

**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**

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**A BILL**

To amend section 5747.01 and to enact sections 1  
122.178, 122.179, 122.1710, and 122.1711 of the 2  
Revised Code to create the TechCred Program and 3  
the Individual Microcredential Assistance 4  
Program, to develop a grant program to support 5  
industry sector partnerships, and to make an 6  
appropriation. 7

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

**Section 1.** That section 5747.01 be amended and sections 8  
122.178, 122.179, 122.1710, and 122.1711 of the Revised Code be 9  
enacted to read as follows: 10

**Sec. 122.178.** (A) As used in this section, 11  
"microcredential" means an industry-recognized credential or 12  
certificate that an applicant may complete in not more than one 13  
year and that is approved by the chancellor of higher education. 14

(B) There is hereby created the TechCred program to 15  
reimburse employers from appropriations made for that purpose 16  
for training costs for prospective and incumbent employees to 17  
earn a microcredential. The development services agency, in 18

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

<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><b>Sec. 122.179.</b> (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 collaborative that organizes key leaders and stakeholders of an industry cluster into a working group that focuses on achieving a shared goal of meeting the industry cluster's human resources needs. 157  
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"Ohio technical center" has the same meaning as in section 3333.94 of the Revised Code. 162  
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"Regional sector partnership" means a regional or statewide workforce collaborative that organizes multiple industry sector partnerships into a working group that focuses on achieving a shared goal of meeting the human resources needs of a region or statewide. 164  
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"State board" and "local board" have the same meanings as in section 6301.01 of the Revised Code. 169  
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"State institution of higher education" has the same meaning as in section 3345.011 of the Revised Code. 171  
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(B) A collaboration of multiple employers of an industry cluster may organize and lead an industry sector partnership by convening or acting in partnership with representatives of businesses, employers, or other institutions of an industry cluster, including small- and medium-sized employers where practicable, and a collaboration of multiple industry sector partnerships may convene or act in partnership together as a regional sector partnership. An industry sector partnership may include representatives of one or more of the following: 173  
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(1) A school district; 182

(2) A state institution of higher education; 183

(3) An Ohio technical center; 184

<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 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 intermediary;</u>	194 195
<u>(13) The Ohio state university extension division established under section 3335.16 of the Revised Code or the central state university extension program;</u>	196 197 198
<u>(14) Any other organization that the industry sector partnership considers necessary to further the shared goal of meeting the industry cluster's human resources needs.</u>	199 200 201
<u>(C) The director of development services, in consultation with the governor's office of workforce transformation, shall develop a grant program to support industry sector partnerships and regional sector partnerships. An industry sector partnership or regional sector partnership may use a grant awarded under this section to do any of the following:</u>	202 203 204 205 206 207
<u>(1) Hire employees to coordinate industry sector partnership or regional sector partnership activities;</u>	208 209
<u>(2) Develop curricula or other educational resources to</u>	210



<u>support the industry sector partnership or regional sector</u>	211
<u>partnership;</u>	212
<u>(3) Market the industry sector partnership or regional</u>	213
<u>sector partnership and opportunities the industry sector</u>	214
<u>partnership or regional sector partnership creates for workforce</u>	215
<u>development activities;</u>	216
<u>(4) Any other activity the director has approved in rules</u>	217
<u>adopted under division (E) of this section.</u>	218
<u>(D) The director shall do both of the following:</u>	219
<u>(1) Establish a system for evaluating and scoring grant</u>	220
<u>applications, which prioritizes collaborative community-based</u>	221
<u>solutions, including regional sector partnerships;</u>	222
<u>(2) Award a grant to an industry sector partnership or a</u>	223
<u>regional sector partnership that submits a complete application</u>	224
<u>for funding describing the activities in division (C) of this</u>	225
<u>section the partnership will use the funds to support and meets</u>	226
<u>the scoring criteria established under division (D)(1) of this</u>	227
<u>section.</u>	228
<u>(E) The director may adopt rules in accordance with</u>	229
<u>Chapter 119. of the Revised Code as the director considers</u>	230
<u>necessary to administer the grant program.</u>	231
<b><u>Sec. 122.1710. (A) As used in this section:</u></b>	232
<u>(1) "Microcredential" has the same meaning as in section</u>	233
<u>122.178 of the Revised Code.</u>	234
<u>(2) "OhioMeansJobs web site" has the same meaning as in</u>	235
<u>section 6301.01 of the Revised Code.</u>	236
<u>(B) The individual microcredential assistance program is</u>	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

<u>(c) Whether approving an application will promote regional</u>	265
<u>diversity in apportioning grants uniformly across the state;</u>	266
<u>(d) The individual's financial need for the grant based on</u>	267
<u>the individual's total income from the prior calendar year.</u>	268
<u>(2) In determining regional diversity under division (D)</u>	269
<u>(1) (c) of this section, the director shall use the regions</u>	270
<u>established under division (G) of section 122.178 of the Revised</u>	271
<u>Code.</u>	272
<u>(3) The director shall not approve an application</u>	273
<u>submitted under this section unless the training provider and</u>	274
<u>microcredentials identified in the application are included in</u>	275
<u>the list the chancellor of higher education adopts in rules</u>	276
<u>under section 122.178 of the Revised Code.</u>	277
<u>(E) On receiving an individual's application for a grant,</u>	278
<u>the director shall do either of the following:</u>	279
<u>(1) If the director approves the application, the director</u>	280
<u>shall do both of the following:</u>	281
<u>(a) Notify in writing the individual and the training</u>	282
<u>provider that the director has approved the individual's</u>	283
<u>application for a grant;</u>	284
<u>(b) Disburse a grant directly to the training provider to</u>	285
<u>cover the cost of the training program in an amount that is not</u>	286
<u>less than five hundred dollars nor more than two thousand</u>	287
<u>dollars.</u>	288
<u>(2) If the director denies the application, the director</u>	289
<u>shall notify in writing the individual of the director's denial.</u>	290
<u>(F) If an individual fails to complete the training for</u>	291
<u>which a grant was disbursed and does not earn a microcredential</u>	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

<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

<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 obligations and purchase obligations to the extent that the interest or interest equivalent is included in federal adjusted gross income.

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

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

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

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 Revenue Code and by qualifying section 179 depreciation expense, "the entire" shall be substituted for "five-sixths of the" for the purpose of divisions (A) (20) (a) (i) and (ii) of this section.

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

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

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

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

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

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

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

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

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

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

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 trust, "qualifying beneficiary" has the same meaning as "potential current beneficiary" as defined in section 1361(e)(2) of the Internal Revenue Code, and with respect to a charitable lead trust "qualifying beneficiary" is any current, future, or contingent beneficiary, but with respect to any trust "qualifying beneficiary" excludes a person or a governmental entity or instrumentality to any of which a contribution would qualify for the charitable deduction under section 170 of the Internal Revenue Code. 968  
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(d) For the purposes of division (I)(3)(a) of this section, the extent to which a trust consists directly or indirectly, in whole or in part, of assets, net of any related liabilities, that were transferred directly or indirectly, in whole or part, to the trust by any of the sources enumerated in that division shall be ascertained by multiplying the fair market value of the trust's assets, net of related liabilities, by the qualifying ratio, which shall be computed as follows: 978  
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(i) The first time the trust receives assets, the numerator of the qualifying ratio is the fair market value of those assets at that time, net of any related liabilities, from sources enumerated in division (I)(3)(a) of this section. The denominator of the qualifying ratio is the fair market value of all the trust's assets at that time, net of any related liabilities. 986  
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(ii) Each subsequent time the trust receives assets, a revised qualifying ratio shall be computed. The numerator of the revised qualifying ratio is the sum of (1) the fair market value of the trust's assets immediately prior to the subsequent 993  
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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 federal taxable income as required to be reported for any of the taxpayer's taxable years under the Internal Revenue Code.	1201 1202 1203
(12) Deduct any amount, net of related expenses deducted in computing federal taxable income, that a trust is required to report as farm income on its federal income tax return, but only if the assets of the trust include at least ten acres of land satisfying the definition of "land devoted exclusively to agricultural use" under section 5713.30 of the Revised Code, regardless of whether the land is valued for tax purposes as such land under sections 5713.30 to 5713.38 of the Revised Code. If the trust is a pass-through entity investor, section 5747.231 of the Revised Code applies in ascertaining if the trust is eligible to claim the deduction provided by division (S) (12) of this section in connection with the pass-through entity's farm income.	1204 1205 1206 1207 1208 1209 1210 1211 1212 1213 1214 1215 1216
Except for farm income attributable to the S portion of an electing small business trust, the deduction provided by division (S) (12) of this section is allowed only to the extent that the trust has not distributed such farm income. Division (S) (12) of this section applies only to taxable years of a trust beginning in 2002 or thereafter.	1217 1218 1219 1220 1221 1222
(13) Add the net amount of income described in section 641(c) of the Internal Revenue Code to the extent that amount is not included in federal taxable income.	1223 1224 1225
(14) Add or deduct the amount the taxpayer would be required to add or deduct under division (A) (20) or (21) of this section if the taxpayer's Ohio taxable income were computed in	1226 1227 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 1491  
to the franchisor's relationship with a franchisee or an 1492  
employee of a franchisee, unless the franchisor agrees to assume 1493  
that role in writing or a court of competent jurisdiction 1494  
determines that the franchisor exercises a type or degree of 1495  
control over the franchisee or the franchisee's employees that 1496  
is not customarily exercised by a franchisor for the purpose of 1497  
protecting the franchisor's trademark, brand, or both. For 1498  
purposes of this division, "franchisor" and "franchisee" have 1499  
the same meanings as in 16 C.F.R. 436.1. 1500

**Section 2.** That existing section 5747.01 of the Revised 1501  
Code is hereby repealed. 1502

**Section 3.** All items in this section are hereby 1503  
appropriated as designated out of any moneys in the state 1504  
treasury to the credit of the designated fund. For all 1505  
appropriations made in this act, those in the first column are 1506  
for fiscal year 2020 and those in the second column are for 1507  
fiscal year 2021. The appropriations made in this act are in 1508  
addition to any other appropriations made for the FY 2020-FY 1509  
2021 biennium. 1510

DEV DEVELOPMENT SERVICES AGENCY 1511

General Revenue Fund 1512

GRF	195553	Industry Sector Partnerships	\$2,500,000	\$2,500,000	1513
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GRF	195556	Microcredential Assistance	\$15,000,000	\$15,000,000	1514
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		Program			1515
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TOTAL GRF		General Revenue Fund	\$17,500,000	\$17,500,000	1516
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TOTAL ALL BUDGET FUND GROUPS			\$17,500,000	\$17,500,000	1517
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INDUSTRY SECTOR PARTNERSHIPS	1518
The foregoing appropriation item 195553, Industry Sector Partnerships, shall be used for the grant program described in section 122.179 of the Revised Code.	1519 1520 1521
On July 1, 2020, or as soon as possible thereafter, the Director of Development Services shall certify to the Director of Budget and Management the unexpended, unencumbered balance of the fiscal year 2020 appropriation to the foregoing appropriation item. The certified amount is hereby reappropriated to the foregoing appropriation item in fiscal year 2021.	1522 1523 1524 1525 1526 1527 1528
MICROCREDENTIAL ASSISTANCE PROGRAM	1529
(A) Of the foregoing appropriation item 195556, Microcredential Assistance Program, \$12,300,000 in each fiscal year shall be used for the TechCred Program as described in section 122.178 of the Revised Code, provided that:	1530 1531 1532 1533
(1) Not more than \$4,100,000 in each fiscal year may be awarded to businesses with 50 or fewer employees;	1534 1535
(2) Not more than \$4,100,000 in each fiscal year may be awarded to businesses with between 51 and 200 employees; and	1536 1537
(3) Not more than \$4,100,000 in each fiscal year may be awarded to businesses with 201 or more employees.	1538 1539
(B) Of the foregoing appropriation item 195556, Microcredential Assistance Program, \$2,500,000 in each fiscal year shall be used for the Individual Microcredential Assistance Program as described in section 122.1710 of the Revised Code.	1540 1541 1542 1543
(C) Of the foregoing appropriation item 195556, Microcredential Assistance Program, \$200,000 in each fiscal year	1544 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