



Ohio Legislative Service Commission

Bill Analysis

Sam Benham

H.B. 494

129th General Assembly
(As Introduced)

Reps. Pillich, Fende, Lundy, Murray, Phillips, Garland, Antonio, Ashford, Reece

BILL SUMMARY

- Provides the lesser of a 5% or \$5,000 bid preference for state contracts to a business owned by veterans.
- Authorizes a nonrefundable personal income or commercial activity tax credit of \$2,000 for a business that hires and employs a veteran for at least one year.

CONTENT AND OPERATION

Veteran bid preference

The bill provides the lesser of a 5% or \$5,000 bid preference for state contracts to a qualifying veteran-owned business. The bill defines a qualifying veteran-owned business as either a sole proprietorship owned by a veteran or a partnership, LLC, or corporation, the majority of which is owned or controlled by veterans. A veteran is defined as an honorably discharged individual who served in active duty in the United States Armed Forces other than for training unless the person incurs a service-connected disability during training.¹

Under continuing law, if the Director of Administrative Services determines that the selection of the lowest qualifying bid from a bidder located in Ohio will not result in an excessive price or disproportionately inferior product or service, the Director is required to award the contract to that bidder. An "excessive price" is a price not more than 5% higher than the overall lowest bid.²

¹ R.C. 125.01.

² R.C. 125.11; O.R.C. 123:5-1-06.

The bill provides an additional bid preference for a bidder that qualifies for the Ohio bid preference that also operates as a qualifying veteran-owned business. Similar to the Ohio bid preference, if the Director of Administrative Services determines that the selection of the lowest qualifying bid from a bidder that is a qualifying veteran-owned business will not result in an excessive price or disproportionately inferior product or service, the Director is required to award the contract to that bidder. In this instance, "excessive price" is a price not more than 5% or \$5,000 higher than the lowest bid (whichever results in the smaller difference), after accounting for the existing Ohio bid preference.³

Veteran hiring tax credit

The bill authorizes a nonrefundable credit against either the personal income tax or the commercial activity tax for a taxpayer that hires and employs a veteran for at least 1,560 hours during 12 consecutive months. The credit equals \$2,000 per veteran and is claimed for the taxable year or tax period that includes the one-year anniversary of the veteran's hiring. The credit may be carried forward for future years until the taxpayer claims the entire amount of the credit. The same taxpayer may not claim the credit more than once on the basis of the same individual veteran.⁴

HISTORY

ACTION	DATE
Introduced	03-27-12

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³ R.C. 125.09 and 3772.033.

⁴ R.C. 5747.61 and 5751.55.

