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133rd General Assembly  
Regular Session  
2019-2020

Sub. H. B. No. 2

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**A BILL**

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

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

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

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

(B) There is hereby created the TechCred program to  
reimburse employers from appropriations made for that purpose  
for training costs for prospective and incumbent employees to



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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 annual open enrollment period the director 24  
establishes by rule adopted under division (I) of this section. 25  
The employer shall include in the application all of the 26  
following 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 open enrollment period after the open 53  
enrollment period ends. The director shall consider the 54  
following factors in determining whether to approve an 55  
application: 56

(a) The duration of the training program; 57

(b) The cost of the training; 58

(c) A prospective or incumbent employee's estimated wage 59  
after completing the training and earning the microcredential; 60

(d) Whether approving an application will promote regional 61  
diversity in apportioning reimbursements uniformly across the 62  
state; 63

(e) Any other factors the director considers relevant in 64  
determining whether to approve an application. 65

(2) The chancellor of higher education shall adopt rules 66  
in accordance with Chapter 119. of the Revised Code to establish 67  
a list of approved training providers in this state and the 68  
microcredentials offered by those providers. The director shall 69  
not approve an application submitted under division (C) of this 70  
section unless the training provider and microcredentials 71  
identified in the application are included in the chancellor's 72  
list. 73

(3) If the director approves an application for 74  
participation in the program, the approval is valid for the 75  
fiscal year as designated by the director. An employer that 76  
participates in the program that wishes to participate in the 77  
program in any subsequent fiscal year shall apply to the 78  
director in accordance with division (C) of this section. 79

(E) (1) Each participating employer seeking reimbursement 80  
for training costs for a prospective or incumbent employee shall 81  
submit an application to the director that includes all of the 82  
following information for each prospective or incumbent 83  
employee: 84

(a) The prospective or incumbent employee's name and 85  
position, if applicable, at the time of submitting the 86  
application; 87

(b) The actual amount the employer paid to the training 88  
provider for the training; 89

(c) Evidence that the prospective or incumbent employee 90  
earned a microcredential; 91

(d) Evidence that the prospective or incumbent employee is 92  
a resident of this state. 93

(2) The amount of the reimbursement shall be at least five 94  
hundred dollars but not more than two thousand dollars for each 95  
microcredential a prospective or incumbent employee receives. 96

(F) No participating employer shall require a prospective 97  
or incumbent employee who receives a microcredential because the 98  
employer participated in and received a reimbursement through 99  
the employer's participation in the TechCred program to accept 100  
or continue employment with the employer. 101

(G) For the purposes of determining regional diversity 102  
under this section, the following constitute the regions of the 103  
state: 104

(1) The counties of Allen, Crawford, Defiance, Fulton, 105  
Hancock, Hardin, Henry, Lucas, Ottawa, Paulding, Putnam, 106  
Sandusky, Seneca, Van Wert, Williams, Wood, and Wyandot are one 107  
region; 108

(2) The counties of Ashland, Ashtabula, Columbiana, 109  
Cuyahoga, Erie, Geauga, Huron, Lake, Lorain, Mahoning, Medina, 110  
Portage, Richland, Stark, Summit, Trumbull, Tuscarawas, and 111  
Wayne are one region; 112

(3) The counties of Auglaize, Champaign, Clark, Clinton, 113  
Darke, Fayette, Greene, Mercer, Miami, Montgomery, Preble, and 114  
Shelby are one region; 115

(4) The counties of Delaware, Fairfield, Franklin, Knox, 116  
Licking, Logan, Madison, Marion, Morrow, Pickaway, and Union are 117  
one region; 118

(5) The counties of Adams, Athens, Belmont, Carroll, 119  
Coshocton, Gallia, Guernsey, Harrison, Highland, Hocking, 120  
Holmes, Jackson, Jefferson, Lawrence, Meigs, Monroe, Morgan, 121  
Muskingum, Noble, Perry, Pike, Ross, Scioto, Vinton, and 122  
Washington are one region; 123

(6) The counties of Brown, Butler, Clermont, Hamilton, and 124  
Warren are one region. 125

(H) (1) The director shall do both of the following 126  
regarding the operation of the program: 127

(a) Create an application to participate in the program 128  
and an application for reimbursement; 129

(b) Create an internet web site with the applications for 130  
and information regarding the program created in this section. 131

(2) The governor's office of workforce transformation 132  
shall include on the office's internet web site either of the 133  
following: 134

(a) The applications for and information regarding the 135  
program created in this section; 136

(b) An internet link to the internet web site created 137  
under division (H)(1)(b) of this section. 138

(I) The director shall adopt rules in accordance with 139  
Chapter 119. of the Revised Code to establish an open enrollment 140  
period during which an employer may submit an application under 141  
division (C) of this section. 142

The director may adopt rules in accordance with Chapter 143  
119. of the Revised Code regarding the operation of the program 144  
as the director considers necessary to administer the program, 145  
including establishing priority guidelines for approving 146  
applications under division (D) of this section. 147

(J)(1) The following information included in any 148  
applications the director receives in connection with the 149  
TechCred program created under this section are not public 150  
records for purposes of section 149.43 of the Revised Code: 151

(a) Any information regarding the wages or estimated wages 152  
of an incumbent or prospective employee; 153

(b) Any personal information of an incumbent or 154  
prospective employee; 155

(c) Any information regarding the microcredentials sought 156  
or earned by an incumbent or prospective employee. 157

(2) Nothing in division (J) (1) of this section shall be 158  
construed to prevent the director from including information in 159  
the report required under section 122.1711 of the Revised Code. 160

(K) The auditor of state and any employee or investigator 161  
designated by the auditor of state, at the written request of 162  
the director, shall conduct an investigation of any employer 163  
that received a reimbursement under this section and may 164  
exercise any authority granted under section 117.18 of the 165  
Revised Code in the performance of the investigation. The 166  
investigation shall be for the purposes of verifying the 167  
information an employer has included in any application 168  
submitted to the director in connection with the TechCred 169  
program and determining whether the employer violated division 170  
(F) of this section. On completing the investigation, the 171  
auditor of state shall submit to the director the results of the 172  
investigation. After receiving the results of the investigation, 173  
if the director determines that reasonable evidence exists that 174  
either the information the employer included in any application 175  
is inaccurate or that the employer violated division (F) of this 176  
section with respect to any prospective or incumbent employee, 177  
the director shall send a notice and conduct a hearing in 178  
accordance with Chapter 119. of the Revised Code. After the 179  
hearing, if the director determines the information is 180  
inaccurate or violated that division, the director shall order 181  
the employer to refund to the director the reimbursement the 182  
employer received for that prospective or incumbent employee. 183

**Sec. 122.179. (A) As used in this section:** 184

"Charitable organization" has the same meaning as in 185  
section 1716.01 of the Revised Code. 186

"Independent college or university" means a nonprofit 187

institution of higher education that has a certificate of 188  
authorization under Chapter 1713. of the Revised Code. 189

"Industry sector partnership" means a regional workforce 190  
collaborative that organizes key leaders and stakeholders of an 191  
industry cluster into a working group that focuses on achieving 192  
a shared goal of meeting the industry cluster's human resources 193  
needs. 194

"Ohio technical center" has the same meaning as in section 195  
3333.94 of the Revised Code. 196

"State board" and "local board" have the same meanings as 197  
in section 6301.01 of the Revised Code. 198

"State institution of higher education" has the same 199  
meaning as in section 3345.011 of the Revised Code. 200

(B) One or more employers of an industry cluster may 201  
organize and lead an industry sector partnership by convening or 202  
acting in partnership with representatives of one or more 203  
businesses, employers, or other institutions of an industry 204  
cluster, including small- and medium-sized employers where 205  
practicable. An industry sector partnership may include 206  
representatives of one or more of the following: 207

(1) A school district; 208

(2) A state institution of higher education; 209

(3) An Ohio technical center; 210

(4) An independent college or university; 211

(5) The state or a local government; 212

(6) A state or local economic or workforce development 213  
agency; 214



<u>(7) A state board or local board;</u>	215
<u>(8) The department of job and family services;</u>	216
<u>(9) A business, trade, or industry association;</u>	217
<u>(10) A charitable organization;</u>	218
<u>(11) An economic development organization;</u>	219
<u>(12) A nonprofit or community-based organization or</u> <u>intermediary;</u>	220 221
<u>(13) The Ohio state university extension division</u> <u>established under section 3335.16 of the Revised Code or the</u> <u>central state university extension program;</u>	222 223 224
<u>(14) Any other organization that the industry sector</u> <u>partnership considers necessary to further the shared goal of</u> <u>meeting the industry cluster's human resources needs.</u>	225 226 227
<u>(C) The director of development services, in consultation</u> <u>with the governor's office of workforce transformation, shall</u> <u>develop a grant program to support regional industry sector</u> <u>partnerships. An industry sector partnership may use a grant</u> <u>awarded under this section to do any of the following:</u>	228 229 230 231 232
<u>(1) Hire employees to coordinate industry sector</u> <u>partnership activities;</u>	233 234
<u>(2) Develop curricula or other educational resources to</u> <u>support the industry sector partnership;</u>	235 236
<u>(3) Market the industry sector partnership and</u> <u>opportunities the partnership creates for workforce development</u> <u>activities;</u>	237 238 239
<u>(4) Any other activity the director has approved in rules</u> <u>adopted under division (E) of this section.</u>	240 241

<u>(D) The director shall do both of the following:</u>	242
<u>(1) Establish a system for evaluating and scoring grant applications;</u>	243
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<u>(2) Award a grant to an industry sector partnership that submits a complete application for funding describing the activities in division (C) of this section the partnership will use the funds to support and meets the scoring criteria established under division (D) (1) of this section.</u>	245
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<u>(E) The director may adopt rules in accordance with Chapter 119. of the Revised Code as the director considers necessary to administer the grant program.</u>	250
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<b><u>Sec. 122.1710. (A) As used in this section:</u></b>	253
<u>(1) "Microcredential" has the same meaning as in section 122.178 of the Revised Code.</u>	254
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<u>(2) "OhioMeansJobs web site" has the same meaning as in section 6301.01 of the Revised Code.</u>	256
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<u>(B) The individual microcredential assistance program is hereby created in the development services agency to provide grants to eligible individuals to pay for the costs of training to earn a microcredential.</u>	258
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<u>(C) An individual seeking to participate in the program shall submit an application to the director of development services. The individual shall include in the application all of the following information:</u>	262
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<u>(1) The individual's name and address at which the individual resides;</u>	266
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<u>(2) The name of the individual's employer at the time of</u>	268

<u>applying, if applicable;</u>	269
<u>(3) Proof that the individual is a resident of this state;</u>	270
<u>(4) Proof of the individual's total income during the</u> <u>prior calendar year;</u>	271 272
<u>(5) The name of the microcredential that the individual is</u> <u>seeking to obtain;</u>	273 274
<u>(6) The name of the training provider from which the</u> <u>individual will receive the training to earn the microcredential</u> <u>and proof that the individual was accepted into the training</u> <u>provider's program to earn the microcredential;</u>	275 276 277 278
<u>(7) The cost of the training;</u>	279
<u>(8) Any other information the director requires.</u>	280
<u>(D)(1) The director shall consider the following factors</u> <u>in determining whether to approve an application submitted under</u> <u>division (C) of this section:</u>	281 282 283
<u>(a) The duration of the training program;</u>	284
<u>(b) The cost of the training;</u>	285
<u>(c) Whether approving an application will promote regional</u> <u>diversity in apportioning grants uniformly across the state;</u>	286 287
<u>(d) The individual's financial need for the grant based on</u> <u>the individual's total income from the prior calendar year.</u>	288 289
<u>(2) In determining regional diversity under division (D)</u> <u>(1)(c) of this section, the director shall use the regions</u> <u>established under division (G) of section 122.178 of the Revised</u> <u>Code.</u>	290 291 292 293
<u>(3) The director shall not approve an application</u>	294

submitted under this section unless the training provider and 295  
microcredentials identified in the application are included in 296  
the list the chancellor of higher education adopts in rules 297  
under section 122.178 of the Revised Code. 298

(E) On receiving an individual's application for a grant, 299  
the director shall do either of the following: 300

(1) If the director approves the application, the director 301  
shall do both of the following: 302

(a) Notify in writing the individual and the training 303  
provider that the director has approved the individual's 304  
application for a grant; 305

(b) Disburse a grant directly to the training provider to 306  
cover the cost of the training program in an amount that is not 307  
less than five hundred dollars nor more than two thousand 308  
dollars. 309

(2) If the director denies the application, the director 310  
shall notify in writing the individual of the director's denial. 311

(F) If an individual fails to complete the training for 312  
which a grant was disbursed and does not earn a microcredential 313  
from the training provider, the training provider shall refund 314  
the entire grant amount to the director. If the training 315  
provider is a public institution, the training provider shall 316  
forward the name of the individual and the amount of the grant 317  
refunded under this division to the attorney general for 318  
collection under section 131.02 of the Revised Code. If the 319  
training provider is a private institution, after refunding the 320  
grant, the training provider may bring an action in any court of 321  
competent jurisdiction to recover damages equal to the grant 322  
amount disbursed to the training provider. 323

(G) (1) The director shall do all of the following 324  
regarding the operation of the program: 325

(a) Create an application to participate in and receive a 326  
grant for the program; 327

(b) Create an internet web site that allows an individual 328  
to apply to a training provider for acceptance into a 329  
microcredential training program; 330

(c) Create and distribute a survey to each individual who 331  
successfully earned a microcredential because of a grant 332  
disbursed under this section inquiring as to the individual's 333  
occupation and wages at the time of completing the survey. 334

(2) The director shall include all of the following in the 335  
internet web site created under division (G) (1) (b) of this 336  
section: 337

(a) The application for and information regarding the 338  
program created in this section; 339

(b) The list of the approved training providers and 340  
microcredentials the chancellor of higher education establishes 341  
in rules adopted under section 122.178 of the Revised Code; 342

(c) A database that does all of the following: 343

(i) Allows a user to search for a microcredential by name 344  
and produces results that display the training providers that 345  
offer training to earn that microcredential and the training 346  
provider's address; 347

(ii) Allows a user to search by zip code and produces 348  
results that display both the microcredentials offered and 349  
training providers located within and near that zip code and 350  
allows a user to filter training providers by distance in 351

relation to that zip code; 352

(iii) Allows a user to access a listing of every 353  
microcredential offered by each approved training provider. 354

(H) The director shall include on the internet web site 355  
maintained by the development services agency, and the 356  
governor's office of workforce transformation shall include on 357  
the office's internet web site and the OhioMeansJobs web site, 358  
either of the following: 359

(1) All of the content available on the internet web site 360  
created under division (G) (1) (b) of this section; 361

(2) An internet link to the internet web site created 362  
under division (G) (1) (b) of this section. 363

(I) The director may adopt rules in accordance with 364  
Chapter 119. of the Revised Code as the director considers 365  
necessary to implement this section, including establishing 366  
priority guidelines for approving applications under division 367  
(D) of this section. 368

(J) Any personal information of an individual included in 369  
an application the director receives in connection with the 370  
individual microcredential assistance program created under this 371  
section is not a public record for purposes of section 149.43 of 372  
the Revised Code. However, the director may use the information 373  
as necessary to complete the reports required under section 374  
122.1711 of the Revised Code. 375

**Sec. 122.1711.** (A) Beginning one year after the effective 376  
date of this section, and every year thereafter, the director of 377  
development services shall submit to the general assembly a 378  
written report that compiles and includes information required 379  
in this section regarding the programs created under sections 380

122.178, 122.179, and 122.1710 of the Revised Code. 381

(1) For the TechCred program created under section 122.178 382  
of the Revised Code, the director shall include in the report 383  
required under division (A) of this section all of the following 384  
information: 385

(a) The average per cent rate change of wages during the 386  
previous year, if any, for prospective or incumbent employees 387  
who earned a microcredential categorized by microcredentials 388  
earned in each region and statewide; 389

(b) The average per cent rate change of wages during the 390  
previous years, if any, for prospective or incumbent employees 391  
who earned a microcredential categorized by the region in which 392  
employees reside and statewide; 393

(c) The average annual wages paid to positions for which 394  
holding a microcredential or having the occupational skills 395  
acquired through obtaining a microcredential is required, 396  
categorized by each region and statewide; 397

(d) The rate of change during the previous year of 398  
unemployment categorized by each region and statewide; 399

(e) A list of the training providers and microcredentials 400  
established in rules adopted by the chancellor of higher 401  
education under section 122.178 of the Revised Code categorized 402  
by each region and statewide; 403

(f) Any other information the director wishes to include. 404

(2) For the individual microcredential assistance program 405  
created under section 122.1710 of the Revised Code, the director 406  
shall include in the report required under division (A) of this 407  
section all of the following information: 408

(a) The information required under divisions (A) (1) (a) to 409  
(c) of this section, except that the information shall represent 410  
the individuals who successfully earned a microcredential 411  
through a grant disbursed under the individual microcredential 412  
assistance program; 413

(b) A demographic analysis of individuals who earned a 414  
microcredential under the individual microcredential assistance 415  
program based on the race and gender of each individual; 416

(c) An analysis of the results of the surveys the director 417  
distributed under division (G) (1) (c) of section 122.1710 of the 418  
Revised Code categorized by each region and statewide; 419

(d) The rate of completion for each approved 420  
microcredential categorized by region and statewide; 421

(e) Any other information the director wishes to include. 422

(3) For the grant program to support regional industry 423  
sector partnerships created under section 122.179 of the Revised 424  
Code, the director shall include in the report required under 425  
division (A) of this section all of the following information: 426

(a) A list, categorized by region and statewide, of each 427  
industry sector partnership to which a grant was awarded under 428  
section 122.179 of the Revised Code; 429

(b) A list detailing the member composition of each 430  
industry sector partnership to which a grant was awarded under 431  
section 122.179 of the Revised Code, including each employer and 432  
representative of an industry cluster; 433

(c) Information regarding the activities described in 434  
division (C) of section 122.179 of the Revised Code for which 435  
industry sector partnerships used grants awarded under that 436



section. 437

(B) In reporting on regional information under this 438  
section, the director shall use the regions established under 439  
section 122.178 of the Revised Code. 440

(C) The director shall market the programs created under 441  
sections 122.178, 122.179, and 122.1710 of the Revised Code. 442

**Sec. 5747.01.** Except as otherwise expressly provided or 443  
clearly appearing from the context, any term used in this 444  
chapter that is not otherwise defined in this section has the 445  
same meaning as when used in a comparable context in the laws of 446  
the United States relating to federal income taxes or if not 447  
used in a comparable context in those laws, has the same meaning 448  
as in section 5733.40 of the Revised Code. Any reference in this 449  
chapter to the Internal Revenue Code includes other laws of the 450  
United States relating to federal income taxes. 451

As used in this chapter: 452

(A) "Adjusted gross income" or "Ohio adjusted gross 453  
income" means federal adjusted gross income, as defined and used 454  
in the Internal Revenue Code, adjusted as provided in this 455  
section: 456

(1) Add interest or dividends on obligations or securities 457  
of any state or of any political subdivision or authority of any 458  
state, other than this state and its subdivisions and 459  
authorities. 460

(2) Add interest or dividends on obligations of any 461  
authority, commission, instrumentality, territory, or possession 462  
of the United States to the extent that the interest or 463  
dividends are exempt from federal income taxes but not from 464  
state income taxes. 465

(3) Deduct interest or dividends on obligations of the 466  
United States and its territories and possessions or of any 467  
authority, commission, or instrumentality of the United States 468  
to the extent that the interest or dividends are included in 469  
federal adjusted gross income but exempt from state income taxes 470  
under the laws of the United States. 471

(4) Deduct disability and survivor's benefits to the 472  
extent included in federal adjusted gross income. 473

(5) Deduct benefits under Title II of the Social Security 474  
Act and tier 1 railroad retirement benefits to the extent 475  
included in federal adjusted gross income under section 86 of 476  
the Internal Revenue Code. 477

(6) In the case of a taxpayer who is a beneficiary of a 478  
trust that makes an accumulation distribution as defined in 479  
section 665 of the Internal Revenue Code, add, for the 480  
beneficiary's taxable years beginning before 2002, the portion, 481  
if any, of such distribution that does not exceed the 482  
undistributed net income of the trust for the three taxable 483  
years preceding the taxable year in which the distribution is 484  
made to the extent that the portion was not included in the 485  
trust's taxable income for any of the trust's taxable years 486  
beginning in 2002 or thereafter. "Undistributed net income of a 487  
trust" means the taxable income of the trust increased by (a) (i) 488  
the additions to adjusted gross income required under division 489  
(A) of this section and (ii) the personal exemptions allowed to 490  
the trust pursuant to section 642(b) of the Internal Revenue 491  
Code, and decreased by (b) (i) the deductions to adjusted gross 492  
income required under division (A) of this section, (ii) the 493  
amount of federal income taxes attributable to such income, and 494  
(iii) the amount of taxable income that has been included in the 495

adjusted gross income of a beneficiary by reason of a prior 496  
accumulation distribution. Any undistributed net income included 497  
in the adjusted gross income of a beneficiary shall reduce the 498  
undistributed net income of the trust commencing with the 499  
earliest years of the accumulation period. 500

(7) Deduct the amount of wages and salaries, if any, not 501  
otherwise allowable as a deduction but that would have been 502  
allowable as a deduction in computing federal adjusted gross 503  
income for the taxable year, had the targeted jobs credit 504  
allowed and determined under sections 38, 51, and 52 of the 505  
Internal Revenue Code not been in effect. 506

(8) Deduct any interest or interest equivalent on public 507  
obligations and purchase obligations to the extent that the 508  
interest or interest equivalent is included in federal adjusted 509  
gross income. 510

(9) Add any loss or deduct any gain resulting from the 511  
sale, exchange, or other disposition of public obligations to 512  
the extent that the loss has been deducted or the gain has been 513  
included in computing federal adjusted gross income. 514

(10) Deduct or add amounts, as provided under section 515  
5747.70 of the Revised Code, related to contributions to 516  
variable college savings program accounts made or tuition units 517  
purchased pursuant to Chapter 3334. of the Revised Code. 518

(11)(a) Deduct, to the extent not otherwise allowable as a 519  
deduction or exclusion in computing federal or Ohio adjusted 520  
gross income for the taxable year, the amount the taxpayer paid 521  
during the taxable year for medical care insurance and qualified 522  
long-term care insurance for the taxpayer, the taxpayer's 523  
spouse, and dependents. No deduction for medical care insurance 524

under division (A)(11) of this section shall be allowed either 525  
to any taxpayer who is eligible to participate in any subsidized 526  
health plan maintained by any employer of the taxpayer or of the 527  
taxpayer's spouse, or to any taxpayer who is entitled to, or on 528  
application would be entitled to, benefits under part A of Title 529  
XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 530  
U.S.C. 301, as amended. For the purposes of division (A)(11)(a) 531  
of this section, "subsidized health plan" means a health plan 532  
for which the employer pays any portion of the plan's cost. The 533  
deduction allowed under division (A)(11)(a) of this section 534  
shall be the net of any related premium refunds, related premium 535  
reimbursements, or related insurance premium dividends received 536  
during the taxable year. 537

(b) Deduct, to the extent not otherwise deducted or 538  
excluded in computing federal or Ohio adjusted gross income 539  
during the taxable year, the amount the taxpayer paid during the 540  
taxable year, not compensated for by any insurance or otherwise, 541  
for medical care of the taxpayer, the taxpayer's spouse, and 542  
dependents, to the extent the expenses exceed seven and one-half 543  
per cent of the taxpayer's federal adjusted gross income. 544

(c) Deduct, to the extent not otherwise deducted or 545  
excluded in computing federal or Ohio adjusted gross income, any 546  
amount included in federal adjusted gross income under section 547  
105 or not excluded under section 106 of the Internal Revenue 548  
Code solely because it relates to an accident and health plan 549  
for a person who otherwise would be a "qualifying relative" and 550  
thus a "dependent" under section 152 of the Internal Revenue 551  
Code but for the fact that the person fails to meet the income 552  
and support limitations under section 152(d)(1)(B) and (C) of 553  
the Internal Revenue Code. 554

(d) For purposes of division (A)(11) of this section, 555  
"medical care" has the meaning given in section 213 of the 556  
Internal Revenue Code, subject to the special rules, 557  
limitations, and exclusions set forth therein, and "qualified 558  
long-term care" has the same meaning given in section 7702B(c) 559  
of the Internal Revenue Code. Solely for purposes of divisions 560  
(A)(11)(a) and (c) of this section, "dependent" includes a 561  
person who otherwise would be a "qualifying relative" and thus a 562  
"dependent" under section 152 of the Internal Revenue Code but 563  
for the fact that the person fails to meet the income and 564  
support limitations under section 152(d)(1)(B) and (C) of the 565  
Internal Revenue Code. 566

(12)(a) Deduct any amount included in federal adjusted 567  
gross income solely because the amount represents a 568  
reimbursement or refund of expenses that in any year the 569  
taxpayer had deducted as an itemized deduction pursuant to 570  
section 63 of the Internal Revenue Code and applicable United 571  
States department of the treasury regulations. The deduction 572  
otherwise allowed under division (A)(12)(a) of this section 573  
shall be reduced to the extent the reimbursement is attributable 574  
to an amount the taxpayer deducted under this section in any 575  
taxable year. 576

(b) Add any amount not otherwise included in Ohio adjusted 577  
gross income for any taxable year to the extent that the amount 578  
is attributable to the recovery during the taxable year of any 579  
amount deducted or excluded in computing federal or Ohio 580  
adjusted gross income in any taxable year. 581

(13) Deduct any portion of the deduction described in 582  
section 1341(a)(2) of the Internal Revenue Code, for repaying 583  
previously reported income received under a claim of right, that 584

meets both of the following requirements: 585

(a) It is allowable for repayment of an item that was 586  
included in the taxpayer's adjusted gross income for a prior 587  
taxable year and did not qualify for a credit under division (A) 588  
or (B) of section 5747.05 of the Revised Code for that year; 589

(b) It does not otherwise reduce the taxpayer's adjusted 590  
gross income for the current or any other taxable year. 591

(14) Deduct an amount equal to the deposits made to, and 592  
net investment earnings of, a medical savings account during the 593  
taxable year, in accordance with section 3924.66 of the Revised 594  
Code. The deduction allowed by division (A) (14) of this section 595  
does not apply to medical savings account deposits and earnings 596  
otherwise deducted or excluded for the current or any other 597  
taxable year from the taxpayer's federal adjusted gross income. 598

(15) (a) Add an amount equal to the funds withdrawn from a 599  
medical savings account during the taxable year, and the net 600  
investment earnings on those funds, when the funds withdrawn 601  
were used for any purpose other than to reimburse an account 602  
holder for, or to pay, eligible medical expenses, in accordance 603  
with section 3924.66 of the Revised Code; 604

(b) Add the amounts distributed from a medical savings 605  
account under division (A) (2) of section 3924.68 of the Revised 606  
Code during the taxable year. 607

(16) Add any amount claimed as a credit under section 608  
5747.059 or 5747.65 of the Revised Code to the extent that such 609  
amount satisfies either of the following: 610

(a) The amount was deducted or excluded from the 611  
computation of the taxpayer's federal adjusted gross income as 612  
required to be reported for the taxpayer's taxable year under 613

the Internal Revenue Code; 614

(b) The amount resulted in a reduction of the taxpayer's 615  
federal adjusted gross income as required to be reported for any 616  
of the taxpayer's taxable years under the Internal Revenue Code. 617

(17) Deduct the amount contributed by the taxpayer to an 618  
individual development account program established by a county 619  
department of job and family services pursuant to sections 620  
329.11 to 329.14 of the Revised Code for the purpose of matching 621  
funds deposited by program participants. On request of the tax 622  
commissioner, the taxpayer shall provide any information that, 623  
in the tax commissioner's opinion, is necessary to establish the 624  
amount deducted under division (A) (17) of this section. 625

(18) Beginning in taxable year 2001 but not for any 626  
taxable year beginning after December 31, 2005, if the taxpayer 627  
is married and files a joint return and the combined federal 628  
adjusted gross income of the taxpayer and the taxpayer's spouse 629  
for the taxable year does not exceed one hundred thousand 630  
dollars, or if the taxpayer is single and has a federal adjusted 631  
gross income for the taxable year not exceeding fifty thousand 632  
dollars, deduct amounts paid during the taxable year for 633  
qualified tuition and fees paid to an eligible institution for 634  
the taxpayer, the taxpayer's spouse, or any dependent of the 635  
taxpayer, who is a resident of this state and is enrolled in or 636  
attending a program that culminates in a degree or diploma at an 637  
eligible institution. The deduction may be claimed only to the 638  
extent that qualified tuition and fees are not otherwise 639  
deducted or excluded for any taxable year from federal or Ohio 640  
adjusted gross income. The deduction may not be claimed for 641  
educational expenses for which the taxpayer claims a credit 642  
under section 5747.27 of the Revised Code. 643

(19) Add any reimbursement received during the taxable 644  
year of any amount the taxpayer deducted under division (A) (18) 645  
of this section in any previous taxable year to the extent the 646  
amount is not otherwise included in Ohio adjusted gross income. 647

(20) (a) (i) Subject to divisions (A) (20) (a) (iii), (iv), and 648  
(v) of this section, add five-sixths of the amount of 649  
depreciation expense allowed by subsection (k) of section 168 of 650  
the Internal Revenue Code, including the taxpayer's 651  
proportionate or distributive share of the amount of 652  
depreciation expense allowed by that subsection to a pass- 653  
through entity in which the taxpayer has a direct or indirect 654  
ownership interest. 655

(ii) Subject to divisions (A) (20) (a) (iii), (iv), and (v) 656  
of this section, add five-sixths of the amount of qualifying 657  
section 179 depreciation expense, including the taxpayer's 658  
proportionate or distributive share of the amount of qualifying 659  
section 179 depreciation expense allowed to any pass-through 660  
entity in which the taxpayer has a direct or indirect ownership 661  
interest. 662

(iii) Subject to division (A) (20) (a) (v) of this section, 663  
for taxable years beginning in 2012 or thereafter, if the 664  
increase in income taxes withheld by the taxpayer is equal to or 665  
greater than ten per cent of income taxes withheld by the 666  
taxpayer during the taxpayer's immediately preceding taxable 667  
year, "two-thirds" shall be substituted for "five-sixths" for 668  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 669

(iv) Subject to division (A) (20) (a) (v) of this section, 670  
for taxable years beginning in 2012 or thereafter, a taxpayer is 671  
not required to add an amount under division (A) (20) of this 672  
section if the increase in income taxes withheld by the taxpayer 673



and by any pass-through entity in which the taxpayer has a 674  
direct or indirect ownership interest is equal to or greater 675  
than the sum of (I) the amount of qualifying section 179 676  
depreciation expense and (II) the amount of depreciation expense 677  
allowed to the taxpayer by subsection (k) of section 168 of the 678  
Internal Revenue Code, and including the taxpayer's 679  
proportionate or distributive shares of such amounts allowed to 680  
any such pass-through entities. 681

(v) If a taxpayer directly or indirectly incurs a net 682  
operating loss for the taxable year for federal income tax 683  
purposes, to the extent such loss resulted from depreciation 684  
expense allowed by subsection (k) of section 168 of the Internal 685  
Revenue Code and by qualifying section 179 depreciation expense, 686  
"the entire" shall be substituted for "five-sixths of the" for 687  
the purpose of divisions (A) (20) (a) (i) and (ii) of this section. 688

The tax commissioner, under procedures established by the 689  
commissioner, may waive the add-backs related to a pass-through 690  
entity if the taxpayer owns, directly or indirectly, less than 691  
five per cent of the pass-through entity. 692

(b) Nothing in division (A) (20) of this section shall be 693  
construed to adjust or modify the adjusted basis of any asset. 694

(c) To the extent the add-back required under division (A) 695  
(20) (a) of this section is attributable to property generating 696  
nonbusiness income or loss allocated under section 5747.20 of 697  
the Revised Code, the add-back shall be situated to the same 698  
location as the nonbusiness income or loss generated by the 699  
property for the purpose of determining the credit under 700  
division (A) of section 5747.05 of the Revised Code. Otherwise, 701  
the add-back shall be apportioned, subject to one or more of the 702  
four alternative methods of apportionment enumerated in section 703

5747.21 of the Revised Code. 704

(d) For the purposes of division (A) (20) (a) (v) of this 705  
section, net operating loss carryback and carryforward shall not 706  
include the allowance of any net operating loss deduction 707  
carryback or carryforward to the taxable year to the extent such 708  
loss resulted from depreciation allowed by section 168(k) of the 709  
Internal Revenue Code and by the qualifying section 179 710  
depreciation expense amount. 711

(e) For the purposes of divisions (A) (20) and (21) of this 712  
section: 713

(i) "Income taxes withheld" means the total amount 714  
withheld and remitted under sections 5747.06 and 5747.07 of the 715  
Revised Code by an employer during the employer's taxable year. 716

(ii) "Increase in income taxes withheld" means the amount 717  
by which the amount of income taxes withheld by an employer 718  
during the employer's current taxable year exceeds the amount of 719  
income taxes withheld by that employer during the employer's 720  
immediately preceding taxable year. 721

(iii) "Qualifying section 179 depreciation expense" means 722  
the difference between (I) the amount of depreciation expense 723  
directly or indirectly allowed to a taxpayer under section 179 724  
of the Internal Revised Code, and (II) the amount of 725  
depreciation expense directly or indirectly allowed to the 726  
taxpayer under section 179 of the Internal Revenue Code as that 727  
section existed on December 31, 2002. 728

(21) (a) If the taxpayer was required to add an amount 729  
under division (A) (20) (a) of this section for a taxable year, 730  
deduct one of the following: 731

(i) One-fifth of the amount so added for each of the five 732

succeeding taxable years if the amount so added was five-sixths 733  
of qualifying section 179 depreciation expense or depreciation 734  
expense allowed by subsection (k) of section 168 of the Internal 735  
Revenue Code; 736

(ii) One-half of the amount so added for each of the two 737  
succeeding taxable years if the amount so added was two-thirds 738  
of such depreciation expense; 739

(iii) One-sixth of the amount so added for each of the six 740  
succeeding taxable years if the entire amount of such 741  
depreciation expense was so added. 742

(b) If the amount deducted under division (A) (21) (a) of 743  
this section is attributable to an add-back allocated under 744  
division (A) (20) (c) of this section, the amount deducted shall 745  
be situated to the same location. Otherwise, the add-back shall 746  
be apportioned using the apportionment factors for the taxable 747  
year in which the deduction is taken, subject to one or more of 748  
the four alternative methods of apportionment enumerated in 749  
section 5747.21 of the Revised Code. 750

(c) No deduction is available under division (A) (21) (a) of 751  
this section with regard to any depreciation allowed by section 752  
168(k) of the Internal Revenue Code and by the qualifying 753  
section 179 depreciation expense amount to the extent that such 754  
depreciation results in or increases a federal net operating 755  
loss carryback or carryforward. If no such deduction is 756  
available for a taxable year, the taxpayer may carry forward the 757  
amount not deducted in such taxable year to the next taxable 758  
year and add that amount to any deduction otherwise available 759  
under division (A) (21) (a) of this section for that next taxable 760  
year. The carryforward of amounts not so deducted shall continue 761  
until the entire addition required by division (A) (20) (a) of 762

this section has been deducted. 763

(d) No refund shall be allowed as a result of adjustments 764  
made by division (A) (21) of this section. 765

(22) Deduct, to the extent not otherwise deducted or 766  
excluded in computing federal or Ohio adjusted gross income for 767  
the taxable year, the amount the taxpayer received during the 768  
taxable year as reimbursement for life insurance premiums under 769  
section 5919.31 of the Revised Code. 770

(23) Deduct, to the extent not otherwise deducted or 771  
excluded in computing federal or Ohio adjusted gross income for 772  
the taxable year, the amount the taxpayer received during the 773  
taxable year as a death benefit paid by the adjutant general 774  
under section 5919.33 of the Revised Code. 775

(24) Deduct, to the extent included in federal adjusted 776  
gross income and not otherwise allowable as a deduction or 777  
exclusion in computing federal or Ohio adjusted gross income for 778  
the taxable year, military pay and allowances received by the 779  
taxpayer during the taxable year for active duty service in the 780  
United States army, air force, navy, marine corps, or coast 781  
guard or reserve components thereof or the national guard. The 782  
deduction may not be claimed for military pay and allowances 783  
received by the taxpayer while the taxpayer is stationed in this 784  
state. 785

(25) Deduct, to the extent not otherwise allowable as a 786  
deduction or exclusion in computing federal or Ohio adjusted 787  
gross income for the taxable year and not otherwise compensated 788  
for by any other source, the amount of qualified organ donation 789  
expenses incurred by the taxpayer during the taxable year, not 790  
to exceed ten thousand dollars. A taxpayer may deduct qualified 791

organ donation expenses only once for all taxable years 792  
beginning with taxable years beginning in 2007. 793

For the purposes of division (A) (25) of this section: 794

(a) "Human organ" means all or any portion of a human 795  
liver, pancreas, kidney, intestine, or lung, and any portion of 796  
human bone marrow. 797

(b) "Qualified organ donation expenses" means travel 798  
expenses, lodging expenses, and wages and salary forgone by a 799  
taxpayer in connection with the taxpayer's donation, while 800  
living, of one or more of the taxpayer's human organs to another 801  
human being. 802

(26) Deduct, to the extent not otherwise deducted or 803  
excluded in computing federal or Ohio adjusted gross income for 804  
the taxable year, amounts received by the taxpayer as retired 805  
personnel pay for service in the uniformed services or reserve 806  
components thereof, or the national guard, or received by the 807  
surviving spouse or former spouse of such a taxpayer under the 808  
survivor benefit plan on account of such a taxpayer's death. If 809  
the taxpayer receives income on account of retirement paid under 810  
the federal civil service retirement system or federal employees 811  
retirement system, or under any successor retirement program 812  
enacted by the congress of the United States that is established 813  
and maintained for retired employees of the United States 814  
government, and such retirement income is based, in whole or in 815  
part, on credit for the taxpayer's uniformed service, the 816  
deduction allowed under this division shall include only that 817  
portion of such retirement income that is attributable to the 818  
taxpayer's uniformed service, to the extent that portion of such 819  
retirement income is otherwise included in federal adjusted 820  
gross income and is not otherwise deducted under this section. 821

Any amount deducted under division (A) (26) of this section is 822  
not included in a taxpayer's adjusted gross income for the 823  
purposes of section 5747.055 of the Revised Code. No amount may 824  
be deducted under division (A) (26) of this section on the basis 825  
of which a credit was claimed under section 5747.055 of the 826  
Revised Code. 827

(27) Deduct, to the extent not otherwise deducted or 828  
excluded in computing federal or Ohio adjusted gross income for 829  
the taxable year, the amount the taxpayer received during the 830  
taxable year from the military injury relief fund created in 831  
section 5902.05 of the Revised Code. 832

(28) Deduct, to the extent not otherwise deducted or 833  
excluded in computing federal or Ohio adjusted gross income for 834  
the taxable year, the amount the taxpayer received as a veterans 835  
bonus during the taxable year from the Ohio department of 836  
veterans services as authorized by Section 2r of Article VIII, 837  
Ohio Constitution. 838

(29) Deduct, to the extent not otherwise deducted or 839  
excluded in computing federal or Ohio adjusted gross income for 840  
the taxable year, any income derived from a transfer agreement 841  
or from the enterprise transferred under that agreement under 842  
section 4313.02 of the Revised Code. 843

(30) Deduct, to the extent not otherwise deducted or 844  
excluded in computing federal or Ohio adjusted gross income for 845  
the taxable year, Ohio college opportunity or federal Pell grant 846  
amounts received by the taxpayer or the taxpayer's spouse or 847  
dependent pursuant to section 3333.122 of the Revised Code or 20 848  
U.S.C. 1070a, et seq., and used to pay room or board furnished 849  
by the educational institution for which the grant was awarded 850  
at the institution's facilities, including meal plans 851

administered by the institution. For the purposes of this 852  
division, receipt of a grant includes the distribution of a 853  
grant directly to an educational institution and the crediting 854  
of the grant to the enrollee's account with the institution. 855

(31)(a) For taxable years beginning in 2015, deduct from 856  
the portion of an individual's adjusted gross income that is 857  
business income, to the extent not otherwise deducted or 858  
excluded in computing federal or Ohio adjusted gross income for 859  
the taxable year, the lesser of the following amounts: 860

(i) Seventy-five per cent of the individual's business 861  
income; 862

(ii) Ninety-three thousand seven hundred fifty dollars for 863  
each spouse if spouses file separate returns under section 864  
5747.08 of the Revised Code or one hundred eighty-seven thousand 865  
five hundred dollars for all other individuals. 866

(b) For taxable years beginning in 2016 or thereafter, 867  
deduct from the portion of an individual's adjusted gross income 868  
that is business income, to the extent not otherwise deducted or 869  
excluded in computing federal adjusted gross income for the 870  
taxable year, one hundred twenty-five thousand dollars for each 871  
spouse if spouses file separate returns under section 5747.08 of 872  
the Revised Code or two hundred fifty thousand dollars for all 873  
other individuals. 874

(32) Deduct, as provided under section 5747.78 of the 875  
Revised Code, contributions to ABLE savings accounts made in 876  
accordance with sections 113.50 to 113.56 of the Revised Code. 877

(33)(a) Deduct, to the extent not otherwise deducted or 878  
excluded in computing federal or Ohio adjusted gross income 879  
during the taxable year, all of the following: 880

(i) Compensation paid to a qualifying employee described 881  
in division (A) (14) (a) of section 5703.94 of the Revised Code to 882  
the extent such compensation is for disaster work conducted in 883  
this state during a disaster response period pursuant to a 884  
qualifying solicitation received by the employee's employer; 885

(ii) Compensation paid to a qualifying employee described 886  
in division (A) (14) (b) of section 5703.94 of the Revised Code to 887  
the extent such compensation is for disaster work conducted in 888  
this state by the employee during the disaster response period 889  
on critical infrastructure owned or used by the employee's 890  
employer; 891

(iii) Income received by an out-of-state disaster business 892  
for disaster work conducted in this state during a disaster 893  
response period, or, if the out-of-state disaster business is a 894  
pass-through entity, a taxpayer's distributive share of the 895  
pass-through entity's income from the business conducting 896  
disaster work in this state during a disaster response period, 897  
if, in either case, the disaster work is conducted pursuant to a 898  
qualifying solicitation received by the business. 899

(b) All terms used in division (A) (33) of this section 900  
have the same meanings as in section 5703.94 of the Revised 901  
Code. 902

(34) Deduct, to the extent not already otherwise allowable 903  
as a deduction or exclusion in computing Ohio adjusted gross 904  
income for the taxable year, any amount included in the 905  
taxpayer's federal adjusted gross income attributable to 906  
payments made to cover the cost of a training program for the 907  
taxpayer under division (E) of section 122.1710 of the Revised 908  
Code. 909



(B) "Business income" means income, including gain or 910  
loss, arising from transactions, activities, and sources in the 911  
regular course of a trade or business and includes income, gain, 912  
or loss from real property, tangible property, and intangible 913  
property if the acquisition, rental, management, and disposition 914  
of the property constitute integral parts of the regular course 915  
of a trade or business operation. "Business income" includes 916  
income, including gain or loss, from a partial or complete 917  
liquidation of a business, including, but not limited to, gain 918  
or loss from the sale or other disposition of goodwill. 919

(C) "Nonbusiness income" means all income other than 920  
business income and may include, but is not limited to, 921  
compensation, rents and royalties from real or tangible personal 922  
property, capital gains, interest, dividends and distributions, 923  
patent or copyright royalties, or lottery winnings, prizes, and 924  
awards. 925

(D) "Compensation" means any form of remuneration paid to 926  
an employee for personal services. 927

(E) "Fiduciary" means a guardian, trustee, executor, 928  
administrator, receiver, conservator, or any other person acting 929  
in any fiduciary capacity for any individual, trust, or estate. 930

(F) "Fiscal year" means an accounting period of twelve 931  
months ending on the last day of any month other than December. 932

(G) "Individual" means any natural person. 933

(H) "Internal Revenue Code" means the "Internal Revenue 934  
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 935

(I) "Resident" means any of the following, provided that 936  
division (I)(3) of this section applies only to taxable years of 937  
a trust beginning in 2002 or thereafter: 938

(1) An individual who is domiciled in this state, subject 939  
to section 5747.24 of the Revised Code; 940

(2) The estate of a decedent who at the time of death was 941  
domiciled in this state. The domicile tests of section 5747.24 942  
of the Revised Code are not controlling for purposes of division 943  
(I) (2) of this section. 944

(3) A trust that, in whole or part, resides in this state. 945  
If only part of a trust resides in this state, the trust is a 946  
resident only with respect to that part. 947

For the purposes of division (I) (3) of this section: 948

(a) A trust resides in this state for the trust's current 949  
taxable year to the extent, as described in division (I) (3) (d) 950  
of this section, that the trust consists directly or indirectly, 951  
in whole or in part, of assets, net of any related liabilities, 952  
that were transferred, or caused to be transferred, directly or 953  
indirectly, to the trust by any of the following: 954

(i) A person, a court, or a governmental entity or 955  
instrumentality on account of the death of a decedent, but only 956  
if the trust is described in division (I) (3) (e) (i) or (ii) of 957  
this section; 958

(ii) A person who was domiciled in this state for the 959  
purposes of this chapter when the person directly or indirectly 960  
transferred assets to an irrevocable trust, but only if at least 961  
one of the trust's qualifying beneficiaries is domiciled in this 962  
state for the purposes of this chapter during all or some 963  
portion of the trust's current taxable year; 964

(iii) A person who was domiciled in this state for the 965  
purposes of this chapter when the trust document or instrument 966  
or part of the trust document or instrument became irrevocable, 967

but only if at least one of the trust's qualifying beneficiaries 968  
is a resident domiciled in this state for the purposes of this 969  
chapter during all or some portion of the trust's current 970  
taxable year. If a trust document or instrument became 971  
irrevocable upon the death of a person who at the time of death 972  
was domiciled in this state for purposes of this chapter, that 973  
person is a person described in division (I)(3)(a)(iii) of this 974  
section. 975

(b) A trust is irrevocable to the extent that the 976  
transferor is not considered to be the owner of the net assets 977  
of the trust under sections 671 to 678 of the Internal Revenue 978  
Code. 979

(c) With respect to a trust other than a charitable lead 980  
trust, "qualifying beneficiary" has the same meaning as 981  
"potential current beneficiary" as defined in section 1361(e)(2) 982  
of the Internal Revenue Code, and with respect to a charitable 983  
lead trust "qualifying beneficiary" is any current, future, or 984  
contingent beneficiary, but with respect to any trust 985  
"qualifying beneficiary" excludes a person or a governmental 986  
entity or instrumentality to any of which a contribution would 987  
qualify for the charitable deduction under section 170 of the 988  
Internal Revenue Code. 989

(d) For the purposes of division (I)(3)(a) of this 990  
section, the extent to which a trust consists directly or 991  
indirectly, in whole or in part, of assets, net of any related 992  
liabilities, that were transferred directly or indirectly, in 993  
whole or part, to the trust by any of the sources enumerated in 994  
that division shall be ascertained by multiplying the fair 995  
market value of the trust's assets, net of related liabilities, 996  
by the qualifying ratio, which shall be computed as follows: 997

(i) The first time the trust receives assets, the 998  
numerator of the qualifying ratio is the fair market value of 999  
those assets at that time, net of any related liabilities, from 1000  
sources enumerated in division (I) (3) (a) of this section. The 1001  
denominator of the qualifying ratio is the fair market value of 1002  
all the trust's assets at that time, net of any related 1003  
liabilities. 1004

(ii) Each subsequent time the trust receives assets, a 1005  
revised qualifying ratio shall be computed. The numerator of the 1006  
revised qualifying ratio is the sum of (1) the fair market value 1007  
of the trust's assets immediately prior to the subsequent 1008  
transfer, net of any related liabilities, multiplied by the 1009  
qualifying ratio last computed without regard to the subsequent 1010  
transfer, and (2) the fair market value of the subsequently 1011  
transferred assets at the time transferred, net of any related 1012  
liabilities, from sources enumerated in division (I) (3) (a) of 1013  
this section. The denominator of the revised qualifying ratio is 1014  
the fair market value of all the trust's assets immediately 1015  
after the subsequent transfer, net of any related liabilities. 1016

(iii) Whether a transfer to the trust is by or from any of 1017  
the sources enumerated in division (I) (3) (a) of this section 1018  
shall be ascertained without regard to the domicile of the 1019  
trust's beneficiaries. 1020

(e) For the purposes of division (I) (3) (a) (i) of this 1021  
section: 1022

(i) A trust is described in division (I) (3) (e) (i) of this 1023  
section if the trust is a testamentary trust and the testator of 1024  
that testamentary trust was domiciled in this state at the time 1025  
of the testator's death for purposes of the taxes levied under 1026  
Chapter 5731. of the Revised Code. 1027

(ii) A trust is described in division (I)(3)(e)(ii) of 1028  
this section if the transfer is a qualifying transfer described 1029  
in any of divisions (I)(3)(f)(i) to (vi) of this section, the 1030  
trust is an irrevocable inter vivos trust, and at least one of 1031  
the trust's qualifying beneficiaries is domiciled in this state 1032  
for purposes of this chapter during all or some portion of the 1033  
trust's current taxable year. 1034

(f) For the purposes of division (I)(3)(e)(ii) of this 1035  
section, a "qualifying transfer" is a transfer of assets, net of 1036  
any related liabilities, directly or indirectly to a trust, if 1037  
the transfer is described in any of the following: 1038

(i) The transfer is made to a trust, created by the 1039  
decedent before the decedent's death and while the decedent was 1040  
domiciled in this state for the purposes of this chapter, and, 1041  
prior to the death of the decedent, the trust became irrevocable 1042  
while the decedent was domiciled in this state for the purposes 1043  
of this chapter. 1044

(ii) The transfer is made to a trust to which the 1045  
decedent, prior to the decedent's death, had directly or 1046  
indirectly transferred assets, net of any related liabilities, 1047  
while the decedent was domiciled in this state for the purposes 1048  
of this chapter, and prior to the death of the decedent the 1049  
trust became irrevocable while the decedent was domiciled in 1050  
this state for the purposes of this chapter. 1051

(iii) The transfer is made on account of a contractual 1052  
relationship existing directly or indirectly between the 1053  
transferor and either the decedent or the estate of the decedent 1054  
at any time prior to the date of the decedent's death, and the 1055  
decedent was domiciled in this state at the time of death for 1056  
purposes of the taxes levied under Chapter 5731. of the Revised 1057

Code. 1058

(iv) The transfer is made to a trust on account of a 1059  
contractual relationship existing directly or indirectly between 1060  
the transferor and another person who at the time of the 1061  
decedent's death was domiciled in this state for purposes of 1062  
this chapter. 1063

(v) The transfer is made to a trust on account of the will 1064  
of a testator who was domiciled in this state at the time of the 1065  
testator's death for purposes of the taxes levied under Chapter 1066  
5731. of the Revised Code. 1067

(vi) The transfer is made to a trust created by or caused 1068  
to be created by a court, and the trust was directly or 1069  
indirectly created in connection with or as a result of the 1070  
death of an individual who, for purposes of the taxes levied 1071  
under Chapter 5731. of the Revised Code, was domiciled in this 1072  
state at the time of the individual's death. 1073

(g) The tax commissioner may adopt rules to ascertain the 1074  
part of a trust residing in this state. 1075

(J) "Nonresident" means an individual or estate that is 1076  
not a resident. An individual who is a resident for only part of 1077  
a taxable year is a nonresident for the remainder of that 1078  
taxable year. 1079

(K) "Pass-through entity" has the same meaning as in 1080  
section 5733.04 of the Revised Code. 1081

(L) "Return" means the notifications and reports required 1082  
to be filed pursuant to this chapter for the purpose of 1083  
reporting the tax due and includes declarations of estimated tax 1084  
when so required. 1085

(M) "Taxable year" means the calendar year or the 1086  
taxpayer's fiscal year ending during the calendar year, or 1087  
fractional part thereof, upon which the adjusted gross income is 1088  
calculated pursuant to this chapter. 1089

(N) "Taxpayer" means any person subject to the tax imposed 1090  
by section 5747.02 of the Revised Code or any pass-through 1091  
entity that makes the election under division (D) of section 1092  
5747.08 of the Revised Code. 1093

(O) "Dependents" means dependents as defined in the 1094  
Internal Revenue Code and as claimed in the taxpayer's federal 1095  
income tax return for the taxable year or which the taxpayer 1096  
would have been permitted to claim had the taxpayer filed a 1097  
federal income tax return. 1098

(P) "Principal county of employment" means, in the case of 1099  
a nonresident, the county within the state in which a taxpayer 1100  
performs services for an employer or, if those services are 1101  
performed in more than one county, the county in which the major 1102  
portion of the services are performed. 1103

(Q) As used in sections 5747.50 to 5747.55 of the Revised 1104  
Code: 1105

(1) "Subdivision" means any county, municipal corporation, 1106  
park district, or township. 1107

(2) "Essential local government purposes" includes all 1108  
functions that any subdivision is required by general law to 1109  
exercise, including like functions that are exercised under a 1110  
charter adopted pursuant to the Ohio Constitution. 1111

(R) "Overpayment" means any amount already paid that 1112  
exceeds the figure determined to be the correct amount of the 1113  
tax. 1114

(S) "Taxable income" or "Ohio taxable income" applies only 1115  
to estates and trusts, and means federal taxable income, as 1116  
defined and used in the Internal Revenue Code, adjusted as 1117  
follows: 1118

(1) Add interest or dividends, net of ordinary, necessary, 1119  
and reasonable expenses not deducted in computing federal 1120  
taxable income, on obligations or securities of any state or of 1121  
any political subdivision or authority of any state, other than 1122  
this state and its subdivisions and authorities, but only to the 1123  
extent that such net amount is not otherwise includible in Ohio 1124  
taxable income and is described in either division (S) (1) (a) or 1125  
(b) of this section: 1126

(a) The net amount is not attributable to the S portion of 1127  
an electing small business trust and has not been distributed to 1128  
beneficiaries for the taxable year; 1129

(b) The net amount is attributable to the S portion of an 1130  
electing small business trust for the taxable year. 1131

(2) Add interest or dividends, net of ordinary, necessary, 1132  
and reasonable expenses not deducted in computing federal 1133  
taxable income, on obligations of any authority, commission, 1134  
instrumentality, territory, or possession of the United States 1135  
to the extent that the interest or dividends are exempt from 1136  
federal income taxes but not from state income taxes, but only 1137  
to the extent that such net amount is not otherwise includible 1138  
in Ohio taxable income and is described in either division (S) 1139  
(1) (a) or (b) of this section; 1140

(3) Add the amount of personal exemption allowed to the 1141  
estate pursuant to section 642(b) of the Internal Revenue Code; 1142

(4) Deduct interest or dividends, net of related expenses 1143



deducted in computing federal taxable income, on obligations of 1144  
the United States and its territories and possessions or of any 1145  
authority, commission, or instrumentality of the United States 1146  
to the extent that the interest or dividends are exempt from 1147  
state taxes under the laws of the United States, but only to the 1148  
extent that such amount is included in federal taxable income 1149  
and is described in either division (S)(1)(a) or (b) of this 1150  
section; 1151

(5) Deduct the amount of wages and salaries, if any, not 1152  
otherwise allowable as a deduction but that would have been 1153  
allowable as a deduction in computing federal taxable income for 1154  
the taxable year, had the targeted jobs credit allowed under 1155  
sections 38, 51, and 52 of the Internal Revenue Code not been in 1156  
effect, but only to the extent such amount relates either to 1157  
income included in federal taxable income for the taxable year 1158  
or to income of the S portion of an electing small business 1159  
trust for the taxable year; 1160

(6) Deduct any interest or interest equivalent, net of 1161  
related expenses deducted in computing federal taxable income, 1162  
on public obligations and purchase obligations, but only to the 1163  
extent that such net amount relates either to income included in 1164  
federal taxable income for the taxable year or to income of the 1165  
S portion of an electing small business trust for the taxable 1166  
year; 1167

(7) Add any loss or deduct any gain resulting from sale, 1168  
exchange, or other disposition of public obligations to the 1169  
extent that such loss has been deducted or such gain has been 1170  
included in computing either federal taxable income or income of 1171  
the S portion of an electing small business trust for the 1172  
taxable year; 1173

(8) Except in the case of the final return of an estate, 1174  
add any amount deducted by the taxpayer on both its Ohio estate 1175  
tax return pursuant to section 5731.14 of the Revised Code, and 1176  
on its federal income tax return in determining federal taxable 1177  
income; 1178

(9) (a) Deduct any amount included in federal taxable 1179  
income solely because the amount represents a reimbursement or 1180  
refund of expenses that in a previous year the decedent had 1181  
deducted as an itemized deduction pursuant to section 63 of the 1182  
Internal Revenue Code and applicable treasury regulations. The 1183  
deduction otherwise allowed under division (S) (9) (a) of this 1184  
section shall be reduced to the extent the reimbursement is 1185  
attributable to an amount the taxpayer or decedent deducted 1186  
under this section in any taxable year. 1187

(b) Add any amount not otherwise included in Ohio taxable 1188  
income for any taxable year to the extent that the amount is 1189  
attributable to the recovery during the taxable year of any 1190  
amount deducted or excluded in computing federal or Ohio taxable 1191  
income in any taxable year, but only to the extent such amount 1192  
has not been distributed to beneficiaries for the taxable year. 1193

(10) Deduct any portion of the deduction described in 1194  
section 1341(a) (2) of the Internal Revenue Code, for repaying 1195  
previously reported income received under a claim of right, that 1196  
meets both of the following requirements: 1197

(a) It is allowable for repayment of an item that was 1198  
included in the taxpayer's taxable income or the decedent's 1199  
adjusted gross income for a prior taxable year and did not 1200  
qualify for a credit under division (A) or (B) of section 1201  
5747.05 of the Revised Code for that year. 1202

(b) It does not otherwise reduce the taxpayer's taxable 1203  
income or the decedent's adjusted gross income for the current 1204  
or any other taxable year. 1205

(11) Add any amount claimed as a credit under section 1206  
5747.059 or 5747.65 of the Revised Code to the extent that the 1207  
amount satisfies either of the following: 1208

(a) The amount was deducted or excluded from the 1209  
computation of the taxpayer's federal taxable income as required 1210  
to be reported for the taxpayer's taxable year under the 1211  
Internal Revenue Code; 1212

(b) The amount resulted in a reduction in the taxpayer's 1213  
federal taxable income as required to be reported for any of the 1214  
taxpayer's taxable years under the Internal Revenue Code. 1215

(12) Deduct any amount, net of related expenses deducted 1216  
in computing federal taxable income, that a trust is required to 1217  
report as farm income on its federal income tax return, but only 1218  
if the assets of the trust include at least ten acres of land 1219  
satisfying the definition of "land devoted exclusively to 1220  
agricultural use" under section 5713.30 of the Revised Code, 1221  
regardless of whether the land is valued for tax purposes as 1222  
such land under sections 5713.30 to 5713.38 of the Revised Code. 1223  
If the trust is a pass-through entity investor, section 5747.231 1224  
of the Revised Code applies in ascertaining if the trust is 1225  
eligible to claim the deduction provided by division (S)(12) of 1226  
this section in connection with the pass-through entity's farm 1227  
income. 1228

Except for farm income attributable to the S portion of an 1229  
electing small business trust, the deduction provided by 1230  
division (S)(12) of this section is allowed only to the extent 1231

that the trust has not distributed such farm income. Division 1232  
(S) (12) of this section applies only to taxable years of a trust 1233  
beginning in 2002 or thereafter. 1234

(13) Add the net amount of income described in section 1235  
641(c) of the Internal Revenue Code to the extent that amount is 1236  
not included in federal taxable income. 1237

(14) Add or deduct the amount the taxpayer would be 1238  
required to add or deduct under division (A) (20) or (21) of this 1239  
section if the taxpayer's Ohio taxable income were computed in 1240  
the same manner as an individual's Ohio adjusted gross income is 1241  
computed under this section. In the case of a trust, division 1242  
(S) (14) of this section applies only to any of the trust's 1243  
taxable years beginning in 2002 or thereafter. 1244

(T) "School district income" and "school district income 1245  
tax" have the same meanings as in section 5748.01 of the Revised 1246  
Code. 1247

(U) As used in divisions (A) (8), (A) (9), (S) (6), and (S) 1248  
(7) of this section, "public obligations," "purchase 1249  
obligations," and "interest or interest equivalent" have the 1250  
same meanings as in section 5709.76 of the Revised Code. 1251

(V) "Limited liability company" means any limited 1252  
liability company formed under Chapter 1705. of the Revised Code 1253  
or under the laws of any other state. 1254

(W) "Pass-through entity investor" means any person who, 1255  
during any portion of a taxable year of a pass-through entity, 1256  
is a partner, member, shareholder, or equity investor in that 1257  
pass-through entity. 1258

(X) "Banking day" has the same meaning as in section 1259  
1304.01 of the Revised Code. 1260

(Y) "Month" means a calendar month. 1261

(Z) "Quarter" means the first three months, the second 1262  
three months, the third three months, or the last three months 1263  
of the taxpayer's taxable year. 1264

(AA) (1) "Eligible institution" means a state university or 1265  
state institution of higher education as defined in section 1266  
3345.011 of the Revised Code, or a private, nonprofit college, 1267  
university, or other post-secondary institution located in this 1268  
state that possesses a certificate of authorization issued by 1269  
the chancellor of higher education pursuant to Chapter 1713. of 1270  
the Revised Code or a certificate of registration issued by the 1271  
state board of career colleges and schools under Chapter 3332. 1272  
of the Revised Code. 1273

(2) "Qualified tuition and fees" means tuition and fees 1274  
imposed by an eligible institution as a condition of enrollment 1275  
or attendance, not exceeding two thousand five hundred dollars 1276  
in each of the individual's first two years of post-secondary 1277  
education. If the individual is a part-time student, "qualified 1278  
tuition and fees" includes tuition and fees paid for the 1279  
academic equivalent of the first two years of post-secondary 1280  
education during a maximum of five taxable years, not exceeding 1281  
a total of five thousand dollars. "Qualified tuition and fees" 1282  
does not include: 1283

(a) Expenses for any course or activity involving sports, 1284  
games, or hobbies unless the course or activity is part of the 1285  
individual's degree or diploma program; 1286

(b) The cost of books, room and board, student activity 1287  
fees, athletic fees, insurance expenses, or other expenses 1288  
unrelated to the individual's academic course of instruction; 1289

(c) Tuition, fees, or other expenses paid or reimbursed 1290  
through an employer, scholarship, grant in aid, or other 1291  
educational benefit program. 1292

(BB)(1) "Modified business income" means the business 1293  
income included in a trust's Ohio taxable income after such 1294  
taxable income is first reduced by the qualifying trust amount, 1295  
if any. 1296

(2) "Qualifying trust amount" of a trust means capital 1297  
gains and losses from the sale, exchange, or other disposition 1298  
of equity or ownership interests in, or debt obligations of, a 1299  
qualifying investee to the extent included in the trust's Ohio 1300  
taxable income, but only if the following requirements are 1301  
satisfied: 1302

(a) The book value of the qualifying investee's physical 1303  
assets in this state and everywhere, as of the last day of the 1304  
qualifying investee's fiscal or calendar year ending immediately 1305  
prior to the date on which the trust recognizes the gain or 1306  
loss, is available to the trust. 1307

(b) The requirements of section 5747.011 of the Revised 1308  
Code are satisfied for the trust's taxable year in which the 1309  
trust recognizes the gain or loss. 1310

Any gain or loss that is not a qualifying trust amount is 1311  
modified business income, qualifying investment income, or 1312  
modified nonbusiness income, as the case may be. 1313

(3) "Modified nonbusiness income" means a trust's Ohio 1314  
taxable income other than modified business income, other than 1315  
the qualifying trust amount, and other than qualifying 1316  
investment income, as defined in section 5747.012 of the Revised 1317  
Code, to the extent such qualifying investment income is not 1318

otherwise part of modified business income. 1319

(4) "Modified Ohio taxable income" applies only to trusts, 1320  
and means the sum of the amounts described in divisions (BB) (4) 1321  
(a) to (c) of this section: 1322

(a) The fraction, calculated under section 5747.013, and 1323  
applying section 5747.231 of the Revised Code, multiplied by the 1324  
sum of the following amounts: 1325

(i) The trust's modified business income; 1326  
  
(ii) The trust's qualifying investment income, as defined 1327  
in section 5747.012 of the Revised Code, but only to the extent 1328  
the qualifying investment income does not otherwise constitute 1329  
modified business income and does not otherwise constitute a 1330  
qualifying trust amount. 1331

(b) The qualifying trust amount multiplied by a fraction, 1332  
the numerator of which is the sum of the book value of the 1333  
qualifying investee's physical assets in this state on the last 1334  
day of the qualifying investee's fiscal or calendar year ending 1335  
immediately prior to the day on which the trust recognizes the 1336  
qualifying trust amount, and the denominator of which is the sum 1337  
of the book value of the qualifying investee's total physical 1338  
assets everywhere on the last day of the qualifying investee's 1339  
fiscal or calendar year ending immediately prior to the day on 1340  
which the trust recognizes the qualifying trust amount. If, for 1341  
a taxable year, the trust recognizes a qualifying trust amount 1342  
with respect to more than one qualifying investee, the amount 1343  
described in division (BB) (4) (b) of this section shall equal the 1344  
sum of the products so computed for each such qualifying 1345  
investee. 1346

(c) (i) With respect to a trust or portion of a trust that 1347

is a resident as ascertained in accordance with division (I) (3) 1348  
(d) of this section, its modified nonbusiness income. 1349

(ii) With respect to a trust or portion of a trust that is 1350  
not a resident as ascertained in accordance with division (I) (3) 1351  
(d) of this section, the amount of its modified nonbusiness 1352  
income satisfying the descriptions in divisions (B) (2) to (5) of 1353  
section 5747.20 of the Revised Code, except as otherwise 1354  
provided in division (BB) (4) (c) (ii) of this section. With 1355  
respect to a trust or portion of a trust that is not a resident 1356  
as ascertained in accordance with division (I) (3) (d) of this 1357  
section, the trust's portion of modified nonbusiness income 1358  
recognized from the sale, exchange, or other disposition of a 1359  
debt interest in or equity interest in a section 5747.212 1360  
entity, as defined in section 5747.212 of the Revised Code, 1361  
without regard to division (A) of that section, shall not be 1362  
allocated to this state in accordance with section 5747.20 of 1363  
the Revised Code but shall be apportioned to this state in 1364  
accordance with division (B) of section 5747.212 of the Revised 1365  
Code without regard to division (A) of that section. 1366

If the allocation and apportionment of a trust's income 1367  
under divisions (BB) (4) (a) and (c) of this section do not fairly 1368  
represent the modified Ohio taxable income of the trust in this 1369  
state, the alternative methods described in division (C) of 1370  
section 5747.21 of the Revised Code may be applied in the manner 1371  
and to the same extent provided in that section. 1372

(5) (a) Except as set forth in division (BB) (5) (b) of this 1373  
section, "qualifying investee" means a person in which a trust 1374  
has an equity or ownership interest, or a person or unit of 1375  
government the debt obligations of either of which are owned by 1376  
a trust. For the purposes of division (BB) (2) (a) of this section 1377



and for the purpose of computing the fraction described in 1378  
division (BB) (4) (b) of this section, all of the following apply: 1379

(i) If the qualifying investee is a member of a qualifying 1380  
controlled group on the last day of the qualifying investee's 1381  
fiscal or calendar year ending immediately prior to the date on 1382  
which the trust recognizes the gain or loss, then "qualifying 1383  
investee" includes all persons in the qualifying controlled 1384  
group on such last day. 1385

(ii) If the qualifying investee, or if the qualifying 1386  
investee and any members of the qualifying controlled group of 1387  
which the qualifying investee is a member on the last day of the 1388  
qualifying investee's fiscal or calendar year ending immediately 1389  
prior to the date on which the trust recognizes the gain or 1390  
loss, separately or cumulatively own, directly or indirectly, on 1391  
the last day of the qualifying investee's fiscal or calendar 1392  
year ending immediately prior to the date on which the trust 1393  
recognizes the qualifying trust amount, more than fifty per cent 1394  
of the equity of a pass-through entity, then the qualifying 1395  
investee and the other members are deemed to own the 1396  
proportionate share of the pass-through entity's physical assets 1397  
which the pass-through entity directly or indirectly owns on the 1398  
last day of the pass-through entity's calendar or fiscal year 1399  
ending within or with the last day of the qualifying investee's 1400  
fiscal or calendar year ending immediately prior to the date on 1401  
which the trust recognizes the qualifying trust amount. 1402

(iii) For the purposes of division (BB) (5) (a) (iii) of this 1403  
section, "upper level pass-through entity" means a pass-through 1404  
entity directly or indirectly owning any equity of another pass- 1405  
through entity, and "lower level pass-through entity" means that 1406  
other pass-through entity. 1407

An upper level pass-through entity, whether or not it is 1408  
also a qualifying investee, is deemed to own, on the last day of 1409  
the upper level pass-through entity's calendar or fiscal year, 1410  
the proportionate share of the lower level pass-through entity's 1411  
physical assets that the lower level pass-through entity 1412  
directly or indirectly owns on the last day of the lower level 1413  
pass-through entity's calendar or fiscal year ending within or 1414  
with the last day of the upper level pass-through entity's 1415  
fiscal or calendar year. If the upper level pass-through entity 1416  
directly and indirectly owns less than fifty per cent of the 1417  
equity of the lower level pass-through entity on each day of the 1418  
upper level pass-through entity's calendar or fiscal year in 1419  
which or with which ends the calendar or fiscal year of the 1420  
lower level pass-through entity and if, based upon clear and 1421  
convincing evidence, complete information about the location and 1422  
cost of the physical assets of the lower pass-through entity is 1423  
not available to the upper level pass-through entity, then 1424  
solely for purposes of ascertaining if a gain or loss 1425  
constitutes a qualifying trust amount, the upper level pass- 1426  
through entity shall be deemed as owning no equity of the lower 1427  
level pass-through entity for each day during the upper level 1428  
pass-through entity's calendar or fiscal year in which or with 1429  
which ends the lower level pass-through entity's calendar or 1430  
fiscal year. Nothing in division (BB) (5) (a) (iii) of this section 1431  
shall be construed to provide for any deduction or exclusion in 1432  
computing any trust's Ohio taxable income. 1433

(b) With respect to a trust that is not a resident for the 1434  
taxable year and with respect to a part of a trust that is not a 1435  
resident for the taxable year, "qualifying investee" for that 1436  
taxable year does not include a C corporation if both of the 1437  
following apply: 1438

(i) During the taxable year the trust or part of the trust 1439  
recognizes a gain or loss from the sale, exchange, or other 1440  
disposition of equity or ownership interests in, or debt 1441  
obligations of, the C corporation. 1442

(ii) Such gain or loss constitutes nonbusiness income. 1443

(6) "Available" means information is such that a person is 1444  
able to learn of the information by the due date plus 1445  
extensions, if any, for filing the return for the taxable year 1446  
in which the trust recognizes the gain or loss. 1447

(CC) "Qualifying controlled group" has the same meaning as 1448  
in section 5733.04 of the Revised Code. 1449

(DD) "Related member" has the same meaning as in section 1450  
5733.042 of the Revised Code. 1451

(EE) (1) For the purposes of division (EE) of this section: 1452

(a) "Qualifying person" means any person other than a 1453  
qualifying corporation. 1454

(b) "Qualifying corporation" means any person classified 1455  
for federal income tax purposes as an association taxable as a 1456  
corporation, except either of the following: 1457

(i) A corporation that has made an election under 1458  
subchapter S, chapter one, subtitle A, of the Internal Revenue 1459  
Code for its taxable year ending within, or on the last day of, 1460  
the investor's taxable year; 1461

(ii) A subsidiary that is wholly owned by any corporation 1462  
that has made an election under subchapter S, chapter one, 1463  
subtitle A of the Internal Revenue Code for its taxable year 1464  
ending within, or on the last day of, the investor's taxable 1465  
year. 1466

(2) For the purposes of this chapter, unless expressly 1467  
stated otherwise, no qualifying person indirectly owns any asset 1468  
directly or indirectly owned by any qualifying corporation. 1469

(FF) For purposes of this chapter and Chapter 5751. of the 1470  
Revised Code: 1471

(1) "Trust" does not include a qualified pre-income tax 1472  
trust. 1473

(2) A "qualified pre-income tax trust" is any pre-income 1474  
tax trust that makes a qualifying pre-income tax trust election 1475  
as described in division (FF)(3) of this section. 1476

(3) A "qualifying pre-income tax trust election" is an 1477  
election by a pre-income tax trust to subject to the tax imposed 1478  
by section 5751.02 of the Revised Code the pre-income tax trust 1479  
and all pass-through entities of which the trust owns or 1480  
controls, directly, indirectly, or constructively through 1481  
related interests, five per cent or more of the ownership or 1482  
equity interests. The trustee shall notify the tax commissioner 1483  
in writing of the election on or before April 15, 2006. The 1484  
election, if timely made, shall be effective on and after 1485  
January 1, 2006, and shall apply for all tax periods and tax 1486  
years until revoked by the trustee of the trust. 1487

(4) A "pre-income tax trust" is a trust that satisfies all 1488  
of the following requirements: 1489

(a) The document or instrument creating the trust was 1490  
executed by the grantor before January 1, 1972; 1491

(b) The trust became irrevocable upon the creation of the 1492  
trust; and 1493

(c) The grantor was domiciled in this state at the time 1494

the trust was created. 1495

(GG) "Uniformed services" has the same meaning as in 10 1496  
U.S.C. 101. 1497

(HH) "Taxable business income" means the amount by which 1498  
an individual's business income that is included in federal 1499  
adjusted gross income exceeds the amount of business income the 1500  
individual is authorized to deduct under division (A) (31) of 1501  
this section for the taxable year. 1502

(II) "Employer" does not include a franchisor with respect 1503  
to the franchisor's relationship with a franchisee or an 1504  
employee of a franchisee, unless the franchisor agrees to assume 1505  
that role in writing or a court of competent jurisdiction 1506  
determines that the franchisor exercises a type or degree of 1507  
control over the franchisee or the franchisee's employees that 1508  
is not customarily exercised by a franchisor for the purpose of 1509  
protecting the franchisor's trademark, brand, or both. For 1510  
purposes of this division, "franchisor" and "franchisee" have 1511  
the same meanings as in 16 C.F.R. 436.1. 1512

**Section 2.** That existing section 5747.01 of the Revised 1513  
Code is hereby repealed. 1514

**Section 3.** All items in this section are hereby 1515  
appropriated as designated out of any moneys in the state 1516  
treasury to the credit of the designated fund. For all 1517  
appropriations made in this act, those in the first column are 1518  
for fiscal year 2020 and those in the second column are for 1519  
fiscal year 2021. The appropriations made in this act are in 1520  
addition to any other appropriations made for the FY 2020-FY 1521  
2021 biennium. 1522

DEV DEVELOPMENT SERVICES AGENCY 1523

General Revenue Fund					1524
GRF	195553	Industry Sector Partnerships	\$2,500,000	\$2,500,000	1525
GRF	195556	Microcredential Assistance	\$15,000,000	\$15,000,000	1526
		Program			1527
TOTAL GRF General Revenue Fund			\$17,500,000	\$17,500,000	1528
TOTAL ALL BUDGET FUND GROUPS			\$17,500,000	\$17,500,000	1529
INDUSTRY SECTOR PARTNERSHIPS					1530
The foregoing appropriation item 195553, Industry Sector Partnerships, shall be used for the grant program described in section 122.179 of the Revised Code.					1531
					1532
					1533
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.					1534
					1535
					1536
					1537
					1538
					1539
					1540
MICROCREDENTIAL ASSISTANCE PROGRAM					1541
(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:					1542
					1543
					1544
					1545
(1) Not more than \$4,100,000 in each fiscal year may be awarded to businesses with 50 or fewer employees;					1546
					1547
(2) Not more than \$4,100,000 in each fiscal year may be awarded to businesses with between 51 and 200 employees; and					1548
					1549

(3) Not more than \$4,100,000 in each fiscal year may be 1550  
awarded to businesses with 201 or more employees. 1551

(B) Of the foregoing appropriation item 195556, 1552  
Microcredential Assistance Program, \$2,500,000 in each fiscal 1553  
year shall be used for the Individual Microcredential Assistance 1554  
Program as described in section 122.1710 of the Revised Code. 1555

(C) Of the foregoing appropriation item 195556, 1556  
Microcredential Assistance Program, \$200,000 in each fiscal year 1557  
shall be used for marketing the workforce development programs 1558  
offered by the Development Services Agency as described in 1559  
section 122.1711 of the Revised Code. 1560

(D) On July 1, 2020, or as soon as possible thereafter, 1561  
the Director of Development Services shall certify to the 1562  
Director of Budget and Management the unexpended, unencumbered 1563  
balance of the fiscal year 2020 appropriation to the foregoing 1564  
appropriation item. The certified amount is hereby 1565  
reappropriated to the foregoing appropriation item in fiscal 1566  
year 2021, provided that the reappropriated amount is allocated 1567  
for the purposes set forth in divisions (A)(1), (2), (3), (B), 1568  
and (C) of this section. 1569

**Section 4.** Within the limits set forth in this act, the 1570  
Director of Budget and Management shall establish accounts 1571  
indicating the source and amount of funds for each appropriation 1572  
made in this act, and shall determine the form and manner in 1573  
which appropriation accounts shall be maintained. Expenditures 1574  
from appropriations contained in this act shall be accounted for 1575  
as though made in the main operating appropriations act of the 1576  
133rd General Assembly. 1577

The appropriations made in this act are subject to all 1578

provisions of the main operating appropriations act of the 133rd	1579
General Assembly that are generally applicable to such	1580
appropriations.	1581