

As Re-Referred by the House Rules and Reference Committee

133rd General Assembly

Regular Session

2019-2020

Sub. H. B. No. 2

Representatives Cross, Lepore-Hagan

Cosponsor: Representative DeVitis

A BILL

To amend section 5747.01 and to enact sections
122.178, 122.179, 122.1710, and 122.1711 of the
Revised Code to create the TechCred Program and
the Individual Microcredential Assistance
Program, to develop a grant program to support
industry sector partnerships, and to make an
appropriation.

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

Section 1. That section 5747.01 be amended and sections
122.178, 122.179, 122.1710, and 122.1711 of the Revised Code be
enacted to read as follows:

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Sec. 122.178. (A) As used in this section,
"microcredential" means an industry-recognized credential or
certificate that an applicant may complete in not more than one
year and that is approved by the chancellor of higher education.

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(B) There is hereby created the TechCred program to
reimburse employers from appropriations made for that purpose
for training costs for prospective and incumbent employees to
earn a microcredential. The development services agency, in

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consultation with the governor's office of workforce 19
transformation and the department of higher education, shall 20
develop the program. 21

(C) (1) An employer seeking to participate in the program 22
shall submit an application to the director of development 23
services during the application period the director establishes 24
by rule adopted under division (I) of this section. The employer 25
shall include in the application all of the following 26
information: 27

(a) Proof that the employer is registered to do business 28
in this state; 29

(b) Proof that the employer is current on all tax 30
obligations to the state; 31

(c) Proof that the employer is in compliance with all 32
environmental regulations applicable to the employer; 33

(d) The name of the training provider from which a 34
prospective or incumbent employee will receive the training and 35
earn the microcredential; 36

(e) The cost of the training; 37

(f) The positions for which earning the microcredential 38
will make a prospective or incumbent employee qualified or the 39
occupational skill set that the prospective or incumbent 40
employee will acquire on completing the training; 41

(g) The address of the facility or location at which the 42
prospective or incumbent employee is expected to be employed 43
after completing the training; 44

(h) Any other information the director requires. 45

(2) In addition to the information required under division 46
(C) (1) of this section, an employer seeking to participate in 47
the program also may submit information regarding the estimated 48
wage after completing the training and earning the 49
microcredential or any other information the employer wishes to 50
provide to the director. 51

(D) (1) The director shall consider all applications 52
submitted during the application period after the application 53
period ends. The director shall consider the following factors 54
in determining whether to approve an application: 55

(a) The duration of the training program; 56

(b) The cost of the training; 57

(c) A prospective or incumbent employee's estimated wage 58
after completing the training and earning the microcredential; 59

(d) Whether approving an application will promote regional 60
diversity in apportioning reimbursements uniformly across the 61
state; 62

(e) Any other factors the director considers relevant in 63
determining whether to approve an application. 64

(2) The chancellor of higher education shall adopt rules 65
in accordance with Chapter 119. of the Revised Code to establish 66
a list of approved training providers in this state and the 67
microcredentials offered by those providers. The director shall 68
not approve an application submitted under division (C) of this 69
section unless the training provider and microcredentials 70
identified in the application are included in the chancellor's 71
list. 72

(3) If the director approves an application for 73

participation in the program, the approval is valid for the 74
fiscal year as designated by the director. An employer that 75
participates in the program that wishes to participate in the 76
program in any subsequent fiscal year shall apply to the 77
director in accordance with division (C) of this section. 78

(4) The director shall not approve an application for 79
participation in the program if the employer has violated 80
Chapter 4111. of the Revised Code within the four fiscal years 81
immediately preceding the date of application. 82

(E)(1) Each participating employer seeking reimbursement 83
for training costs for a prospective or incumbent employee shall 84
submit an application to the director that includes all of the 85
following information for each prospective or incumbent 86
employee: 87

(a) The prospective or incumbent employee's name and 88
position, if applicable, at the time of submitting the 89
application; 90

(b) The actual amount the employer paid to the training 91
provider for the training; 92

(c) Evidence that the prospective or incumbent employee 93
earned a microcredential; 94

(d) Evidence that the prospective or incumbent employee is 95
a resident of this state. 96

(2) The amount of the reimbursement shall be at least five 97
hundred dollars but not more than two thousand dollars for each 98
microcredential a prospective or incumbent employee receives. 99

(F) No participating employer shall require a prospective 100
or incumbent employee who receives a microcredential because the 101

employer participated in and received a reimbursement through 102
the employer's participation in the TechCred program to accept 103
or continue employment with the employer. 104

(G) For the purposes of determining regional diversity 105
under this section, the following constitute the regions of the 106
state: 107

(1) The counties of Allen, Crawford, Defiance, Fulton, 108
Hancock, Hardin, Henry, Lucas, Ottawa, Paulding, Putnam, 109
Sandusky, Seneca, Van Wert, Williams, Wood, and Wyandot are one 110
region; 111

(2) The counties of Ashland, Ashtabula, Columbiana, 112
Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, 113
Portage, Richland, Stark, Summit, Trumbull, Tuscarawas, and 114
Wayne are one region; 115

(3) The counties of Auglaize, Champaign, Clark, Clinton, 116
Darke, Fayette, Greene, Mercer, Miami, Montgomery, Preble, and 117
Shelby are one region; 118

(4) The counties of Delaware, Fairfield, Franklin, Knox, 119
Licking, Logan, Madison, Marion, Morrow, Pickaway, and Union are 120
one region; 121

(5) The counties of Adams, Athens, Belmont, Carroll, 122
Coshocton, Gallia, Guernsey, Harrison, Highland, Hocking, 123
Holmes, Jackson, Jefferson, Lawrence, Meigs, Monroe, Morgan, 124
Muskingum, Noble, Perry, Pike, Ross, Scioto, Vinton, and 125
Washington are one region; 126

(6) The counties of Brown, Butler, Clermont, Hamilton, and 127
Warren are one region. 128

(H) (1) The director shall do both of the following 129

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| <u>regarding the operation of the program:</u> | 130 |
| <u>(a) Create an application to participate in the program</u> | 131 |
| <u>and an application for reimbursement;</u> | 132 |
| <u>(b) Create an internet web site with the applications for</u> | 133 |
| <u>and information regarding the program created in this section.</u> | 134 |
| <u>(2) The governor's office of workforce transformation</u> | 135 |
| <u>shall include on the office's internet web site either of the</u> | 136 |
| <u>following:</u> | 137 |
| <u>(a) The applications for and information regarding the</u> | 138 |
| <u>program created in this section;</u> | 139 |
| <u>(b) An internet link to the internet web site created</u> | 140 |
| <u>under division (H)(1)(b) of this section.</u> | 141 |
| <u>(I) The director shall adopt rules in accordance with</u> | 142 |
| <u>Chapter 119. of the Revised Code to establish an application</u> | 143 |
| <u>period during which an employer may submit an application under</u> | 144 |
| <u>division (C) of this section.</u> | 145 |
| <u>The director may adopt rules in accordance with Chapter</u> | 146 |
| <u>119. of the Revised Code regarding the operation of the program</u> | 147 |
| <u>as the director considers necessary to administer the program,</u> | 148 |
| <u>including establishing priority guidelines for approving</u> | 149 |
| <u>applications under division (D) of this section.</u> | 150 |
| <u>Sec. 122.179. (A) As used in this section:</u> | 151 |
| <u>"Charitable organization" has the same meaning as in</u> | 152 |
| <u>section 1716.01 of the Revised Code.</u> | 153 |
| <u>"Independent college or university" means a nonprofit</u> | 154 |
| <u>institution of higher education that has a certificate of</u> | 155 |
| <u>authorization under Chapter 1713. of the Revised Code.</u> | 156 |

"Industry sector partnership" means a workforce 157
collaborative that organizes key leaders and stakeholders of an 158
industry cluster into a working group that focuses on achieving 159
a shared goal of meeting the industry cluster's human resources 160
needs. 161

"Ohio technical center" has the same meaning as in section 162
3333.94 of the Revised Code. 163

"Regional sector partnership" means a regional or 164
statewide workforce collaborative that organizes multiple 165
industry sector partnerships into a working group that focuses 166
on achieving a shared goal of meeting the human resources needs 167
of a region or statewide. 168

"State board" and "local board" have the same meanings as 169
in section 6301.01 of the Revised Code. 170

"State institution of higher education" has the same 171
meaning as in section 3345.011 of the Revised Code. 172

(B) A collaboration of multiple employers of an industry 173
cluster may organize and lead an industry sector partnership by 174
convening or acting in partnership with representatives of 175
businesses, employers, or other institutions of an industry 176
cluster, including small- and medium-sized employers where 177
practicable, and a collaboration of multiple industry sector 178
partnerships may convene or act in partnership together as a 179
regional sector partnership. An industry sector partnership may 180
include representatives of one or more of the following: 181

(1) A school district; 182

(2) A state institution of higher education; 183

(3) An Ohio technical center; 184

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| <u>(4) An independent college or university;</u> | 185 |
| <u>(5) The state or a local government;</u> | 186 |
| <u>(6) A state or local economic or workforce development</u> <u>agency;</u> | 187 188 |
| <u>(7) A state board or local board;</u> | 189 |
| <u>(8) The department of job and family services;</u> | 190 |
| <u>(9) A business, trade, or industry association;</u> | 191 |
| <u>(10) A charitable organization;</u> | 192 |
| <u>(11) An economic development organization;</u> | 193 |
| <u>(12) A nonprofit or community-based organization or</u> <u>intermediary;</u> | 194 195 |
| <u>(13) The Ohio state university extension division</u> <u>established under section 3335.16 of the Revised Code or the</u> <u>central state university extension program;</u> | 196 197 198 |
| <u>(14) Any other organization that the industry sector</u> <u>partnership considers necessary to further the shared goal of</u> <u>meeting the industry cluster's human resources needs.</u> | 199 200 201 |
| <u>(C) The director of development services, in consultation</u> <u>with the governor's office of workforce transformation, shall</u> <u>develop a grant program to support industry sector partnerships</u> <u>and regional sector partnerships. An industry sector partnership</u> <u>or regional sector partnership may use a grant awarded under</u> <u>this section to do any of the following:</u> | 202 203 204 205 206 207 |
| <u>(1) Hire employees to coordinate industry sector</u> <u>partnership or regional sector partnership activities;</u> | 208 209 |
| <u>(2) Develop curricula or other educational resources to</u> | 210 |

support the industry sector partnership or regional sector 211
partnership; 212

(3) Market the industry sector partnership or regional 213
sector partnership and opportunities the industry sector 214
partnership or regional sector partnership creates for workforce 215
development activities; 216

(4) Any other activity the director has approved in rules 217
adopted under division (E) of this section. 218

(D) The director shall do both of the following: 219

(1) Establish a system for evaluating and scoring grant 220
applications, which prioritizes collaborative community-based 221
solutions, including regional sector partnerships; 222

(2) Award a grant to an industry sector partnership or a 223
regional sector partnership that submits a complete application 224
for funding describing the activities in division (C) of this 225
section the partnership will use the funds to support and meets 226
the scoring criteria established under division (D)(1) of this 227
section. 228

(E) The director may adopt rules in accordance with 229
Chapter 119. of the Revised Code as the director considers 230
necessary to administer the grant program. 231

Sec. 122.1710. (A) As used in this section: 232

(1) "Microcredential" has the same meaning as in section 233
122.178 of the Revised Code. 234

(2) "OhioMeansJobs web site" has the same meaning as in 235
section 6301.01 of the Revised Code. 236

(B) The individual microcredential assistance program is 237

hereby created in the development services agency to provide 238
grants to eligible individuals to pay for the costs of training 239
to earn a microcredential. 240

(C) An individual seeking to participate in the program 241
shall submit an application to the director of development 242
services. The individual shall include in the application all of 243
the following information: 244

(1) The individual's name and address at which the 245
individual resides; 246

(2) The name of the individual's employer at the time of 247
applying, if applicable; 248

(3) Proof that the individual is a resident of this state; 249

(4) Proof of the individual's total income during the 250
prior calendar year; 251

(5) The name of the microcredential that the individual is 252
seeking to obtain; 253

(6) The name of the training provider from which the 254
individual will receive the training to earn the microcredential 255
and proof that the individual was accepted into the training 256
provider's program to earn the microcredential; 257

(7) The cost of the training; 258

(8) Any other information the director requires. 259

(D) (1) The director shall consider the following factors 260
in determining whether to approve an application submitted under 261
division (C) of this section: 262

(a) The duration of the training program; 263

(b) The cost of the training; 264

(c) Whether approving an application will promote regional 265
diversity in apportioning grants uniformly across the state; 266

(d) The individual's financial need for the grant based on 267
the individual's total income from the prior calendar year. 268

(2) In determining regional diversity under division (D) 269
(1) (c) of this section, the director shall use the regions 270
established under division (G) of section 122.178 of the Revised 271
Code. 272

(3) The director shall not approve an application 273
submitted under this section unless the training provider and 274
microcredentials identified in the application are included in 275
the list the chancellor of higher education adopts in rules 276
under section 122.178 of the Revised Code. 277

(E) On receiving an individual's application for a grant, 278
the director shall do either of the following: 279

(1) If the director approves the application, the director 280
shall do both of the following: 281

(a) Notify in writing the individual and the training 282
provider that the director has approved the individual's 283
application for a grant; 284

(b) Disburse a grant directly to the training provider to 285
cover the cost of the training program in an amount that is not 286
less than five hundred dollars nor more than two thousand 287
dollars. 288

(2) If the director denies the application, the director 289
shall notify in writing the individual of the director's denial. 290

(F) If an individual fails to complete the training for 291
which a grant was disbursed and does not earn a microcredential 292

from the training provider, the training provider shall refund 293
the entire grant amount to the director. If the training 294
provider is a public institution, the training provider shall 295
forward the name of the individual and the amount of the grant 296
refunded under this division to the attorney general for 297
collection under section 131.02 of the Revised Code. If the 298
training provider is a private institution, after refunding the 299
grant, the training provider may bring an action in any court of 300
competent jurisdiction to recover damages equal to the grant 301
amount disbursed to the training provider. 302

(G) (1) The director shall do all of the following 303
regarding the operation of the program: 304

(a) Create an application to participate in and receive a 305
grant for the program; 306

(b) Create an internet web site that allows an individual 307
to apply to a training provider for acceptance into a 308
microcredential training program; 309

(c) Create and distribute a survey to each individual who 310
successfully earned a microcredential because of a grant 311
disbursed under this section inquiring as to the individual's 312
occupation and wages at the time of completing the survey. 313

(2) The director shall include all of the following in the 314
internet web site created under division (G) (1) (b) of this 315
section: 316

(a) The application for and information regarding the 317
program created in this section; 318

(b) The list of the approved training providers and 319
microcredentials the chancellor of higher education establishes 320
in rules adopted under section 122.178 of the Revised Code; 321

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| <u>(c) A database that does all of the following:</u> | 322 |
| <u>(i) Allows a user to search for a microcredential by name</u> | 323 |
| <u>and produces results that display the training providers that</u> | 324 |
| <u>offer training to earn that microcredential and the training</u> | 325 |
| <u>provider's address;</u> | 326 |
| <u>(ii) Allows a user to search by zip code and produces</u> | 327 |
| <u>results that display both the microcredentials offered and</u> | 328 |
| <u>training providers located within and near that zip code and</u> | 329 |
| <u>allows a user to filter training providers by distance in</u> | 330 |
| <u>relation to that zip code;</u> | 331 |
| <u>(iii) Allows a user to access a listing of every</u> | 332 |
| <u>microcredential offered by each approved training provider.</u> | 333 |
| <u>(H) The director shall include on the internet web site</u> | 334 |
| <u>maintained by the development services agency, and the</u> | 335 |
| <u>governor's office of workforce transformation shall include on</u> | 336 |
| <u>the office's internet web site and the OhioMeansJobs web site,</u> | 337 |
| <u>either of the following:</u> | 338 |
| <u>(1) All of the content available on the internet web site</u> | 339 |
| <u>created under division (G) (1) (b) of this section;</u> | 340 |
| <u>(2) An internet link to the internet web site created</u> | 341 |
| <u>under division (G) (1) (b) of this section.</u> | 342 |
| <u>(I) The director may adopt rules in accordance with</u> | 343 |
| <u>Chapter 119. of the Revised Code as the director considers</u> | 344 |
| <u>necessary to implement this section, including establishing</u> | 345 |
| <u>priority guidelines for approving applications under division</u> | 346 |
| <u>(D) of this section.</u> | 347 |
| <u>(J) Any personal information of an individual included in</u> | 348 |
| <u>an application the director receives in connection with the</u> | 349 |

individual microcredential assistance program created under this 350
section is not a public record for purposes of section 149.43 of 351
the Revised Code. However, the director may use the information 352
as necessary to complete the reports required under section 353
122.1711 of the Revised Code. 354

Sec. 122.1711. (A) Beginning on the first day of August 355
immediately following the effective date of this section, and 356
every August first thereafter, the director of development 357
services shall submit to the general assembly a written report 358
that compiles and includes information required in this section 359
regarding the programs created under sections 122.178, 122.179, 360
and 122.1710 of the Revised Code. 361

(1) For the TechCred program created under section 122.178 362
of the Revised Code, the director shall include in the report 363
required under division (A) of this section all of the following 364
information: 365

(a) The average per cent rate change of wages during the 366
previous year, if any, for prospective or incumbent employees 367
who earned a microcredential categorized by microcredentials 368
earned in each region and statewide; 369

(b) The average per cent rate change of wages during the 370
previous years, if any, for prospective or incumbent employees 371
who earned a microcredential categorized by the region in which 372
employees reside and statewide; 373

(c) The average annual wages paid to positions for which 374
holding a microcredential or having the occupational skills 375
acquired through obtaining a microcredential is required, 376
categorized by each region and statewide; 377

(d) The rate of change during the previous year of 378

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| <u>unemployment categorized by each region and statewide;</u> | 379 |
| <u>(e) A list of the training providers and microcredentials</u> | 380 |
| <u>established in rules adopted by the chancellor of higher</u> | 381 |
| <u>education under section 122.178 of the Revised Code categorized</u> | 382 |
| <u>by each region and statewide;</u> | 383 |
| <u>(f) A demographic analysis of employees who earned a</u> | 384 |
| <u>microcredential under the TechCred program based on the race and</u> | 385 |
| <u>gender of each employee;</u> | 386 |
| <u>(g) A demographic analysis of employers who received a</u> | 387 |
| <u>reimbursement through the TechCred program based on the race and</u> | 388 |
| <u>gender of each employer;</u> | 389 |
| <u>(h) Any other information the director wishes to include.</u> | 390 |
| <u>(2) For the individual microcredential assistance program</u> | 391 |
| <u>created under section 122.1710 of the Revised Code, the director</u> | 392 |
| <u>shall include in the report required under division (A) of this</u> | 393 |
| <u>section all of the following information:</u> | 394 |
| <u>(a) The information required under divisions (A) (1) (a) to</u> | 395 |
| <u>(c) of this section, except that the information shall represent</u> | 396 |
| <u>the individuals who successfully earned a microcredential</u> | 397 |
| <u>through a grant disbursed under the individual microcredential</u> | 398 |
| <u>assistance program;</u> | 399 |
| <u>(b) A demographic analysis of individuals who earned a</u> | 400 |
| <u>microcredential under the individual microcredential assistance</u> | 401 |
| <u>program based on the race and gender of each individual;</u> | 402 |
| <u>(c) An analysis of the results of the surveys the director</u> | 403 |
| <u>distributed under division (G) (1) (c) of section 122.1710 of the</u> | 404 |
| <u>Revised Code categorized by each region and statewide;</u> | 405 |
| <u>(d) The rate of completion for each approved</u> | 406 |

microcredential categorized by region and statewide; 407

(e) Any other information the director wishes to include. 408

(3) For the grant program to support regional industry 409
sector partnerships created under section 122.179 of the Revised 410
Code, the director shall include in the report required under 411
division (A) of this section all of the following information: 412

(a) A list, categorized by region and statewide, of each 413
industry sector partnership and regional sector partnership to 414
which a grant was awarded under section 122.179 of the Revised 415
Code; 416

(b) A list detailing the member composition of each 417
industry sector partnership and regional sector partnership to 418
which a grant was awarded under section 122.179 of the Revised 419
Code, including each employer and representative of an industry 420
cluster; 421

(c) Information regarding the activities described in 422
division (C) of section 122.179 of the Revised Code for which 423
industry sector partnerships and regional sector partnerships 424
used grants awarded under that section. 425

(B) In reporting on regional information under this 426
section, the director shall use the regions established under 427
section 122.178 of the Revised Code. 428

(C) The director shall market the programs created under 429
sections 122.178, 122.179, and 122.1710 of the Revised Code. 430

Sec. 5747.01. Except as otherwise expressly provided or 431
clearly appearing from the context, any term used in this 432
chapter that is not otherwise defined in this section has the 433
same meaning as when used in a comparable context in the laws of 434

the United States relating to federal income taxes or if not 435
used in a comparable context in those laws, has the same meaning 436
as in section 5733.40 of the Revised Code. Any reference in this 437
chapter to the Internal Revenue Code includes other laws of the 438
United States relating to federal income taxes. 439

As used in this chapter: 440

(A) "Adjusted gross income" or "Ohio adjusted gross 441
income" means federal adjusted gross income, as defined and used 442
in the Internal Revenue Code, adjusted as provided in this 443
section: 444

(1) Add interest or dividends on obligations or securities 445
of any state or of any political subdivision or authority of any 446
state, other than this state and its subdivisions and 447
authorities. 448

(2) Add interest or dividends on obligations of any 449
authority, commission, instrumentality, territory, or possession 450
of the United States to the extent that the interest or 451
dividends are exempt from federal income taxes but not from 452
state income taxes. 453

(3) Deduct interest or dividends on obligations of the 454
United States and its territories and possessions or of any 455
authority, commission, or instrumentality of the United States 456
to the extent that the interest or dividends are included in 457
federal adjusted gross income but exempt from state income taxes 458
under the laws of the United States. 459

(4) Deduct disability and survivor's benefits to the 460
extent included in federal adjusted gross income. 461

(5) Deduct benefits under Title II of the Social Security 462
Act and tier 1 railroad retirement benefits to the extent 463

included in federal adjusted gross income under section 86 of 464
the Internal Revenue Code. 465

(6) In the case of a taxpayer who is a beneficiary of a 466
trust that makes an accumulation distribution as defined in 467
section 665 of the Internal Revenue Code, add, for the 468
beneficiary's taxable years beginning before 2002, the portion, 469
if any, of such distribution that does not exceed the 470
undistributed net income of the trust for the three taxable 471
years preceding the taxable year in which the distribution is 472
made to the extent that the portion was not included in the 473
trust's taxable income for any of the trust's taxable years 474
beginning in 2002 or thereafter. "Undistributed net income of a 475
trust" means the taxable income of the trust increased by (a) (i) 476
the additions to adjusted gross income required under division 477
(A) of this section and (ii) the personal exemptions allowed to 478
the trust pursuant to section 642(b) of the Internal Revenue 479
Code, and decreased by (b) (i) the deductions to adjusted gross 480
income required under division (A) of this section, (ii) the 481
amount of federal income taxes attributable to such income, and 482
(iii) the amount of taxable income that has been included in the 483
adjusted gross income of a beneficiary by reason of a prior 484
accumulation distribution. Any undistributed net income included 485
in the adjusted gross income of a beneficiary shall reduce the 486
undistributed net income of the trust commencing with the 487
earliest years of the accumulation period. 488

(7) Deduct the amount of wages and salaries, if any, not 489
otherwise allowable as a deduction but that would have been 490
allowable as a deduction in computing federal adjusted gross 491
income for the taxable year, had the targeted jobs credit 492
allowed and determined under sections 38, 51, and 52 of the 493
Internal Revenue Code not been in effect. 494

(8) Deduct any interest or interest equivalent on public 495
obligations and purchase obligations to the extent that the 496
interest or interest equivalent is included in federal adjusted 497
gross income. 498

(9) Add any loss or deduct any gain resulting from the 499
sale, exchange, or other disposition of public obligations to 500
the extent that the loss has been deducted or the gain has been 501
included in computing federal adjusted gross income. 502

(10) Deduct or add amounts, as provided under section 503
5747.70 of the Revised Code, related to contributions to 504
variable college savings program accounts made or tuition units 505
purchased pursuant to Chapter 3334. of the Revised Code. 506

(11)(a) Deduct, to the extent not otherwise allowable as a 507
deduction or exclusion in computing federal or Ohio adjusted 508
gross income for the taxable year, the amount the taxpayer paid 509
during the taxable year for medical care insurance and qualified 510
long-term care insurance for the taxpayer, the taxpayer's 511
spouse, and dependents. No deduction for medical care insurance 512
under division (A)(11) of this section shall be allowed either 513
to any taxpayer who is eligible to participate in any subsidized 514
health plan maintained by any employer of the taxpayer or of the 515
taxpayer's spouse, or to any taxpayer who is entitled to, or on 516
application would be entitled to, benefits under part A of Title 517
XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 518
U.S.C. 301, as amended. For the purposes of division (A)(11)(a) 519
of this section, "subsidized health plan" means a health plan 520
for which the employer pays any portion of the plan's cost. The 521
deduction allowed under division (A)(11)(a) of this section 522
shall be the net of any related premium refunds, related premium 523
reimbursements, or related insurance premium dividends received 524

during the taxable year. 525

(b) Deduct, to the extent not otherwise deducted or 526
excluded in computing federal or Ohio adjusted gross income 527
during the taxable year, the amount the taxpayer paid during the 528
taxable year, not compensated for by any insurance or otherwise, 529
for medical care of the taxpayer, the taxpayer's spouse, and 530
dependents, to the extent the expenses exceed seven and one-half 531
per cent of the taxpayer's federal adjusted gross income. 532

(c) Deduct, to the extent not otherwise deducted or 533
excluded in computing federal or Ohio adjusted gross income, any 534
amount included in federal adjusted gross income under section 535
105 or not excluded under section 106 of the Internal Revenue 536
Code solely because it relates to an accident and health plan 537
for a person who otherwise would be a "qualifying relative" and 538
thus a "dependent" under section 152 of the Internal Revenue 539
Code but for the fact that the person fails to meet the income 540
and support limitations under section 152(d)(1)(B) and (C) of 541
the Internal Revenue Code. 542

(d) For purposes of division (A)(11) of this section, 543
"medical care" has the meaning given in section 213 of the 544
Internal Revenue Code, subject to the special rules, 545
limitations, and exclusions set forth therein, and "qualified 546
long-term care" has the same meaning given in section 7702B(c) 547
of the Internal Revenue Code. Solely for purposes of divisions 548
(A)(11)(a) and (c) of this section, "dependent" includes a 549
person who otherwise would be a "qualifying relative" and thus a 550
"dependent" under section 152 of the Internal Revenue Code but 551
for the fact that the person fails to meet the income and 552
support limitations under section 152(d)(1)(B) and (C) of the 553
Internal Revenue Code. 554

(12) (a) Deduct any amount included in federal adjusted 555
gross income solely because the amount represents a 556
reimbursement or refund of expenses that in any year the 557
taxpayer had deducted as an itemized deduction pursuant to 558
section 63 of the Internal Revenue Code and applicable United 559
States department of the treasury regulations. The deduction 560
otherwise allowed under division (A) (12) (a) of this section 561
shall be reduced to the extent the reimbursement is attributable 562
to an amount the taxpayer deducted under this section in any 563
taxable year. 564

(b) Add any amount not otherwise included in Ohio adjusted 565
gross income for any taxable year to the extent that the amount 566
is attributable to the recovery during the taxable year of any 567
amount deducted or excluded in computing federal or Ohio 568
adjusted gross income in any taxable year. 569

(13) Deduct any portion of the deduction described in 570
section 1341(a) (2) of the Internal Revenue Code, for repaying 571
previously reported income received under a claim of right, that 572
meets both of the following requirements: 573

(a) It is allowable for repayment of an item that was 574
included in the taxpayer's adjusted gross income for a prior 575
taxable year and did not qualify for a credit under division (A) 576
or (B) of section 5747.05 of the Revised Code for that year; 577

(b) It does not otherwise reduce the taxpayer's adjusted 578
gross income for the current or any other taxable year. 579

(14) Deduct an amount equal to the deposits made to, and 580
net investment earnings of, a medical savings account during the 581
taxable year, in accordance with section 3924.66 of the Revised 582
Code. The deduction allowed by division (A) (14) of this section 583

does not apply to medical savings account deposits and earnings 584
otherwise deducted or excluded for the current or any other 585
taxable year from the taxpayer's federal adjusted gross income. 586

(15) (a) Add an amount equal to the funds withdrawn from a 587
medical savings account during the taxable year, and the net 588
investment earnings on those funds, when the funds withdrawn 589
were used for any purpose other than to reimburse an account 590
holder for, or to pay, eligible medical expenses, in accordance 591
with section 3924.66 of the Revised Code; 592

(b) Add the amounts distributed from a medical savings 593
account under division (A) (2) of section 3924.68 of the Revised 594
Code during the taxable year. 595

(16) Add any amount claimed as a credit under section 596
5747.059 or 5747.65 of the Revised Code to the extent that such 597
amount satisfies either of the following: 598

(a) The amount was deducted or excluded from the 599
computation of the taxpayer's federal adjusted gross income as 600
required to be reported for the taxpayer's taxable year under 601
the Internal Revenue Code; 602

(b) The amount resulted in a reduction of the taxpayer's 603
federal adjusted gross income as required to be reported for any 604
of the taxpayer's taxable years under the Internal Revenue Code. 605

(17) Deduct the amount contributed by the taxpayer to an 606
individual development account program established by a county 607
department of job and family services pursuant to sections 608
329.11 to 329.14 of the Revised Code for the purpose of matching 609
funds deposited by program participants. On request of the tax 610
commissioner, the taxpayer shall provide any information that, 611
in the tax commissioner's opinion, is necessary to establish the 612

amount deducted under division (A)(17) of this section. 613

(18) Beginning in taxable year 2001 but not for any 614
taxable year beginning after December 31, 2005, if the taxpayer 615
is married and files a joint return and the combined federal 616
adjusted gross income of the taxpayer and the taxpayer's spouse 617
for the taxable year does not exceed one hundred thousand 618
dollars, or if the taxpayer is single and has a federal adjusted 619
gross income for the taxable year not exceeding fifty thousand 620
dollars, deduct amounts paid during the taxable year for 621
qualified tuition and fees paid to an eligible institution for 622
the taxpayer, the taxpayer's spouse, or any dependent of the 623
taxpayer, who is a resident of this state and is enrolled in or 624
attending a program that culminates in a degree or diploma at an 625
eligible institution. The deduction may be claimed only to the 626
extent that qualified tuition and fees are not otherwise 627
deducted or excluded for any taxable year from federal or Ohio 628
adjusted gross income. The deduction may not be claimed for 629
educational expenses for which the taxpayer claims a credit 630
under section 5747.27 of the Revised Code. 631

(19) Add any reimbursement received during the taxable 632
year of any amount the taxpayer deducted under division (A)(18) 633
of this section in any previous taxable year to the extent the 634
amount is not otherwise included in Ohio adjusted gross income. 635

(20)(a)(i) Subject to divisions (A)(20)(a)(iii), (iv), and 636
(v) of this section, add five-sixths of the amount of 637
depreciation expense allowed by subsection (k) of section 168 of 638
the Internal Revenue Code, including the taxpayer's 639
proportionate or distributive share of the amount of 640
depreciation expense allowed by that subsection to a pass- 641
through entity in which the taxpayer has a direct or indirect 642

ownership interest. 643

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) 644
of this section, add five-sixths of the amount of qualifying 645
section 179 depreciation expense, including the taxpayer's 646
proportionate or distributive share of the amount of qualifying 647
section 179 depreciation expense allowed to any pass-through 648
entity in which the taxpayer has a direct or indirect ownership 649
interest. 650

(iii) Subject to division (A) (20) (a) (v) of this section, 651
for taxable years beginning in 2012 or thereafter, if the 652
increase in income taxes withheld by the taxpayer is equal to or 653
greater than ten per cent of income taxes withheld by the 654
taxpayer during the taxpayer's immediately preceding taxable 655
year, "two-thirds" shall be substituted for "five-sixths" for 656
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 657

(iv) Subject to division (A) (20) (a) (v) of this section, 658
for taxable years beginning in 2012 or thereafter, a taxpayer is 659
not required to add an amount under division (A) (20) of this 660
section if the increase in income taxes withheld by the taxpayer 661
and by any pass-through entity in which the taxpayer has a 662
direct or indirect ownership interest is equal to or greater 663
than the sum of (I) the amount of qualifying section 179 664
depreciation expense and (II) the amount of depreciation expense 665
allowed to the taxpayer by subsection (k) of section 168 of the 666
Internal Revenue Code, and including the taxpayer's 667
proportionate or distributive shares of such amounts allowed to 668
any such pass-through entities. 669

(v) If a taxpayer directly or indirectly incurs a net 670
operating loss for the taxable year for federal income tax 671
purposes, to the extent such loss resulted from depreciation 672

expense allowed by subsection (k) of section 168 of the Internal 673
Revenue Code and by qualifying section 179 depreciation expense, 674
"the entire" shall be substituted for "five-sixths of the" for 675
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 676

The tax commissioner, under procedures established by the 677
commissioner, may waive the add-backs related to a pass-through 678
entity if the taxpayer owns, directly or indirectly, less than 679
five per cent of the pass-through entity. 680

(b) Nothing in division (A) (20) of this section shall be 681
construed to adjust or modify the adjusted basis of any asset. 682

(c) To the extent the add-back required under division (A) 683
(20) (a) of this section is attributable to property generating 684
nonbusiness income or loss allocated under section 5747.20 of 685
the Revised Code, the add-back shall be situated to the same 686
location as the nonbusiness income or loss generated by the 687
property for the purpose of determining the credit under 688
division (A) of section 5747.05 of the Revised Code. Otherwise, 689
the add-back shall be apportioned, subject to one or more of the 690
four alternative methods of apportionment enumerated in section 691
5747.21 of the Revised Code. 692

(d) For the purposes of division (A) (20) (a) (v) of this 693
section, net operating loss carryback and carryforward shall not 694
include the allowance of any net operating loss deduction 695
carryback or carryforward to the taxable year to the extent such 696
loss resulted from depreciation allowed by section 168(k) of the 697
Internal Revenue Code and by the qualifying section 179 698
depreciation expense amount. 699

(e) For the purposes of divisions (A) (20) and (21) of this 700
section: 701

(i) "Income taxes withheld" means the total amount 702
withheld and remitted under sections 5747.06 and 5747.07 of the 703
Revised Code by an employer during the employer's taxable year. 704

(ii) "Increase in income taxes withheld" means the amount 705
by which the amount of income taxes withheld by an employer 706
during the employer's current taxable year exceeds the amount of 707
income taxes withheld by that employer during the employer's 708
immediately preceding taxable year. 709

(iii) "Qualifying section 179 depreciation expense" means 710
the difference between (I) the amount of depreciation expense 711
directly or indirectly allowed to a taxpayer under section 179 712
of the Internal Revised Code, and (II) the amount of 713
depreciation expense directly or indirectly allowed to the 714
taxpayer under section 179 of the Internal Revenue Code as that 715
section existed on December 31, 2002. 716

(21)(a) If the taxpayer was required to add an amount 717
under division (A)(20)(a) of this section for a taxable year, 718
deduct one of the following: 719

(i) One-fifth of the amount so added for each of the five 720
succeeding taxable years if the amount so added was five-sixths 721
of qualifying section 179 depreciation expense or depreciation 722
expense allowed by subsection (k) of section 168 of the Internal 723
Revenue Code; 724

(ii) One-half of the amount so added for each of the two 725
succeeding taxable years if the amount so added was two-thirds 726
of such depreciation expense; 727

(iii) One-sixth of the amount so added for each of the six 728
succeeding taxable years if the entire amount of such 729
depreciation expense was so added. 730

(b) If the amount deducted under division (A) (21) (a) of 731
this section is attributable to an add-back allocated under 732
division (A) (20) (c) of this section, the amount deducted shall 733
be situated to the same location. Otherwise, the add-back shall 734
be apportioned using the apportionment factors for the taxable 735
year in which the deduction is taken, subject to one or more of 736
the four alternative methods of apportionment enumerated in 737
section 5747.21 of the Revised Code. 738

(c) No deduction is available under division (A) (21) (a) of 739
this section with regard to any depreciation allowed by section 740
168(k) of the Internal Revenue Code and by the qualifying 741
section 179 depreciation expense amount to the extent that such 742
depreciation results in or increases a federal net operating 743
loss carryback or carryforward. If no such deduction is 744
available for a taxable year, the taxpayer may carry forward the 745
amount not deducted in such taxable year to the next taxable 746
year and add that amount to any deduction otherwise available 747
under division (A) (21) (a) of this section for that next taxable 748
year. The carryforward of amounts not so deducted shall continue 749
until the entire addition required by division (A) (20) (a) of 750
this section has been deducted. 751

(d) No refund shall be allowed as a result of adjustments 752
made by division (A) (21) of this section. 753

(22) Deduct, to the extent not otherwise deducted or 754
excluded in computing federal or Ohio adjusted gross income for 755
the taxable year, the amount the taxpayer received during the 756
taxable year as reimbursement for life insurance premiums under 757
section 5919.31 of the Revised Code. 758

(23) Deduct, to the extent not otherwise deducted or 759
excluded in computing federal or Ohio adjusted gross income for 760

the taxable year, the amount the taxpayer received during the 761
taxable year as a death benefit paid by the adjutant general 762
under section 5919.33 of the Revised Code. 763

(24) Deduct, to the extent included in federal adjusted 764
gross income and not otherwise allowable as a deduction or 765
exclusion in computing federal or Ohio adjusted gross income for 766
the taxable year, military pay and allowances received by the 767
taxpayer during the taxable year for active duty service in the 768
United States army, air force, navy, marine corps, or coast 769
guard or reserve components thereof or the national guard. The 770
deduction may not be claimed for military pay and allowances 771
received by the taxpayer while the taxpayer is stationed in this 772
state. 773

(25) Deduct, to the extent not otherwise allowable as a 774
deduction or exclusion in computing federal or Ohio adjusted 775
gross income for the taxable year and not otherwise compensated 776
for by any other source, the amount of qualified organ donation 777
expenses incurred by the taxpayer during the taxable year, not 778
to exceed ten thousand dollars. A taxpayer may deduct qualified 779
organ donation expenses only once for all taxable years 780
beginning with taxable years beginning in 2007. 781

For the purposes of division (A) (25) of this section: 782

(a) "Human organ" means all or any portion of a human 783
liver, pancreas, kidney, intestine, or lung, and any portion of 784
human bone marrow. 785

(b) "Qualified organ donation expenses" means travel 786
expenses, lodging expenses, and wages and salary forgone by a 787
taxpayer in connection with the taxpayer's donation, while 788
living, of one or more of the taxpayer's human organs to another 789

human being. 790

(26) Deduct, to the extent not otherwise deducted or 791
excluded in computing federal or Ohio adjusted gross income for 792
the taxable year, amounts received by the taxpayer as retired 793
personnel pay for service in the uniformed services or reserve 794
components thereof, or the national guard, or received by the 795
surviving spouse or former spouse of such a taxpayer under the 796
survivor benefit plan on account of such a taxpayer's death. If 797
the taxpayer receives income on account of retirement paid under 798
the federal civil service retirement system or federal employees 799
retirement system, or under any successor retirement program 800
enacted by the congress of the United States that is established 801
and maintained for retired employees of the United States 802
government, and such retirement income is based, in whole or in 803
part, on credit for the taxpayer's uniformed service, the 804
deduction allowed under this division shall include only that 805
portion of such retirement income that is attributable to the 806
taxpayer's uniformed service, to the extent that portion of such 807
retirement income is otherwise included in federal adjusted 808
gross income and is not otherwise deducted under this section. 809
Any amount deducted under division (A) (26) of this section is 810
not included in a taxpayer's adjusted gross income for the 811
purposes of section 5747.055 of the Revised Code. No amount may 812
be deducted under division (A) (26) of this section on the basis 813
of which a credit was claimed under section 5747.055 of the 814
Revised Code. 815

(27) Deduct, to the extent not otherwise deducted or 816
excluded in computing federal or Ohio adjusted gross income for 817
the taxable year, the amount the taxpayer received during the 818
taxable year from the military injury relief fund created in 819
section 5902.05 of the Revised Code. 820

(28) Deduct, to the extent not otherwise deducted or 821
excluded in computing federal or Ohio adjusted gross income for 822
the taxable year, the amount the taxpayer received as a veterans 823
bonus during the taxable year from the Ohio department of 824
veterans services as authorized by Section 2r of Article VIII, 825
Ohio Constitution. 826

(29) Deduct, to the extent not otherwise deducted or 827
excluded in computing federal or Ohio adjusted gross income for 828
the taxable year, any income derived from a transfer agreement 829
or from the enterprise transferred under that agreement under 830
section 4313.02 of the Revised Code. 831

(30) Deduct, to the extent not otherwise deducted or 832
excluded in computing federal or Ohio adjusted gross income for 833
the taxable year, Ohio college opportunity or federal Pell grant 834
amounts received by the taxpayer or the taxpayer's spouse or 835
dependent pursuant to section 3333.122 of the Revised Code or 20 836
U.S.C. 1070a, et seq., and used to pay room or board furnished 837
by the educational institution for which the grant was awarded 838
at the institution's facilities, including meal plans 839
administered by the institution. For the purposes of this 840
division, receipt of a grant includes the distribution of a 841
grant directly to an educational institution and the crediting 842
of the grant to the enrollee's account with the institution. 843

(31)(a) For taxable years beginning in 2015, deduct from 844
the portion of an individual's adjusted gross income that is 845
business income, to the extent not otherwise deducted or 846
excluded in computing federal or Ohio adjusted gross income for 847
the taxable year, the lesser of the following amounts: 848

(i) Seventy-five per cent of the individual's business 849
income; 850

(ii) Ninety-three thousand seven hundred fifty dollars for 851
each spouse if spouses file separate returns under section 852
5747.08 of the Revised Code or one hundred eighty-seven thousand 853
five hundred dollars for all other individuals. 854

(b) For taxable years beginning in 2016 or thereafter, 855
deduct from the portion of an individual's adjusted gross income 856
that is business income, to the extent not otherwise deducted or 857
excluded in computing federal adjusted gross income for the 858
taxable year, one hundred twenty-five thousand dollars for each 859
spouse if spouses file separate returns under section 5747.08 of 860
the Revised Code or two hundred fifty thousand dollars for all 861
other individuals. 862

(32) Deduct, as provided under section 5747.78 of the 863
Revised Code, contributions to ABLE savings accounts made in 864
accordance with sections 113.50 to 113.56 of the Revised Code. 865

(33) (a) Deduct, to the extent not otherwise deducted or 866
excluded in computing federal or Ohio adjusted gross income 867
during the taxable year, all of the following: 868

(i) Compensation paid to a qualifying employee described 869
in division (A) (14) (a) of section 5703.94 of the Revised Code to 870
the extent such compensation is for disaster work conducted in 871
this state during a disaster response period pursuant to a 872
qualifying solicitation received by the employee's employer; 873

(ii) Compensation paid to a qualifying employee described 874
in division (A) (14) (b) of section 5703.94 of the Revised Code to 875
the extent such compensation is for disaster work conducted in 876
this state by the employee during the disaster response period 877
on critical infrastructure owned or used by the employee's 878
employer; 879

(iii) Income received by an out-of-state disaster business 880
for disaster work conducted in this state during a disaster 881
response period, or, if the out-of-state disaster business is a 882
pass-through entity, a taxpayer's distributive share of the 883
pass-through entity's income from the business conducting 884
disaster work in this state during a disaster response period, 885
if, in either case, the disaster work is conducted pursuant to a 886
qualifying solicitation received by the business. 887

(b) All terms used in division (A) (33) of this section 888
have the same meanings as in section 5703.94 of the Revised 889
Code. 890

(34) Deduct, to the extent not already otherwise allowable 891
as a deduction or exclusion in computing Ohio adjusted gross 892
income for the taxable year, any amount included in the 893
taxpayer's federal adjusted gross income attributable to 894
payments made to cover the cost of a training program for the 895
taxpayer under division (E) of section 122.1710 of the Revised 896
Code. 897

(B) "Business income" means income, including gain or 898
loss, arising from transactions, activities, and sources in the 899
regular course of a trade or business and includes income, gain, 900
or loss from real property, tangible property, and intangible 901
property if the acquisition, rental, management, and disposition 902
of the property constitute integral parts of the regular course 903
of a trade or business operation. "Business income" includes 904
income, including gain or loss, from a partial or complete 905
liquidation of a business, including, but not limited to, gain 906
or loss from the sale or other disposition of goodwill. 907

(C) "Nonbusiness income" means all income other than 908
business income and may include, but is not limited to, 909

compensation, rents and royalties from real or tangible personal 910
property, capital gains, interest, dividends and distributions, 911
patent or copyright royalties, or lottery winnings, prizes, and 912
awards. 913

(D) "Compensation" means any form of remuneration paid to 914
an employee for personal services. 915

(E) "Fiduciary" means a guardian, trustee, executor, 916
administrator, receiver, conservator, or any other person acting 917
in any fiduciary capacity for any individual, trust, or estate. 918

(F) "Fiscal year" means an accounting period of twelve 919
months ending on the last day of any month other than December. 920

(G) "Individual" means any natural person. 921

(H) "Internal Revenue Code" means the "Internal Revenue 922
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 923

(I) "Resident" means any of the following, provided that 924
division (I)(3) of this section applies only to taxable years of 925
a trust beginning in 2002 or thereafter: 926

(1) An individual who is domiciled in this state, subject 927
to section 5747.24 of the Revised Code; 928

(2) The estate of a decedent who at the time of death was 929
domiciled in this state. The domicile tests of section 5747.24 930
of the Revised Code are not controlling for purposes of division 931
(I)(2) of this section. 932

(3) A trust that, in whole or part, resides in this state. 933
If only part of a trust resides in this state, the trust is a 934
resident only with respect to that part. 935

For the purposes of division (I)(3) of this section: 936

(a) A trust resides in this state for the trust's current 937
taxable year to the extent, as described in division (I) (3) (d) 938
of this section, that the trust consists directly or indirectly, 939
in whole or in part, of assets, net of any related liabilities, 940
that were transferred, or caused to be transferred, directly or 941
indirectly, to the trust by any of the following: 942

(i) A person, a court, or a governmental entity or 943
instrumentality on account of the death of a decedent, but only 944
if the trust is described in division (I) (3) (e) (i) or (ii) of 945
this section; 946

(ii) A person who was domiciled in this state for the 947
purposes of this chapter when the person directly or indirectly 948
transferred assets to an irrevocable trust, but only if at least 949
one of the trust's qualifying beneficiaries is domiciled in this 950
state for the purposes of this chapter during all or some 951
portion of the trust's current taxable year; 952

(iii) A person who was domiciled in this state for the 953
purposes of this chapter when the trust document or instrument 954
or part of the trust document or instrument became irrevocable, 955
but only if at least one of the trust's qualifying beneficiaries 956
is a resident domiciled in this state for the purposes of this 957
chapter during all or some portion of the trust's current 958
taxable year. If a trust document or instrument became 959
irrevocable upon the death of a person who at the time of death 960
was domiciled in this state for purposes of this chapter, that 961
person is a person described in division (I) (3) (a) (iii) of this 962
section. 963

(b) A trust is irrevocable to the extent that the 964
transferor is not considered to be the owner of the net assets 965
of the trust under sections 671 to 678 of the Internal Revenue 966

Code. 967

(c) With respect to a trust other than a charitable lead 968
trust, "qualifying beneficiary" has the same meaning as 969
"potential current beneficiary" as defined in section 1361(e) (2) 970
of the Internal Revenue Code, and with respect to a charitable 971
lead trust "qualifying beneficiary" is any current, future, or 972
contingent beneficiary, but with respect to any trust 973
"qualifying beneficiary" excludes a person or a governmental 974
entity or instrumentality to any of which a contribution would 975
qualify for the charitable deduction under section 170 of the 976
Internal Revenue Code. 977

(d) For the purposes of division (I) (3) (a) of this 978
section, the extent to which a trust consists directly or 979
indirectly, in whole or in part, of assets, net of any related 980
liabilities, that were transferred directly or indirectly, in 981
whole or part, to the trust by any of the sources enumerated in 982
that division shall be ascertained by multiplying the fair 983
market value of the trust's assets, net of related liabilities, 984
by the qualifying ratio, which shall be computed as follows: 985

(i) The first time the trust receives assets, the 986
numerator of the qualifying ratio is the fair market value of 987
those assets at that time, net of any related liabilities, from 988
sources enumerated in division (I) (3) (a) of this section. The 989
denominator of the qualifying ratio is the fair market value of 990
all the trust's assets at that time, net of any related 991
liabilities. 992

(ii) Each subsequent time the trust receives assets, a 993
revised qualifying ratio shall be computed. The numerator of the 994
revised qualifying ratio is the sum of (1) the fair market value 995
of the trust's assets immediately prior to the subsequent 996

transfer, net of any related liabilities, multiplied by the 997
qualifying ratio last computed without regard to the subsequent 998
transfer, and (2) the fair market value of the subsequently 999
transferred assets at the time transferred, net of any related 1000
liabilities, from sources enumerated in division (I) (3) (a) of 1001
this section. The denominator of the revised qualifying ratio is 1002
the fair market value of all the trust's assets immediately 1003
after the subsequent transfer, net of any related liabilities. 1004

(iii) Whether a transfer to the trust is by or from any of 1005
the sources enumerated in division (I) (3) (a) of this section 1006
shall be ascertained without regard to the domicile of the 1007
trust's beneficiaries. 1008

(e) For the purposes of division (I) (3) (a) (i) of this 1009
section: 1010

(i) A trust is described in division (I) (3) (e) (i) of this 1011
section if the trust is a testamentary trust and the testator of 1012
that testamentary trust was domiciled in this state at the time 1013
of the testator's death for purposes of the taxes levied under 1014
Chapter 5731. of the Revised Code. 1015

(ii) A trust is described in division (I) (3) (e) (ii) of 1016
this section if the transfer is a qualifying transfer described 1017
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 1018
trust is an irrevocable inter vivos trust, and at least one of 1019
the trust's qualifying beneficiaries is domiciled in this state 1020
for purposes of this chapter during all or some portion of the 1021
trust's current taxable year. 1022

(f) For the purposes of division (I) (3) (e) (ii) of this 1023
section, a "qualifying transfer" is a transfer of assets, net of 1024
any related liabilities, directly or indirectly to a trust, if 1025

the transfer is described in any of the following: 1026

(i) The transfer is made to a trust, created by the 1027
decedent before the decedent's death and while the decedent was 1028
domiciled in this state for the purposes of this chapter, and, 1029
prior to the death of the decedent, the trust became irrevocable 1030
while the decedent was domiciled in this state for the purposes 1031
of this chapter. 1032

(ii) The transfer is made to a trust to which the 1033
decedent, prior to the decedent's death, had directly or 1034
indirectly transferred assets, net of any related liabilities, 1035
while the decedent was domiciled in this state for the purposes 1036
of this chapter, and prior to the death of the decedent the 1037
trust became irrevocable while the decedent was domiciled in 1038
this state for the purposes of this chapter. 1039

(iii) The transfer is made on account of a contractual 1040
relationship existing directly or indirectly between the 1041
transferor and either the decedent or the estate of the decedent 1042
at any time prior to the date of the decedent's death, and the 1043
decedent was domiciled in this state at the time of death for 1044
purposes of the taxes levied under Chapter 5731. of the Revised 1045
Code. 1046

(iv) The transfer is made to a trust on account of a 1047
contractual relationship existing directly or indirectly between 1048
the transferor and another person who at the time of the 1049
decedent's death was domiciled in this state for purposes of 1050
this chapter. 1051

(v) The transfer is made to a trust on account of the will 1052
of a testator who was domiciled in this state at the time of the 1053
testator's death for purposes of the taxes levied under Chapter 1054

5731. of the Revised Code. 1055

(vi) The transfer is made to a trust created by or caused 1056
to be created by a court, and the trust was directly or 1057
indirectly created in connection with or as a result of the 1058
death of an individual who, for purposes of the taxes levied 1059
under Chapter 5731. of the Revised Code, was domiciled in this 1060
state at the time of the individual's death. 1061

(g) The tax commissioner may adopt rules to ascertain the 1062
part of a trust residing in this state. 1063

(J) "Nonresident" means an individual or estate that is 1064
not a resident. An individual who is a resident for only part of 1065
a taxable year is a nonresident for the remainder of that 1066
taxable year. 1067

(K) "Pass-through entity" has the same meaning as in 1068
section 5733.04 of the Revised Code. 1069

(L) "Return" means the notifications and reports required 1070
to be filed pursuant to this chapter for the purpose of 1071
reporting the tax due and includes declarations of estimated tax 1072
when so required. 1073

(M) "Taxable year" means the calendar year or the 1074
taxpayer's fiscal year ending during the calendar year, or 1075
fractional part thereof, upon which the adjusted gross income is 1076
calculated pursuant to this chapter. 1077

(N) "Taxpayer" means any person subject to the tax imposed 1078
by section 5747.02 of the Revised Code or any pass-through 1079
entity that makes the election under division (D) of section 1080
5747.08 of the Revised Code. 1081

(O) "Dependents" means dependents as defined in the 1082

Internal Revenue Code and as claimed in the taxpayer's federal 1083
income tax return for the taxable year or which the taxpayer 1084
would have been permitted to claim had the taxpayer filed a 1085
federal income tax return. 1086

(P) "Principal county of employment" means, in the case of 1087
a nonresident, the county within the state in which a taxpayer 1088
performs services for an employer or, if those services are 1089
performed in more than one county, the county in which the major 1090
portion of the services are performed. 1091

(Q) As used in sections 5747.50 to 5747.55 of the Revised 1092
Code: 1093

(1) "Subdivision" means any county, municipal corporation, 1094
park district, or township. 1095

(2) "Essential local government purposes" includes all 1096
functions that any subdivision is required by general law to 1097
exercise, including like functions that are exercised under a 1098
charter adopted pursuant to the Ohio Constitution. 1099

(R) "Overpayment" means any amount already paid that 1100
exceeds the figure determined to be the correct amount of the 1101
tax. 1102

(S) "Taxable income" or "Ohio taxable income" applies only 1103
to estates and trusts, and means federal taxable income, as 1104
defined and used in the Internal Revenue Code, adjusted as 1105
follows: 1106

(1) Add interest or dividends, net of ordinary, necessary, 1107
and reasonable expenses not deducted in computing federal 1108
taxable income, on obligations or securities of any state or of 1109
any political subdivision or authority of any state, other than 1110
this state and its subdivisions and authorities, but only to the 1111

extent that such net amount is not otherwise includible in Ohio 1112
taxable income and is described in either division (S)(1)(a) or 1113
(b) of this section: 1114

(a) The net amount is not attributable to the S portion of 1115
an electing small business trust and has not been distributed to 1116
beneficiaries for the taxable year; 1117

(b) The net amount is attributable to the S portion of an 1118
electing small business trust for the taxable year. 1119

(2) Add interest or dividends, net of ordinary, necessary, 1120
and reasonable expenses not deducted in computing federal 1121
taxable income, on obligations of any authority, commission, 1122
instrumentality, territory, or possession of the United States 1123
to the extent that the interest or dividends are exempt from 1124
federal income taxes but not from state income taxes, but only 1125
to the extent that such net amount is not otherwise includible 1126
in Ohio taxable income and is described in either division (S) 1127
(1)(a) or (b) of this section; 1128

(3) Add the amount of personal exemption allowed to the 1129
estate pursuant to section 642(b) of the Internal Revenue Code; 1130

(4) Deduct interest or dividends, net of related expenses 1131
deducted in computing federal taxable income, on obligations of 1132
the United States and its territories and possessions or of any 1133
authority, commission, or instrumentality of the United States 1134
to the extent that the interest or dividends are exempt from 1135
state taxes under the laws of the United States, but only to the 1136
extent that such amount is included in federal taxable income 1137
and is described in either division (S)(1)(a) or (b) of this 1138
section; 1139

(5) Deduct the amount of wages and salaries, if any, not 1140

otherwise allowable as a deduction but that would have been 1141
allowable as a deduction in computing federal taxable income for 1142
the taxable year, had the targeted jobs credit allowed under 1143
sections 38, 51, and 52 of the Internal Revenue Code not been in 1144
effect, but only to the extent such amount relates either to 1145
income included in federal taxable income for the taxable year 1146
or to income of the S portion of an electing small business 1147
trust for the taxable year; 1148

(6) Deduct any interest or interest equivalent, net of 1149
related expenses deducted in computing federal taxable income, 1150
on public obligations and purchase obligations, but only to the 1151
extent that such net amount relates either to income included in 1152
federal taxable income for the taxable year or to income of the 1153
S portion of an electing small business trust for the taxable 1154
year; 1155

(7) Add any loss or deduct any gain resulting from sale, 1156
exchange, or other disposition of public obligations to the 1157
extent that such loss has been deducted or such gain has been 1158
included in computing either federal taxable income or income of 1159
the S portion of an electing small business trust for the 1160
taxable year; 1161

(8) Except in the case of the final return of an estate, 1162
add any amount deducted by the taxpayer on both its Ohio estate 1163
tax return pursuant to section 5731.14 of the Revised Code, and 1164
on its federal income tax return in determining federal taxable 1165
income; 1166

(9) (a) Deduct any amount included in federal taxable 1167
income solely because the amount represents a reimbursement or 1168
refund of expenses that in a previous year the decedent had 1169
deducted as an itemized deduction pursuant to section 63 of the 1170

Internal Revenue Code and applicable treasury regulations. The 1171
deduction otherwise allowed under division (S) (9) (a) of this 1172
section shall be reduced to the extent the reimbursement is 1173
attributable to an amount the taxpayer or decedent deducted 1174
under this section in any taxable year. 1175

(b) Add any amount not otherwise included in Ohio taxable 1176
income for any taxable year to the extent that the amount is 1177
attributable to the recovery during the taxable year of any 1178
amount deducted or excluded in computing federal or Ohio taxable 1179
income in any taxable year, but only to the extent such amount 1180
has not been distributed to beneficiaries for the taxable year. 1181

(10) Deduct any portion of the deduction described in 1182
section 1341(a) (2) of the Internal Revenue Code, for repaying 1183
previously reported income received under a claim of right, that 1184
meets both of the following requirements: 1185

(a) It is allowable for repayment of an item that was 1186
included in the taxpayer's taxable income or the decedent's 1187
adjusted gross income for a prior taxable year and did not 1188
qualify for a credit under division (A) or (B) of section 1189
5747.05 of the Revised Code for that year. 1190

(b) It does not otherwise reduce the taxpayer's taxable 1191
income or the decedent's adjusted gross income for the current 1192
or any other taxable year. 1193

(11) Add any amount claimed as a credit under section 1194
5747.059 or 5747.65 of the Revised Code to the extent that the 1195
amount satisfies either of the following: 1196

(a) The amount was deducted or excluded from the 1197
computation of the taxpayer's federal taxable income as required 1198
to be reported for the taxpayer's taxable year under the 1199

Internal Revenue Code; 1200

(b) The amount resulted in a reduction in the taxpayer's 1201
federal taxable income as required to be reported for any of the 1202
taxpayer's taxable years under the Internal Revenue Code. 1203

(12) Deduct any amount, net of related expenses deducted 1204
in computing federal taxable income, that a trust is required to 1205
report as farm income on its federal income tax return, but only 1206
if the assets of the trust include at least ten acres of land 1207
satisfying the definition of "land devoted exclusively to 1208
agricultural use" under section 5713.30 of the Revised Code, 1209
regardless of whether the land is valued for tax purposes as 1210
such land under sections 5713.30 to 5713.38 of the Revised Code. 1211
If the trust is a pass-through entity investor, section 5747.231 1212
of the Revised Code applies in ascertaining if the trust is 1213
eligible to claim the deduction provided by division (S) (12) of 1214
this section in connection with the pass-through entity's farm 1215
income. 1216

Except for farm income attributable to the S portion of an 1217
electing small business trust, the deduction provided by 1218
division (S) (12) of this section is allowed only to the extent 1219
that the trust has not distributed such farm income. Division 1220
(S) (12) of this section applies only to taxable years of a trust 1221
beginning in 2002 or thereafter. 1222

(13) Add the net amount of income described in section 1223
641(c) of the Internal Revenue Code to the extent that amount is 1224
not included in federal taxable income. 1225

(14) Add or deduct the amount the taxpayer would be 1226
required to add or deduct under division (A) (20) or (21) of this 1227
section if the taxpayer's Ohio taxable income were computed in 1228

the same manner as an individual's Ohio adjusted gross income is 1229
computed under this section. In the case of a trust, division 1230
(S) (14) of this section applies only to any of the trust's 1231
taxable years beginning in 2002 or thereafter. 1232

(T) "School district income" and "school district income 1233
tax" have the same meanings as in section 5748.01 of the Revised 1234
Code. 1235

(U) As used in divisions (A) (8), (A) (9), (S) (6), and (S) 1236
(7) of this section, "public obligations," "purchase 1237
obligations," and "interest or interest equivalent" have the 1238
same meanings as in section 5709.76 of the Revised Code. 1239

(V) "Limited liability company" means any limited 1240
liability company formed under Chapter 1705. of the Revised Code 1241
or under the laws of any other state. 1242

(W) "Pass-through entity investor" means any person who, 1243
during any portion of a taxable year of a pass-through entity, 1244
is a partner, member, shareholder, or equity investor in that 1245
pass-through entity. 1246

(X) "Banking day" has the same meaning as in section 1247
1304.01 of the Revised Code. 1248

(Y) "Month" means a calendar month. 1249

(Z) "Quarter" means the first three months, the second 1250
three months, the third three months, or the last three months 1251
of the taxpayer's taxable year. 1252

(AA) (1) "Eligible institution" means a state university or 1253
state institution of higher education as defined in section 1254
3345.011 of the Revised Code, or a private, nonprofit college, 1255
university, or other post-secondary institution located in this 1256

state that possesses a certificate of authorization issued by 1257
the chancellor of higher education pursuant to Chapter 1713. of 1258
the Revised Code or a certificate of registration issued by the 1259
state board of career colleges and schools under Chapter 3332. 1260
of the Revised Code. 1261

(2) "Qualified tuition and fees" means tuition and fees 1262
imposed by an eligible institution as a condition of enrollment 1263
or attendance, not exceeding two thousand five hundred dollars 1264
in each of the individual's first two years of post-secondary 1265
education. If the individual is a part-time student, "qualified 1266
tuition and fees" includes tuition and fees paid for the 1267
academic equivalent of the first two years of post-secondary 1268
education during a maximum of five taxable years, not exceeding 1269
a total of five thousand dollars. "Qualified tuition and fees" 1270
does not include: 1271

(a) Expenses for any course or activity involving sports, 1272
games, or hobbies unless the course or activity is part of the 1273
individual's degree or diploma program; 1274

(b) The cost of books, room and board, student activity 1275
fees, athletic fees, insurance expenses, or other expenses 1276
unrelated to the individual's academic course of instruction; 1277

(c) Tuition, fees, or other expenses paid or reimbursed 1278
through an employer, scholarship, grant in aid, or other 1279
educational benefit program. 1280

(BB) (1) "Modified business income" means the business 1281
income included in a trust's Ohio taxable income after such 1282
taxable income is first reduced by the qualifying trust amount, 1283
if any. 1284

(2) "Qualifying trust amount" of a trust means capital 1285

gains and losses from the sale, exchange, or other disposition 1286
of equity or ownership interests in, or debt obligations of, a 1287
qualifying investee to the extent included in the trust's Ohio 1288
taxable income, but only if the following requirements are 1289
satisfied: 1290

(a) The book value of the qualifying investee's physical 1291
assets in this state and everywhere, as of the last day of the 1292
qualifying investee's fiscal or calendar year ending immediately 1293
prior to the date on which the trust recognizes the gain or 1294
loss, is available to the trust. 1295

(b) The requirements of section 5747.011 of the Revised 1296
Code are satisfied for the trust's taxable year in which the 1297
trust recognizes the gain or loss. 1298

Any gain or loss that is not a qualifying trust amount is 1299
modified business income, qualifying investment income, or 1300
modified nonbusiness income, as the case may be. 1301

(3) "Modified nonbusiness income" means a trust's Ohio 1302
taxable income other than modified business income, other than 1303
the qualifying trust amount, and other than qualifying 1304
investment income, as defined in section 5747.012 of the Revised 1305
Code, to the extent such qualifying investment income is not 1306
otherwise part of modified business income. 1307

(4) "Modified Ohio taxable income" applies only to trusts, 1308
and means the sum of the amounts described in divisions (BB) (4) 1309
(a) to (c) of this section: 1310

(a) The fraction, calculated under section 5747.013, and 1311
applying section 5747.231 of the Revised Code, multiplied by the 1312
sum of the following amounts: 1313

(i) The trust's modified business income; 1314

(ii) The trust's qualifying investment income, as defined 1315
in section 5747.012 of the Revised Code, but only to the extent 1316
the qualifying investment income does not otherwise constitute 1317
modified business income and does not otherwise constitute a 1318
qualifying trust amount. 1319

(b) The qualifying trust amount multiplied by a fraction, 1320
the numerator of which is the sum of the book value of the 1321
qualifying investee's physical assets in this state on the last 1322
day of the qualifying investee's fiscal or calendar year ending 1323
immediately prior to the day on which the trust recognizes the 1324
qualifying trust amount, and the denominator of which is the sum 1325
of the book value of the qualifying investee's total physical 1326
assets everywhere on the last day of the qualifying investee's 1327
fiscal or calendar year ending immediately prior to the day on 1328
which the trust recognizes the qualifying trust amount. If, for 1329
a taxable year, the trust recognizes a qualifying trust amount 1330
with respect to more than one qualifying investee, the amount 1331
described in division (BB) (4) (b) of this section shall equal the 1332
sum of the products so computed for each such qualifying 1333
investee. 1334

(c) (i) With respect to a trust or portion of a trust that 1335
is a resident as ascertained in accordance with division (I) (3) 1336
(d) of this section, its modified nonbusiness income. 1337

(ii) With respect to a trust or portion of a trust that is 1338
not a resident as ascertained in accordance with division (I) (3) 1339
(d) of this section, the amount of its modified nonbusiness 1340
income satisfying the descriptions in divisions (B) (2) to (5) of 1341
section 5747.20 of the Revised Code, except as otherwise 1342
provided in division (BB) (4) (c) (ii) of this section. With 1343
respect to a trust or portion of a trust that is not a resident 1344

as ascertained in accordance with division (I) (3) (d) of this 1345
section, the trust's portion of modified nonbusiness income 1346
recognized from the sale, exchange, or other disposition of a 1347
debt interest in or equity interest in a section 5747.212 1348
entity, as defined in section 5747.212 of the Revised Code, 1349
without regard to division (A) of that section, shall not be 1350
allocated to this state in accordance with section 5747.20 of 1351
the Revised Code but shall be apportioned to this state in 1352
accordance with division (B) of section 5747.212 of the Revised 1353
Code without regard to division (A) of that section. 1354

If the allocation and apportionment of a trust's income 1355
under divisions (BB) (4) (a) and (c) of this section do not fairly 1356
represent the modified Ohio taxable income of the trust in this 1357
state, the alternative methods described in division (C) of 1358
section 5747.21 of the Revised Code may be applied in the manner 1359
and to the same extent provided in that section. 1360

(5) (a) Except as set forth in division (BB) (5) (b) of this 1361
section, "qualifying investee" means a person in which a trust 1362
has an equity or ownership interest, or a person or unit of 1363
government the debt obligations of either of which are owned by 1364
a trust. For the purposes of division (BB) (2) (a) of this section 1365
and for the purpose of computing the fraction described in 1366
division (BB) (4) (b) of this section, all of the following apply: 1367

(i) If the qualifying investee is a member of a qualifying 1368
controlled group on the last day of the qualifying investee's 1369
fiscal or calendar year ending immediately prior to the date on 1370
which the trust recognizes the gain or loss, then "qualifying 1371
investee" includes all persons in the qualifying controlled 1372
group on such last day. 1373

(ii) If the qualifying investee, or if the qualifying 1374

investee and any members of the qualifying controlled group of 1375
which the qualifying investee is a member on the last day of the 1376
qualifying investee's fiscal or calendar year ending immediately 1377
prior to the date on which the trust recognizes the gain or 1378
loss, separately or cumulatively own, directly or indirectly, on 1379
the last day of the qualifying investee's fiscal or calendar 1380
year ending immediately prior to the date on which the trust 1381
recognizes the qualifying trust amount, more than fifty per cent 1382
of the equity of a pass-through entity, then the qualifying 1383
investee and the other members are deemed to own the 1384
proportionate share of the pass-through entity's physical assets 1385
which the pass-through entity directly or indirectly owns on the 1386
last day of the pass-through entity's calendar or fiscal year 1387
ending within or with the last day of the qualifying investee's 1388
fiscal or calendar year ending immediately prior to the date on 1389
which the trust recognizes the qualifying trust amount. 1390

(iii) For the purposes of division (BB) (5) (a) (iii) of this 1391
section, "upper level pass-through entity" means a pass-through 1392
entity directly or indirectly owning any equity of another pass- 1393
through entity, and "lower level pass-through entity" means that 1394
other pass-through entity. 1395

An upper level pass-through entity, whether or not it is 1396
also a qualifying investee, is deemed to own, on the last day of 1397
the upper level pass-through entity's calendar or fiscal year, 1398
the proportionate share of the lower level pass-through entity's 1399
physical assets that the lower level pass-through entity 1400
directly or indirectly owns on the last day of the lower level 1401
pass-through entity's calendar or fiscal year ending within or 1402
with the last day of the upper level pass-through entity's 1403
fiscal or calendar year. If the upper level pass-through entity 1404
directly and indirectly owns less than fifty per cent of the 1405

equity of the lower level pass-through entity on each day of the 1406
upper level pass-through entity's calendar or fiscal year in 1407
which or with which ends the calendar or fiscal year of the 1408
lower level pass-through entity and if, based upon clear and 1409
convincing evidence, complete information about the location and 1410
cost of the physical assets of the lower pass-through entity is 1411
not available to the upper level pass-through entity, then 1412
solely for purposes of ascertaining if a gain or loss 1413
constitutes a qualifying trust amount, the upper level pass- 1414
through entity shall be deemed as owning no equity of the lower 1415
level pass-through entity for each day during the upper level 1416
pass-through entity's calendar or fiscal year in which or with 1417
which ends the lower level pass-through entity's calendar or 1418
fiscal year. Nothing in division (BB) (5) (a) (iii) of this section 1419
shall be construed to provide for any deduction or exclusion in 1420
computing any trust's Ohio taxable income. 1421

(b) With respect to a trust that is not a resident for the 1422
taxable year and with respect to a part of a trust that is not a 1423
resident for the taxable year, "qualifying investee" for that 1424
taxable year does not include a C corporation if both of the 1425
following apply: 1426

(i) During the taxable year the trust or part of the trust 1427
recognizes a gain or loss from the sale, exchange, or other 1428
disposition of equity or ownership interests in, or debt 1429
obligations of, the C corporation. 1430

(ii) Such gain or loss constitutes nonbusiness income. 1431

(6) "Available" means information is such that a person is 1432
able to learn of the information by the due date plus 1433
extensions, if any, for filing the return for the taxable year 1434
in which the trust recognizes the gain or loss. 1435

(CC) "Qualifying controlled group" has the same meaning as 1436
in section 5733.04 of the Revised Code. 1437

(DD) "Related member" has the same meaning as in section 1438
5733.042 of the Revised Code. 1439

(EE) (1) For the purposes of division (EE) of this section: 1440

(a) "Qualifying person" means any person other than a 1441
qualifying corporation. 1442

(b) "Qualifying corporation" means any person classified 1443
for federal income tax purposes as an association taxable as a 1444
corporation, except either of the following: 1445

(i) A corporation that has made an election under 1446
subchapter S, chapter one, subtitle A, of the Internal Revenue 1447
Code for its taxable year ending within, or on the last day of, 1448
the investor's taxable year; 1449

(ii) A subsidiary that is wholly owned by any corporation 1450
that has made an election under subchapter S, chapter one, 1451
subtitle A of the Internal Revenue Code for its taxable year 1452
ending within, or on the last day of, the investor's taxable 1453
year. 1454

(2) For the purposes of this chapter, unless expressly 1455
stated otherwise, no qualifying person indirectly owns any asset 1456
directly or indirectly owned by any qualifying corporation. 1457

(FF) For purposes of this chapter and Chapter 5751. of the 1458
Revised Code: 1459

(1) "Trust" does not include a qualified pre-income tax 1460
trust. 1461

(2) A "qualified pre-income tax trust" is any pre-income 1462

tax trust that makes a qualifying pre-income tax trust election 1463
as described in division (FF) (3) of this section. 1464

(3) A "qualifying pre-income tax trust election" is an 1465
election by a pre-income tax trust to subject to the tax imposed 1466
by section 5751.02 of the Revised Code the pre-income tax trust 1467
and all pass-through entities of which the trust owns or 1468
controls, directly, indirectly, or constructively through 1469
related interests, five per cent or more of the ownership or 1470
equity interests. The trustee shall notify the tax commissioner 1471
in writing of the election on or before April 15, 2006. The 1472
election, if timely made, shall be effective on and after 1473
January 1, 2006, and shall apply for all tax periods and tax 1474
years until revoked by the trustee of the trust. 1475

(4) A "pre-income tax trust" is a trust that satisfies all 1476
of the following requirements: 1477

(a) The document or instrument creating the trust was 1478
executed by the grantor before January 1, 1972; 1479

(b) The trust became irrevocable upon the creation of the 1480
trust; and 1481

(c) The grantor was domiciled in this state at the time 1482
the trust was created. 1483

(GG) "Uniformed services" has the same meaning as in 10 1484
U.S.C. 101. 1485

(HH) "Taxable business income" means the amount by which 1486
an individual's business income that is included in federal 1487
adjusted gross income exceeds the amount of business income the 1488
individual is authorized to deduct under division (A) (31) of 1489
this section for the taxable year. 1490

(II) "Employer" does not include a franchisor with respect to the franchisor's relationship with a franchisee or an employee of a franchisee, unless the franchisor agrees to assume that role in writing or a court of competent jurisdiction determines that the franchisor exercises a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademark, brand, or both. For purposes of this division, "franchisor" and "franchisee" have the same meanings as in 16 C.F.R. 436.1.

Section 2. That existing section 5747.01 of the Revised Code is hereby repealed.

Section 3. All items in this section are hereby appropriated as designated out of any moneys in the state treasury to the credit of the designated fund. For all appropriations made in this act, those in the first column are for fiscal year 2020 and those in the second column are for fiscal year 2021. The appropriations made in this act are in addition to any other appropriations made for the FY 2020-FY 2021 biennium.

| | | | | | |
|---------------------------------|--------|------------------------------|--------------|--------------|------|
| DEV DEVELOPMENT SERVICES AGENCY | | | | | 1511 |
| General Revenue Fund | | | | | 1512 |
| GRF | 195553 | Industry Sector Partnerships | \$2,500,000 | \$2,500,000 | 1513 |
| GRF | 195556 | Microcredential Assistance | \$15,000,000 | \$15,000,000 | 1514 |
| Program | | | | | 1515 |
| TOTAL GRF General Revenue Fund | | | \$17,500,000 | \$17,500,000 | 1516 |
| TOTAL ALL BUDGET FUND GROUPS | | | \$17,500,000 | \$17,500,000 | 1517 |

INDUSTRY SECTOR PARTNERSHIPS 1518

The foregoing appropriation item 195553, Industry Sector 1519
Partnerships, shall be used for the grant program described in 1520
section 122.179 of the Revised Code. 1521

On July 1, 2020, or as soon as possible thereafter, the 1522
Director of Development Services shall certify to the Director 1523
of Budget and Management the unexpended, unencumbered balance of 1524
the fiscal year 2020 appropriation to the foregoing 1525
appropriation item. The certified amount is hereby 1526
reappropriated to the foregoing appropriation item in fiscal 1527
year 2021. 1528

MICROCREDENTIALIAL ASSISTANCE PROGRAM 1529

(A) Of the foregoing appropriation item 195556, 1530
Microcredentialial Assistance Program, \$12,300,000 in each fiscal 1531
year shall be used for the TechCred Program as described in 1532
section 122.178 of the Revised Code, provided that: 1533

(1) Not more than \$4,100,000 in each fiscal year may be 1534
awarded to businesses with 50 or fewer employees; 1535

(2) Not more than \$4,100,000 in each fiscal year may be 1536
awarded to businesses with between 51 and 200 employees; and 1537

(3) Not more than \$4,100,000 in each fiscal year may be 1538
awarded to businesses with 201 or more employees. 1539

(B) Of the foregoing appropriation item 195556, 1540
Microcredentialial Assistance Program, \$2,500,000 in each fiscal 1541
year shall be used for the Individual Microcredentialial Assistance 1542
Program as described in section 122.1710 of the Revised Code. 1543

(C) Of the foregoing appropriation item 195556, 1544
Microcredentialial Assistance Program, \$200,000 in each fiscal year 1545

shall be used for marketing the workforce development programs 1546
offered by the Development Services Agency as described in 1547
section 122.1711 of the Revised Code. 1548

(D) On July 1, 2020, or as soon as possible thereafter, 1549
the Director of Development Services shall certify to the 1550
Director of Budget and Management the unexpended, unencumbered 1551
balance of the fiscal year 2020 appropriation to the foregoing 1552
appropriation item. The certified amount is hereby 1553
reappropriated to the foregoing appropriation item in fiscal 1554
year 2021, provided that the reappropriated amount is allocated 1555
for the purposes set forth in divisions (A) (1), (2), (3), (B), 1556
and (C) of this section. 1557

Section 4. Within the limits set forth in this act, the 1558
Director of Budget and Management shall establish accounts 1559
indicating the source and amount of funds for each appropriation 1560
made in this act, and shall determine the form and manner in 1561
which appropriation accounts shall be maintained. Expenditures 1562
from appropriations contained in this act shall be accounted for 1563
as though made in the main operating appropriations act of the 1564
133rd General Assembly. 1565

The appropriations made in this act are subject to all 1566
provisions of the main operating appropriations act of the 133rd 1567
General Assembly that are generally applicable to such 1568
appropriations. 1569