CORRECTED VERSION*

Ohio Legislative Service Commission

Bill Analysis

Sam Benham

Am. Sub. H.B. 375

130th General Assembly

(As Passed by the House)

Reps. Huffman, Batchelder, Hall, Grossman, Sears, Hayes, Boose, Beck, Stebelton, Hill, Wachtmann, Amstutz, Landis, Scherer, Baker, Buchy, Rosenberger, DeVitis, McClain, Sprague, Terhar

BILL SUMMARY

- Reduces the existing severance tax rate on gas extracted through use of a nonhorizontal well.
- Repeals a cost recovery assessment imposed on oil and gas well owners.
- Levies a new severance tax on oil and gas severed through use of a horizontal well in lieu of the existing volume-based tax, to be paid by the person that owns the oil or gas on the basis of the person's receipts from the first sale of that oil or gas.
- Imposes the new tax at the rate of 2.5%.
- Exempts the first $10 million of receipts, less royalty payments, from the sale of oil or gas from a horizontal well that began producing on or after October 1, 2013.
- Creates the 11-member Ohio Shale Gas Regional Commission to administer and, with the approval of the Ohio Public Works Commission, award a portion of oil and gas severance tax revenue to subdivisions in the shale region.
- Allocates revenue from the new and existing oil and gas severance taxes to fund oil and gas regulatory programs of the Department of Natural Resources, make distributions to local governments, and provide temporary income tax reductions through the Income Tax Reduction Fund in the following priority:
    - o The first $21 million to fund DNR's oil and gas functions;

* Corrects the tax rate on oil and gas produced by horizontal wells.

   - Up to 17.5% of the total revenue to reimburse local governments for Local Government Fund and Public Library Fund reductions caused by an income tax credit and commercial activity tax exclusion created by the bill, with any remainder of that 17.5% share used to fund local government infrastructure in areas with actively producing horizontal wells and to create an endowment fund for local governments in such areas;

   - Any remainder is applied to temporary income tax reductions.

- Creates a new Well Plugging Program in DNR to catalog and prioritize the plugging of idle and orphaned oil and gas wells.

- Creates a new fund solely for funding activities related to the plugging of idle and orphaned oil and gas wells.

- Requires DNR to investigate oil and gas wells to determine whether they are idle or orphaned if the owners thereof fail to file production reports.

- Adjusts the due date of severance tax returns.

- Creates a nonrefundable credit against the horizontal well severance tax equal to the amount a severer pays in commercial activity tax on the basis of receipts from the sale of the same oil and gas.

- Creates a nonrefundable income tax credit for royalty interest holding landowners that equals the lesser of 12.5% of the amount of oil and gas severance tax paid by a severer or the amount of the tax for which the landowner is responsible.

- Excludes from the tax base of the commercial activity tax any gross receipts from the sale of oil or natural gas subject to oil or gas severance taxes, provided the severer or its pass-through owners are subject to income tax on the income from that sale.

- Requires JobsOhio to prepare a report on and encourage industries to relocate to Ohio to take advantage of inexpensive energy in certain Ohio counties.

- Takes effect October 1, 2014.

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Current law levies a tax on any person that actually removes oil or natural gas from Ohio's soil or water. The tax equals 10¢ per barrel of oil and 2½¢ per MCF (1,000 cubic feet) of natural gas. It is paid four times per year in quarterly tax periods. (Under current law, a separate "cost recovery assessment" is levied on a well's owner in the additional amount of 10¢ per barrel of oil or ½¢ per MCF of natural gas for all oil and gas wells, except very low volume wells.)

Horizontal versus nonhorizontal wells

The bill distinguishes between horizontal wells and nonhorizontal wells for severance tax purposes. Horizontal wells are wells drilled to produce oil or gas with a wellbore that reaches a horizontal or near horizontal position in the Point Pleasant, Utica, or Marcellus formation and that is stimulated to produce.[1] Stimulation is defined as a "process of enhancing well productivity, including hydraulic fracturing operations."[2]

Taxable resources

Current law levies a severance tax on both oil and natural gas, neither of which are defined. The bill levies severance taxes on gas and oil, both of which the bill defines. Oil is hydrocarbons produced in liquid form by ordinary production methods, including liquid condensate, and gas is all other hydrocarbons.[3] Condensate is liquid hydrocarbons separated at or near the well pad or along the gas production or gathering system prior to gas processing.[4]

Taxpayer

Unlike current law's oil and natural gas severance tax, the bill levies oil and gas severance taxes on the person that has the right to sell oil and gas severed from the well. The bill refers to this person as the "severer."[5] Severance taxes on other types of natural resources remain imposed on the person that actually removes the natural resources from Ohio's soil or water, also referred to as the severer.[6]

Rate reduction for natural gas severed by nonhorizontal wells

Beginning October 1, 2014, the bill reduces the rate of the existing severance tax levied on natural gas severed through use of nonhorizontal wells from 2½¢ per MCF of natural gas to 1½¢ per MCF.[7] The rate reduction is in addition to the repeal of the cost recovery assessment addressed below (see "**Cost recovery assessment**," below).

Cost recovery assessment

Current law imposes a regulatory cost recovery assessment on the owner of a well that extracts oil or natural gas. The owner must pay the assessment in the same

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[1] R.C. 1509.01(GG), not in the bill.

[2] R.C. 1509.01(Z), not in the bill.

[3] R.C. 5749.01(K) and (L).

[4] R.C. 1509.01(D), not in the bill.

[5] R.C. 5749.01(I)(2).

[6] R.C. 5749.01(I)(1).

[7] R.C. 5749.02(B)(6).

manner as a severer that is required to file a severance tax return. All money collected from the assessment is deposited in the Oil and Gas Well Fund, which is used to fund the activities of the Department of Natural Resources' (DNRs') Division of Oil and Gas Resources Management, to pay "critical and necessary" expenses to protect health and safety associated with oil and gas drilling, and to pay costs associated with corrective actions and plugging idle and orphaned oil and gas wells. The assessment is levied to ensure that even low-producing wells pay a minimum amount to fund the state's regulatory activities. Specifically, the assessment assures that when it is added to the severance tax (10¢ per barrel of oil and 2½¢ per MCF of natural gas), each well owner's wells generate at least $15 on average. It is in addition to severance taxes levied on oil and gas.

The bill, beginning October 1, 2014, repeals the cost recovery assessment and removes or modifies related cross-references.[8]

Horizontal well severance tax

Beginning October 1, 2014, the severance of oil or gas from a horizontal well is taxed at a special rate based on the sale value of the oil or gas, and is no longer subject to continuing law's volume-based severance tax.

Tax base

Unlike current law's oil and natural gas severance tax and current law's cost recovery assessment, the new tax for horizontal wells is not levied according to the volume of oil or natural gas severed, but according to the "wellhead gross receipts" from the first sale of the oil or gas. Under the bill, oil or gas is first sold at the point the severer or another person first transfers ownership of oil or gas for consideration. Thus, under the bill, the severer is the taxpayer, but the tax base may be calculated based on the sale price between two parties other than the severer if the severer relinquishes ownership of the oil or gas without receiving payment or other consideration.[9]

Wellhead gross receipts equal the total amount received from the first sale of that oil or gas after deduction for certain costs associated with moving the oil or gas to market. Costs related to processing, gathering, transporting, fractionating, stabilizing, compressing, dehydrating, shrinkage, brokering, or delivering the oil or gas or accessing markets for the oil and gas are not included in the calculation of wellhead gross receipts.

[8] R.C. 1509.02(A), 1509.34, 1509.50, 5703.052, 5749.01, 5749.02, 5749.03, 5749.06, 5749.07, 5749.08, 5749.10, 5749.12, 5749.13, 5749.14, and 5749.15.

[9] R.C. 5749.01(N).

Costs for lease acquisitions, geophysical and geologic services, well site preparation, drilling, well completion services, tangible or intangible drilling costs, natural gas storage services, general merchandising, lease operating, or any other purpose are specifically included in wellhead gross receipts.[10]

For the purpose of distributing severance tax revenue to local governments, the bill requires each severer of a horizontal well to report wellhead gross receipts from the first sale of oil and gas from that well and the proportion of wellhead gross receipts attributable to horizontal wells located in each county (see "**Funding for local governments**," below).[11]

Adjustment to tax base

The bill authorizes the Tax Commissioner, under certain conditions, to adjust a severer's reported wellhead gross receipts. If the Commissioner is able to establish by a preponderance of the evidence that the first sale of oil or gas is not conducted at arm's length or is between affiliated or related persons and is not comparable to other transactions in the Appalachian basin, then the Commissioner is required to adjust the price at which the oil and gas is sold for purposes of recalculating wellhead gross receipts. The Commissioner is to adjust the price by using one of the following prices:

(1) The price paid for a similar quantity of oil and gas from the same or nearby well in the most comparable arm's length contract to which the person selling the oil or gas is a party.

(2) If the price in (1) cannot apply, the price paid for a similar quantity of oil and gas from a similar well in the most comparable arm's length contract to which the person selling the oil or gas is not a party. To determine whether a contract is comparable for purposes of (1) or (2), the Commissioner is required to consider the contract price, the date the contract was entered into, the basin where the oil or gas is sold, the oil or gas's quality, market factors, and any other factor.

(3) If the price in (2) cannot apply, a posted price that is customarily used to value oil or gas of similar quantity from a similar well.

If the Tax Commissioner's adjustment of an oil or gas price results in a severer owing additional tax, the bill authorizes the Commissioner to collect the additional

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[10] R.C. 5749.01(M).

[11] R.C. 5749.06(J)

amount by employing continuing law's procedure for making assessments for underpayments of severance tax.[12]

Rate

The bill levies the tax on oil and gas severed from a horizontal well at a rate of 2.5% of wellhead gross receipts from the first sale of the oil or gas.[13]

Wellhead gross receipts exemption

The bill exempts from the horizontal well severance tax the first $10 million of wellhead gross receipts, after deduction for payments to royalty interest holders, from the first sale of the oil or gas severed from a horizontal well, provided the well began producing oil or gas on or after October 1, 2013. A royalty interest holder is defined by the bill to be a person that, by written agreement, is entitled to share in the proceeds of the horizontal well, except by virtue of the person holding a working interest in the well. A working interest gives its holder the right to drill for and produce oil and gas on leased property and requires the interest holder to pay a share of the drilling and production costs.[14]

The bill requires severers to report wellhead gross receipts from the first sale of oil or gas severed from a horizontal well on the severer's severance tax return, even if those wellhead gross receipts are exempted from the tax.[15]

Oil and gas severance tax proceeds

The bill allocates oil and gas severance tax revenue from both horizontal and other wells to fund local governments, temporary income tax reductions, and the oil and gas regulatory, well plugging, and geological survey activities of Department of Natural Resources (DNR).

Under current law, all revenue collected from the severance tax on oil and natural gas, less any refunds, is divided between the Oil and Gas Well Fund (90%) and the Geological Mapping Fund (10%). Under continuing law, revenue credited to the Geological Mapping Fund funds the activities of DNR's Division of Geological Survey.

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[12] R.C. 5749.02(C)(2).

[13] R.C. 5749.02(C)(1).

[14] R.C. 5749.031; "Glossary of Oil and Gas Terms," http://mineralmanagers.com/glossary.html.

[15] R.C. 5749.06(J).

The bill credits all revenue from the severance tax on oil and gas from horizontal and nonhorizontal wells to a fund called the Oil and Gas Severance Tax Fund for further allocation. By June 25 of each year, the bill requires the Director of Budget and Management (OBM) to transfer money in the Oil and Gas Severance Tax Fund as follows:

(1) Up to $15 million to the Oil and Gas Well Fund (see "**Oil and Gas Well Fund modifications**," below);

(2) Up to $3 million to the Geological Mapping Fund;

(3) Up to $3 million to a new Well Plugging Fund (see "**Well plugging program**," below);

(4) After the above transfers, up to 17.5% of total oil and gas severance tax revenue to a new Local Government Reimbursement Fund (see "**Funding for local governments**," below);

(5) Any remaining revenue after the above transfers to the Income Tax Reduction Fund.[16]

Under continuing law, the Income Tax Reduction Fund consists of surplus revenue (in general, revenue beyond that which is necessary to fully fund the Budget Stabilization Fund and cover certain inter-year carryovers) for the purpose of providing a one-year reduction in income tax rates.[17]

Oil and Gas Well Fund modifications

The bill modifies the permissible use of revenue credited to the Oil and Gas Well Fund. Current law requires the Chief of DNR's Division of Oil and Gas Resources Management to annually spend at least 14% of the Fund's revenue to pay costs associated with plugging orphaned and idled oil and gas wells and corrective actions related to such wells.

The bill removes the requirement for the Chief to use 14% of the Fund's revenue for these purposes, but gives the Chief permissive authority to do so. Instead, the bill credits 14% of the revenue in the Oil and Gas Well Fund, except for revenue from the severance tax described above, to the new Well Plugging Fund. The Chief is required to

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[16] R.C. 5747.02(D)(7).

[17] R.C. 131.44, not in the bill.

use all revenue in the Well Plugging Fund to pay costs associated with plugging idle and orphaned oil and gas wells and corrective actions related to such wells.[18]

Well plugging program

Under continuing law, DNR has a duty to plug wells that have been abandoned or for which the bond has been forfeited ("idle and orphaned wells"), restore land affected by drilling or extraction, and take corrective actions to avoid imminent health or safety risks at an idle and orphaned well or a well for which the owner cannot be contacted.

The bill creates a new program within DNR's Division of Oil and Gas Resources Management called the Well Plugging Program. The bill requires the Program to develop and maintain an inventory of all known and suspected idle and orphaned wells and prioritize the plugging of those wells based on each well's risk to public health and safety. The bill requires the Chief of the Division of Oil and Gas Resources Management to provide staff assistance to the Program and prepare a report for the General Assembly detailing the resources needed to develop a statewide inventory of idle and orphaned wells.[19]

Additionally, the bill requires the Chief to annually report the Division's well plugging activities to the General Assembly.[20]

Investigation of suspected idle and orphaned wells

The bill prescribes circumstances under which the Chief of DNR's Division of Oil and Gas Resources Management must investigate a well to determine whether it is an idle or orphaned well. Under continuing law, the owner of a nonhorizontal well is required to submit annual reports to the Chief detailing the total amount of oil, gas, and brine produced from that well. The owner of a horizontal well must submit such reports four times per year ("production reports").

The bill requires the Chief to investigate a well to determine if it is idle or orphaned if, for nonhorizontal wells, the owner has not filed a production report for two consecutive years or, for horizontal wells, for eight consecutive calendar quarters.

[18] R.C. 1509.02, 1509.071, and 1509.075(C).

[19] R.C. 1509.075(A) and (B); Section 4.

[20] R.C. 1509.071(J).

No investigation is required if the Chief has placed the well on temporarily inactive status.[21]

Funding for local governments

The bill dedicates up to 17.5% of the revenue from the oil and gas severance tax to a new fund called the Local Government Reimbursement Fund, from which flow several funding streams for local governments.[22] Each funding stream is described in detail below.

LGF and PLF reimbursement for losses

Current law requires that a certain percentage of tax revenue credited to the state's General Revenue Fund (GRF) be disbursed to counties, townships, municipal corporations, and other kinds of subdivisions through the Local Government Fund (LGF) and to public libraries, park districts, and some other subdivisions through the Public Library Fund (PLF). Under continuing law, 1.66% of GRF tax revenue is credited to the LGF and 1.66% is credited to the PLF.[23]

The bill requires the Tax Commissioner, by June 15 of each year, to certify to the Director of OBM the amount of revenue that would be forgone to the LGF and PLF as a result of an income tax credit and a commercial activity tax exclusion the bill creates that would decrease overall GRF revenue (see "**Income tax credit for severance tax paid by landowner**" and "**CAT exclusion for oil and gas receipts**," below).[24]

The bill requires the Director to disburse, by June 30 of each year, the amount so certified from the Local Government Reimbursement Fund to subdivisions and libraries in proportion to the loss each would incur as a result of the tax credit and exclusion. Once so disbursed, local governments and public libraries may use the revenue as they would revenue received from the LGF or PLF, respectively.[25]

Any severance tax revenue remaining in the Local Government Reimbursement Fund after reimbursing local governments and public libraries for LGF and PLF reductions would be allocated as follows:

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[21] R.C. 1509.11(D).

[22] R.C. 5747.56 and 5749.02(D)(7)(b).

[23] R.C. 131.51, not in the bill.

[24] R.C. 5747.56(A).

[25] R.C. 5747.56(B)(1).

- 25% to the Severance Tax Infrastructure Fund of each county in which a horizontal well is located (see "**Direct disbursement of funds to local governments**," below).
- 63¾% to the Ohio Shale Gas Infrastructure Development Fund (see "**Ohio Shale Gas Regional Commission funds**," below).
- 11¼% to the Severance Tax Legacy Fund (see "**Ohio Shale Gas Regional Commission funds**," below).[26]

Direct disbursement of funds to local governments

Of the 17.5% of revenue reserved for local governments, 25% of any balance remaining after local governments and public libraries are reimbursed for LGF and PLF reductions is to be distributed to counties in which the new severance tax is collected for further allocation among local taxing authorities in the county. Each such county receives a share of the revenue in direct proportion to the wellhead gross receipts attributable to horizontal wells within the county. Counties must credit the money to a special fund to be called the Severance Tax Infrastructure Fund. The bill requires a county treasurer to notify the county budget commission and each taxing authority in the county when money is credited to the fund. For the purpose of making the distribution to counties, the Tax Commissioner, by June 15 of each year, must certify to the Director of OBM the proportion of wellhead gross receipts attributable to each county as reported on severers' returns.[27]

Money in a county's Severance Tax Infrastructure Fund is distributed to taxing authorities located in the county according to an order issued by the county's budget commission, which, under continuing law, is a commission consisting of the county auditor, prosecutor, treasurer, and, in some counties, two additional elected members. The primary functions of the budget commission under continuing law include auditing annual tax budgets of taxing authorities in the county, determining annual property tax rates for each taxing authority, and distributing property tax revenue to each taxing authority.

The bill requires the budget commission to offer taxing authorities the opportunity to testify before the commission as to the authority's need for revenue from the Severance Tax Infrastructure Fund. The commission must award at least 20% of revenue in that fund to townships to support road or bridge repairs necessitated by the presence of oil or gas wells in the township. Otherwise, the commission is required to

[26] R.C. 5747.56(B)(2), (3), and (4).

[27] R.C. 5749.06(J)(2).

prioritize the award of funds to permanent improvements and road or bridge repairs necessitated by the presence of oil or gas wells in the taxing authority's territory.

Taxing authorities awarded money from a Severance Tax Infrastructure Fund must use the money exclusively to pay for permanent improvements and repairing roads and bridges.[28]

Ohio Shale Gas Regional Commission funds

Of the 17.5% of new severance tax revenue reserved for local governments, 75% of any balance remaining after subdivisions and public libraries are reimbursed for LGF and PLF reductions is credited to two funds designed to assist subdivisions located in counties where wells producing oil and gas in the Utica or Marcellus shale formation are located ("eligible subdivisions"). The bill credits 85% of that remainder to the Ohio Shale Gas Infrastructure Development Fund and the other 15% to the Severance Tax Legacy Fund.

The bill creates a new body called the Ohio Shale Gas Regional Commission to assist in distributing the portion of oil and gas severance tax revenue dedicated to providing funds to eligible subdivisions. The 11-member Commission consists of four members appointed by the Speaker of the House of Representatives, four by the President of the Senate, and three by the Governor. Three members represent eligible counties; three represent eligible townships; three represent eligible municipal corporations; one represents an economic development organization representing all or parts of the Utica and Marcellus shale region; and one represents the oil and gas industry. Members of the Commission serve staggered four-year terms and are not compensated or reimbursed for their expenses for serving on the Commission.

The bill requires the Commission to meet for the first time not later than October 1, 2015. The Commission is a public body for purposes of Ohio's Open Meetings Law, and the Commission's records are public records for purposes of Ohio's Public Records Law. Members of the Commission are deemed not to have an unlawful interest in a public contract solely because the subdivision that the member represents receives assistance from one of the two funds the Commission helps administer.[29]

Infrastructure funding

The first source of funding from which grants may be awarded to eligible subdivisions is the Ohio Shale Gas Infrastructure Development Fund. Grants from this

[28] R.C. 321.50, 5705.27, and 5705.32.

[29] R.C. 190.01 and 190.02.

fund must be used exclusively for paying the cost of permanent improvements – those with an estimated life or usefulness of five years or more.

This funding is available to any subdivision located wholly or partly in a county that the Chief of the DNR's Division of Oil and Gas Resources Management has certified as an eligible county for the current calendar year.[30] By June 15 of each year, the bill requires the Chief to certify to the Commission and the Ohio Public Works Commission (OPWC) the counties with one or more producing oil and gas wells in the Utica or Marcellus shale region in the preceding calendar year.[31]

Severance Tax Legacy Fund

The second source of funding from which grants may be awarded to eligible subdivisions is the Severance Tax Legacy Fund. The bill does not restrict how a grant recipient spends money received from this fund but does require that the grants be awarded for projects to foster long-term prosperity and a positive legacy in the subdivision receiving the grant.

Funding from the Severance Tax Legacy Fund is available to any subdivision that the Chief of the DNR's Division of Oil and Gas Resources Management certified as an eligible subdivision for any calendar year. However, subdivisions may not apply for a grant from that fund until July 1, 2024, and the bill prohibits the General Assembly from appropriating money from the fund until fiscal year 2025.[32]

Application process

To receive funding from either the Ohio Shale Gas Infrastructure Development Fund or the Severance Tax Legacy Fund, an eligible subdivision must submit an application to the Ohio Shale Gas Regional Commission. The Commission reviews each application and recommends to the OPWC whether the OPWC should approve a grant to the applicant. The OPWC ultimately decides whether or not to award a grant to an applicant.[33]

Severance tax due date

Current law requires severers to file severance tax returns and pay the tax due for a calendar quarter or other return period prescribed by the Commissioner no later

[30] R.C. 190.01, 190.03, and 190.05(A)(1).

[31] R.C. 1509.11(C).

[32] R.C. 190.04 and 190.05(A)(2).

[33] R.C. 190.05.

than 45 days after the end of a calendar quarter. The bill extends the time for filing and payment to 60 days after the end of a calendar quarter or other prescribed reporting period.[34]

Horizontal well severance tax credit for CAT paid

The bill authorizes a severer to claim a nonrefundable credit against the severance tax on oil and gas severed by horizontal wells equal to the commercial activity tax (CAT) the severer paid on the basis of the taxable gross receipts from the first sale of that oil or gas. The credit may be claimed on the basis of CAT paid by the severer in a CAT calendar quarter beginning on or after October 1, 2014. The credit must be claimed for the severance tax calendar quarter in which the severer pays the CAT.

If the severer did not pay any CAT on the basis of those receipts, perhaps because of the CAT exclusion discussed above or because the severer transferred the oil or gas for no consideration, then the severer would not be allowed to claim this credit (see "**CAT exclusion for oil and gas receipts**," below).[35]

Income tax credit for severance tax paid by landowner

The bill authorizes a landowner subject to personal income tax that holds a royalty interest in any oil or gas well (horizontal or otherwise) to claim a nonrefundable credit against the taxpayer's personal income tax. The amount of the credit equals the proportion of oil and gas severance tax paid by the well's severer in a taxable year, up to 12.5%, that the landowner is responsible for – either by paying the tax or by having the landowner's royalty payments reduced. If a royalty interest is held by a pass-through entity with one or more of owners who are subject to the income tax, each such owner of the entity may claim the owner's proportionate or distributive share of the credit amount calculated for the pass-through entity. The credit is available for taxable years beginning on or after January 1, 2014.

For the purpose of allowing a taxpayer to claim the credit, the bill requires the severer of each well to deliver to each taxpayer or pass-through entity holding a royalty interest a statement each January that lists the amount of oil and gas severance tax the severer paid in the preceding calendar year, unless the severer already made that information available to the royalty interest holders in some other written form. The bill requires a taxpayer to submit those reports or any other documentation necessary for the Tax Commissioner to administer the credit to the Commissioner upon request.

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[34] R.C. 5749.06(B)(1).

[35] R.C. 5749.18.

The bill prohibits a taxpayer from claiming the credit and deducting the taxpayer's royalty payments from that severer for the purpose of an income tax deduction that allows a taxpayer to deduct up to a certain amount of the taxpayer's business income. This deduction was created in H.B. 59 of the 130th General Assembly.[36]

CAT exclusion for oil and gas receipts

The bill excludes from the taxable gross receipts base of the commercial activity tax the receipts realized from the sale of oil or gas by a severer that paid oil or gas severance tax on the basis of that oil or gas, provided the severer is either subject to the personal income tax on the income from that sale or is a pass-through entity, one or more owners of which are subject to income tax on income from that sale. A pass-through entity owned by some persons who are subject to the income tax and others who are not may exclude such receipts only to the extent of the distributive or proportionate shares of the entity owned by persons subject to the income tax.[37]

JobsOhio industry report

The bill requires JobsOhio to determine industries that may relocate to the state to take advantage of inexpensive energy available in counties with active oil and gas development, to research and report on programs to encourage those industries to relocate to those counties, and to develop programs to encourage job creation related to those industries.[38]

Effective date

The bill takes effect October 1, 2014.[39]

HISTORY

ACTION	DATE
Introduced	12-04-13
Reported, H. Ways & Means	05-13-14
Passed House (55-38)	05-14-14

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[36] R.C. 5747.63 and 5747.98.

[37] R.C. 5751.01(F)(2)(jj).

[38] R.C. 187.14.

[39] Section 3.