



# Ohio Legislative Service Commission

## Bill Analysis

Stephen Estelle

### H.B. 144

128th General Assembly  
(As Introduced)

**Reps.** Grossman, Bacon, Baker, Balderson, Batchelder, Blessing, Boose, Burke, Combs, Derickson, Evans, Goodwin, Hackett, Hall, Jordan, Maag, Martin, McClain, Morgan, Ruhl, Sears, Snitchler, Stebelton, Wachtmann, McGregor

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## BILL SUMMARY

- Authorizes an income tax credit eliminating tax liability for six years for an individual who obtains a baccalaureate degree and who resides in Ohio.<sup>1</sup>
- Authorizes deferral of the credit while a graduate pursues a more advanced degree.

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## CONTENT AND OPERATION

### College graduate tax credit

(R.C. 3333.51(B)(1), 5747.81, and 5747.98)

The bill authorizes an income tax credit for an individual who graduates with a baccalaureate degree on or after the bill's effective date from an institution of higher education and who resides in Ohio.<sup>2</sup> The credit eliminates the individual's net tax liability for six years. The individual must claim the credit for the individual's taxable year that includes the date the credit application was approved and for each of the succeeding five taxable years, unless the individual defers the credit (see "**Deferral**" below).

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<sup>1</sup> The bill's title erroneously states the tax credit applies for five years.

<sup>2</sup> "Institution of higher education" includes state colleges and universities and their branches, private, nonprofit and for-profit colleges, universities, and career schools located in Ohio, state community colleges, and any other entity not located in Ohio designated by the Board of Regents as an institution of higher education for purposes of this credit.

## **Clawback**

(R.C. 3333.51(B)(2))

If during the first five years of the credit period, the individual leaves Ohio to reside in another state other than to attend an institution of higher education as a full-time student, the individual is liable to the state for credit taken and forfeits all unused credit. The liability may be collected by assessment.

## **Application**

(R.C. 3333.51(C))

The individual must apply to the Board of Regents for the credit within one year after obtaining the baccalaureate degree. If the individual is entitled to the credit, the Board shall issue a tax credit certificate to the individual, which must state the individual's name and social security number, the date the credit application was approved, and the taxable years for which the credit must be claimed.

## **Deferral**

(R.C. 3333.51(D))

An individual who has received a credit certificate may apply to the Board of Regents to defer claiming the credit. The Board must approve the deferral request if the individual is enrolled full-time in an institution of higher education to pursue a more advanced degree. The individual may defer claiming the credit until the individual's taxable year in which the individual is no longer a full-time student at an institution of higher education.

## **Board of Regents**

(R.C. 3333.51(E) and (F))

The Board of Regents is required to identify institutions of higher education and to specify the information required to be disclosed in applications for tax credit certificates and credit deferral and any documents that must be submitted. The Board may designate an entity, including a nonprofit private organization, to perform the Board's administrative duties under the credit program.

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## **HISTORY**

### **ACTION**

### **DATE**

Introduced  
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04-22-09

