

As Reported by the House Ways and Means Committee

135th General Assembly

Regular Session

2023-2024

H. B. No. 125

Representatives Mathews, Santucci

A BILL

To amend sections 5747.70 and 5747.78 of the 1
Revised Code to modify the income tax deductions 2
for contributions to 529 plans and ABLE 3
accounts. 4

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

Section 1. That sections 5747.70 and 5747.78 of the 5
Revised Code be amended to read as follows: 6

Sec. 5747.70. (A) In computing Ohio adjusted gross income, 7
a deduction from federal adjusted gross income is allowed to a 8
taxpayer who contributes to or purchases tuition units under a 9
qualified tuition program established in accordance with section 10
529 of the Internal Revenue Code. The amount of the deduction 11
shall equal the amount contributed or purchased during the 12
taxable year to the extent that the amounts of such 13
contributions and purchases were not deducted in determining the 14
contributor's or purchaser's federal adjusted gross income for 15
the taxable year. The combined amount of contributions and 16
purchases deducted in any taxable year ~~by a taxpayer or the~~ 17
~~taxpayer and the taxpayer's spouse, regardless of whether the~~ 18
~~taxpayer and the taxpayer's spouse file separate returns or a~~ 19

~~joint return, is limited to four thousand dollars shall not~~ 20
~~exceed the annual contribution limit~~ for each beneficiary for 21
whom contributions or purchases are made. If the combined annual 22
contributions and purchases for a beneficiary exceed ~~four-~~ 23
~~thousand dollars~~the annual contribution limit, the excess may be 24
carried forward and deducted in future taxable years until the 25
contributions and purchases have been fully deducted. 26

(B) In computing Ohio adjusted gross income, a deduction 27
from federal adjusted gross income is allowed for: 28

(1) Income related to tuition units and contributions that 29
as of the end of the taxable year have not been refunded 30
pursuant to the termination of a qualified tuition program 31
payment contract or account to the extent that such income is 32
included in federal adjusted gross income. 33

(2) The excess of the total purchase price of tuition 34
units refunded during the taxable year pursuant to the 35
termination of a qualified tuition program payment contract over 36
the amount of the refund, to the extent the amount of the excess 37
was not deducted in determining federal adjusted gross income. 38
Division (B) (2) of this section applies only to units for which 39
no deduction was allowable under division (A) of this section. 40

(C) In computing Ohio adjusted gross income, there shall 41
be added to federal adjusted gross income the amount of loss 42
related to tuition units and contributions that as of the end of 43
the taxable year have not been refunded pursuant to the 44
termination of a qualified tuition program payment contract or 45
account to the extent that such loss was deducted in determining 46
federal adjusted gross income. 47

(D) For taxable years in which distributions or refunds 48

are made under a qualified tuition program for any reason other 49
than payment of higher education expenses, or the beneficiary's 50
death, disability, or receipt of a scholarship as described in 51
section 3334.10 of the Revised Code: 52

(1) If the distribution or refund is paid to the purchaser 53
or contributor or beneficiary, any portion of the distribution 54
or refund not included in the recipient's federal adjusted gross 55
income shall be added to the recipient's federal adjusted gross 56
income in determining the recipient's Ohio adjusted gross 57
income, except that the amount added shall not exceed amounts 58
previously deducted under division (A) of this section less any 59
amounts added under division (D) (1) of this section in a prior 60
taxable year. 61

(2) If amounts paid by a purchaser or contributor on or 62
after January 1, 2000, are distributed or refunded to someone 63
other than the purchaser or contributor or beneficiary, the 64
amount of the payment not included in the recipient's federal 65
adjusted gross income, less any amounts added under division (D) 66
of this section in a prior taxable year, shall be added to the 67
recipient's federal adjusted gross income in determining the 68
recipient's Ohio adjusted gross income. 69

(E) As used in this section, the "annual contribution 70
limit" for taxable years beginning in 2023 equals eight thousand 71
dollars, if the taxpayer and the taxpayer's spouse file a joint 72
return, or four thousand dollars, in the case of all other 73
taxpayers. For taxable years beginning in 2024 and thereafter, 74
the tax commissioner shall adjust the annual contribution limits 75
in the manner described in this division. 76

In August of each year, beginning in 2024, the 77
commissioner shall multiply each annual contribution limit by 78

the percentage increase in the gross domestic product deflator 79
for that period calculated during that August under section 80
5747.025 of the Revised Code; add the resulting product to the 81
respective annual contribution limit for taxable years beginning 82
in the preceding calendar year; and round the resulting sum up 83
to the nearest multiple of fifty dollars. The adjusted amounts 84
apply to taxable years beginning in the calendar year in which 85
the adjustment is made and to taxable years beginning in each 86
ensuing calendar year until a calendar year in which a new 87
adjustment is made pursuant to this division. The commissioner 88
shall not make a new adjustment in any calendar year in which 89
the amount resulting from the adjustment would be less than the 90
amount resulting from the adjustment in the preceding calendar 91
year. 92

Sec. 5747.78. In computing Ohio adjusted gross income, a 93
deduction from federal adjusted gross income is allowed to a 94
contributor for amounts contributed during the taxable year to 95
an ABLE savings account opened in accordance with sections 96
113.50 to 113.56 of the Revised Code to the extent that the 97
amounts contributed have not been deducted in computing the 98
contributor's federal adjusted gross income for the taxable 99
year. The total amount of contributions deducted for any taxable 100
~~year by a taxpayer or the taxpayer and the taxpayer's spouse,~~ 101
~~regardless of whether the taxpayer and the taxpayer's spouse~~ 102
~~file separate returns or a joint return,~~ shall not exceed the 103
annual contribution limit for each beneficiary for whom 104
contributions are made. If the total annual contributions for a 105
beneficiary exceed the annual contribution limit, the excess may 106
be carried forward and deducted in future taxable years until 107
the contributions have been fully deducted. 108

As used in this section, "annual contribution limit" ~~means~~ 109

~~the limit prescribed in section 5747.70 of the Revised Code on~~ 110
~~the dollar amount of contributions and purchases that a~~ 111
~~taxpayer, or a taxpayer and the taxpayer's spouse, may deduct~~ 112
~~during a taxable year under that section with respect to each~~ 113
~~beneficiary for whom contributions or purchases are made~~has the 114
same meaning as in section 5747.70 of the Revised Code. 115

Section 2. That existing sections 5747.70 and 5747.78 of 116
the Revised Code are hereby repealed. 117