specify that any fees associated with the use 164  
of a prepaid debit card shall be incurred by the taxpayer. 165

**Section 2.** That existing sections 126.35 and 5747.11 of the 166  
Revised Code are hereby repealed. 167

**Section 3.** The amendment or enactment by this act of sections 168  
126.35, 5747.11, and 5747.114 of the Revised Code applies to 169  
taxable years beginning on or after January 1, 2013. 170