

As Introduced

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H. B. No. 228

Representative Schaffer

**Cosponsors: Representatives Brent, Vitale, Becker, Stoltzfus, Manning, D.,
Plummer, Riedel, O'Brien, Carfagna, Romanchuk, Cross**

A BILL

To amend sections 5747.02, 5747.08, and 5747.98 and 1
to enact section 5747.64 of the Revised Code to 2
allow an income tax credit for law enforcement 3
officials who purchase safety or protective 4
items to be used in the course of official law 5
enforcement activities. 6

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

Section 1. That sections 5747.02, 5747.08, and 5747.98 be 7
amended and section 5747.64 of the Revised Code be enacted to 8
read as follows: 9

Sec. 5747.02. (A) For the purpose of providing revenue for 10
the support of schools and local government functions, to 11
provide relief to property taxpayers, to provide revenue for the 12
general revenue fund, and to meet the expenses of administering 13
the tax levied by this chapter, there is hereby levied on every 14
individual, trust, and estate residing in or earning or 15
receiving income in this state, on every individual, trust, and 16
estate earning or receiving lottery winnings, prizes, or awards 17
pursuant to Chapter 3770. of the Revised Code, on every 18

individual, trust, and estate earning or receiving winnings on 19
casino gaming, and on every individual, trust, and estate 20
otherwise having nexus with or in this state under the 21
Constitution of the United States, an annual tax measured as 22
prescribed in divisions (A)(1) to (4) of this section. 23

(1) In the case of trusts, the tax imposed by this section 24
shall be measured by modified Ohio taxable income under division 25
(D) of this section and levied in the same amount as the tax is 26
imposed on estates as prescribed in division (A)(2) of this 27
section. 28

(2) In the case of estates, the tax imposed by this 29
section shall be measured by Ohio taxable income and levied at 30
the rate of seven thousand four hundred twenty-five ten- 31
thousandths per cent for the first ten thousand five hundred 32
dollars of such income and, for income in excess of that amount, 33
at the same rates prescribed in division (A)(3) of this section 34
for individuals. 35

(3) In the case of individuals, for taxable years 36
beginning in 2017 or thereafter, the tax imposed by this section 37
on income other than taxable business income shall be measured 38
by Ohio adjusted gross income, less taxable business income and 39
less an exemption for the taxpayer, the taxpayer's spouse, and 40
each dependent as provided in section 5747.025 of the Revised 41
Code. If the balance thus obtained is equal to or less than ten 42
thousand five hundred dollars, no tax shall be imposed on that 43
balance. If the balance thus obtained is greater than ten 44
thousand five hundred dollars, the tax is hereby levied as 45
follows: 46

OHIO ADJUSTED GROSS 47
INCOME LESS TAXABLE 48

division (A) (3) of this section exceed the taxpayer's Ohio 77
adjusted gross income less taxable business income, the excess 78
shall be deducted from taxable business income before computing 79
the tax under division (A) (4) (a) of this section. 80

(5) Except as otherwise provided in this division, in 81
August of each year, the tax commissioner shall make a new 82
adjustment to the income amounts prescribed in divisions (A) (2) 83
and (3) of this section by multiplying the percentage increase 84
in the gross domestic product deflator computed that year under 85
section 5747.025 of the Revised Code by each of the income 86
amounts resulting from the adjustment under this division in the 87
preceding year, adding the resulting product to the 88
corresponding income amount resulting from the adjustment in the 89
preceding year, and rounding the resulting sum to the nearest 90
multiple of fifty dollars. The tax commissioner also shall 91
recompute each of the tax dollar amounts to the extent necessary 92
to reflect the new adjustment of the income amounts. To 93
recompute the tax dollar amount corresponding to the lowest tax 94
rate in division (A) (3) of this section, the commissioner shall 95
multiply the tax rate prescribed in division (A) (2) of this 96
section by the income amount specified in that division and as 97
adjusted according to this paragraph. The rates of taxation 98
shall not be adjusted. 99

The adjusted amounts apply to taxable years beginning in 100
the calendar year in which the adjustments are made and to 101
taxable years beginning in each ensuing calendar year until a 102
calendar year in which a new adjustment is made pursuant to this 103
division. The tax commissioner shall not make a new adjustment 104
in any year in which the amount resulting from the adjustment 105
would be less than the amount resulting from the adjustment in 106
the preceding year. 107

(B) If the director of budget and management makes a certification to the tax commissioner under division (B) of section 131.44 of the Revised Code, the amount of tax as determined under divisions (A) (1) to (3) of this section shall be reduced by the percentage prescribed in that certification for taxable years beginning in the calendar year in which that certification is made.

(C) The levy of this tax on income does not prevent a municipal corporation, a joint economic development zone created under section 715.691, or a joint economic development district created under section 715.70, 715.71, or 715.72 of the Revised Code from levying a tax on income.

(D) This division applies only to taxable years of a trust beginning in 2002 or thereafter.

(1) The tax imposed by this section on a trust shall be computed by multiplying the Ohio modified taxable income of the trust by the rates prescribed by division (A) of this section.

(2) A resident trust may claim a credit against the tax computed under division (D) of this section equal to the lesser of (a) the tax paid to another state or the District of Columbia on the resident trust's modified nonbusiness income, other than the portion of the resident trust's nonbusiness income that is qualifying investment income as defined in section 5747.012 of the Revised Code, or (b) the effective tax rate, based on modified Ohio taxable income, multiplied by the resident trust's modified nonbusiness income other than the portion of the resident trust's nonbusiness income that is qualifying investment income. The credit applies before any other applicable credits.

(3) The credits enumerated in divisions (A) (1) to ~~(9)~~(10) 137
and (A) ~~(18)~~(19) to ~~(20)~~(21) of section 5747.98 of the Revised 138
Code do not apply to a trust subject to division (D) of this 139
section. Any credits enumerated in other divisions of section 140
5747.98 of the Revised Code apply to a trust subject to division 141
(D) of this section. To the extent that the trust distributes 142
income for the taxable year for which a credit is available to 143
the trust, the credit shall be shared by the trust and its 144
beneficiaries. The tax commissioner and the trust shall be 145
guided by applicable regulations of the United States treasury 146
regarding the sharing of credits. 147

(E) For the purposes of this section, "trust" means any 148
trust described in Subchapter J of Chapter 1 of the Internal 149
Revenue Code, excluding trusts that are not irrevocable as 150
defined in division (I) (3) (b) of section 5747.01 of the Revised 151
Code and that have no modified Ohio taxable income for the 152
taxable year, charitable remainder trusts, qualified funeral 153
trusts and preneed funeral contract trusts established pursuant 154
to sections 4717.31 to 4717.38 of the Revised Code that are not 155
qualified funeral trusts, endowment and perpetual care trusts, 156
qualified settlement trusts and funds, designated settlement 157
trusts and funds, and trusts exempted from taxation under 158
section 501(a) of the Internal Revenue Code. 159

(F) Nothing in division (A) (3) of this section shall 160
prohibit an individual with an Ohio adjusted gross income, less 161
taxable business income and exemptions, of ten thousand five 162
hundred dollars or less from filing a return under this chapter 163
to receive a refund of taxes withheld or to claim any refundable 164
credit allowed under this chapter. 165

Sec. 5747.08. An annual return with respect to the tax 166

imposed by section 5747.02 of the Revised Code and each tax 167
imposed under Chapter 5748. of the Revised Code shall be made by 168
every taxpayer for any taxable year for which the taxpayer is 169
liable for the tax imposed by that section or under that 170
chapter, unless the total credits allowed under division (E) of 171
section 5747.05 and divisions (F) and (G) of section 5747.055 of 172
the Revised Code for the year are equal to or exceed the tax 173
imposed by section 5747.02 of the Revised Code, in which case no 174
return shall be required unless the taxpayer is liable for a tax 175
imposed pursuant to Chapter 5748. of the Revised Code. 176

(A) If an individual is deceased, any return or notice 177
required of that individual under this chapter shall be made and 178
filed by that decedent's executor, administrator, or other 179
person charged with the property of that decedent. 180

(B) If an individual is unable to make a return or notice 181
required by this chapter, the return or notice required of that 182
individual shall be made and filed by the individual's duly 183
authorized agent, guardian, conservator, fiduciary, or other 184
person charged with the care of the person or property of that 185
individual. 186

(C) Returns or notices required of an estate or a trust 187
shall be made and filed by the fiduciary of the estate or trust. 188

(D) (1) (a) Except as otherwise provided in division (D) (1) 189
(b) of this section, any pass-through entity may file a single 190
return on behalf of one or more of the entity's investors other 191
than an investor that is a person subject to the tax imposed 192
under section 5733.06 of the Revised Code. The single return 193
shall set forth the name, address, and social security number or 194
other identifying number of each of those pass-through entity 195
investors and shall indicate the distributive share of each of 196

those pass-through entity investor's income taxable in this 197
state in accordance with sections 5747.20 to 5747.231 of the 198
Revised Code. Such pass-through entity investors for whom the 199
pass-through entity elects to file a single return are not 200
entitled to the exemption or credit provided for by sections 201
5747.02 and 5747.022 of the Revised Code; shall calculate the 202
tax before business credits at the highest rate of tax set forth 203
in section 5747.02 of the Revised Code for the taxable year for 204
which the return is filed; and are entitled to only their 205
distributive share of the business credits as defined in 206
division (D) (2) of this section. A single check drawn by the 207
pass-through entity shall accompany the return in full payment 208
of the tax due, as shown on the single return, for such 209
investors, other than investors who are persons subject to the 210
tax imposed under section 5733.06 of the Revised Code. 211

(b) (i) A pass-through entity shall not include in such a 212
single return any investor that is a trust to the extent that 213
any direct or indirect current, future, or contingent 214
beneficiary of the trust is a person subject to the tax imposed 215
under section 5733.06 of the Revised Code. 216

(ii) A pass-through entity shall not include in such a 217
single return any investor that is itself a pass-through entity 218
to the extent that any direct or indirect investor in the second 219
pass-through entity is a person subject to the tax imposed under 220
section 5733.06 of the Revised Code. 221

(c) Nothing in division (D) of this section precludes the 222
tax commissioner from requiring such investors to file the 223
return and make the payment of taxes and related interest, 224
penalty, and interest penalty required by this section or 225
section 5747.02, 5747.09, or 5747.15 of the Revised Code. 226

Nothing in division (D) of this section precludes such an	227
investor from filing the annual return under this section,	228
utilizing the refundable credit equal to the investor's	229
proportionate share of the tax paid by the pass-through entity	230
on behalf of the investor under division (I) of this section,	231
and making the payment of taxes imposed under section 5747.02 of	232
the Revised Code. Nothing in division (D) of this section shall	233
be construed to provide to such an investor or pass-through	234
entity any additional deduction or credit, other than the credit	235
provided by division (I) of this section, solely on account of	236
the entity's filing a return in accordance with this section.	237
Such a pass-through entity also shall make the filing and	238
payment of estimated taxes on behalf of the pass-through entity	239
investors other than an investor that is a person subject to the	240
tax imposed under section 5733.06 of the Revised Code.	241
(2) For the purposes of this section, "business credits"	242
means the credits listed in section 5747.98 of the Revised Code	243
excluding the following credits:	244
(a) The retirement income credit under division (B) of	245
section 5747.055 of the Revised Code;	246
(b) The senior citizen credit under division (F) of	247
section 5747.055 of the Revised Code;	248
(c) The lump sum distribution credit under division (G) of	249
section 5747.055 of the Revised Code;	250
(d) The dependent care credit under section 5747.054 of	251
the Revised Code;	252
(e) The lump sum retirement income credit under division	253
(C) of section 5747.055 of the Revised Code;	254
(f) The lump sum retirement income credit under division	255

(D) of section 5747.055 of the Revised Code;	256
(g) The lump sum retirement income credit under division	257
(E) of section 5747.055 of the Revised Code;	258
(h) The credit for displaced workers who pay for job	259
training under section 5747.27 of the Revised Code;	260
(i) The twenty-dollar personal exemption credit under	261
section 5747.022 of the Revised Code;	262
(j) The joint filing credit under division (E) of section	263
5747.05 of the Revised Code;	264
(k) The nonresident credit under division (A) of section	265
5747.05 of the Revised Code;	266
(l) The credit for a resident's out-of-state income under	267
division (B) of section 5747.05 of the Revised Code;	268
(m) The earned income tax credit under section 5747.71 of	269
the Revised Code;	270
<u>(n) The credit for law enforcement officer purchases under</u>	271
<u>section 5747.64 of the Revised Code.</u>	272
(3) The election provided for under division (D) of this	273
section applies only to the taxable year for which the election	274
is made by the pass-through entity. Unless the tax commissioner	275
provides otherwise, this election, once made, is binding and	276
irrevocable for the taxable year for which the election is made.	277
Nothing in this division shall be construed to provide for any	278
deduction or credit that would not be allowable if a nonresident	279
pass-through entity investor were to file an annual return.	280
(4) If a pass-through entity makes the election provided	281
for under division (D) of this section, the pass-through entity	282

shall be liable for any additional taxes, interest, interest 283
penalty, or penalties imposed by this chapter if the tax 284
commissioner finds that the single return does not reflect the 285
correct tax due by the pass-through entity investors covered by 286
that return. Nothing in this division shall be construed to 287
limit or alter the liability, if any, imposed on pass-through 288
entity investors for unpaid or underpaid taxes, interest, 289
interest penalty, or penalties as a result of the pass-through 290
entity's making the election provided for under division (D) of 291
this section. For the purposes of division (D) of this section, 292
"correct tax due" means the tax that would have been paid by the 293
pass-through entity had the single return been filed in a manner 294
reflecting the commissioner's findings. Nothing in division (D) 295
of this section shall be construed to make or hold a pass- 296
through entity liable for tax attributable to a pass-through 297
entity investor's income from a source other than the pass- 298
through entity electing to file the single return. 299

(E) If a husband and wife file a joint federal income tax 300
return for a taxable year, they shall file a joint return under 301
this section for that taxable year, and their liabilities are 302
joint and several, but, if the federal income tax liability of 303
either spouse is determined on a separate federal income tax 304
return, they shall file separate returns under this section. 305

If either spouse is not required to file a federal income 306
tax return and either or both are required to file a return 307
pursuant to this chapter, they may elect to file separate or 308
joint returns, and, pursuant to that election, their liabilities 309
are separate or joint and several. If a husband and wife file 310
separate returns pursuant to this chapter, each must claim the 311
taxpayer's own exemption, but not both, as authorized under 312
section 5747.02 of the Revised Code on the taxpayer's own 313

return. 314

(F) Each return or notice required to be filed under this 315
section shall contain the signature of the taxpayer or the 316
taxpayer's duly authorized agent and of the person who prepared 317
the return for the taxpayer, and shall include the taxpayer's 318
social security number. Each return shall be verified by a 319
declaration under the penalties of perjury. The tax commissioner 320
shall prescribe the form that the signature and declaration 321
shall take. 322

(G) Each return or notice required to be filed under this 323
section shall be made and filed as required by section 5747.04 324
of the Revised Code, on or before the fifteenth day of April of 325
each year, on forms that the tax commissioner shall prescribe, 326
together with remittance made payable to the treasurer of state 327
in the combined amount of the state and all school district 328
income taxes shown to be due on the form. 329

Upon good cause shown, the commissioner may extend the 330
period for filing any notice or return required to be filed 331
under this section and may adopt rules relating to extensions. 332
If the extension results in an extension of time for the payment 333
of any state or school district income tax liability with 334
respect to which the return is filed, the taxpayer shall pay at 335
the time the tax liability is paid an amount of interest 336
computed at the rate per annum prescribed by section 5703.47 of 337
the Revised Code on that liability from the time that payment is 338
due without extension to the time of actual payment. Except as 339
provided in section 5747.132 of the Revised Code, in addition to 340
all other interest charges and penalties, all taxes imposed 341
under this chapter or Chapter 5748. of the Revised Code and 342
remaining unpaid after they become due, except combined amounts 343

due of one dollar or less, bear interest at the rate per annum 344
prescribed by section 5703.47 of the Revised Code until paid or 345
until the day an assessment is issued under section 5747.13 of 346
the Revised Code, whichever occurs first. 347

If the commissioner considers it necessary in order to 348
ensure the payment of the tax imposed by section 5747.02 of the 349
Revised Code or any tax imposed under Chapter 5748. of the 350
Revised Code, the commissioner may require returns and payments 351
to be made otherwise than as provided in this section. 352

To the extent that any provision in this division 353
conflicts with any provision in section 5747.026 of the Revised 354
Code, the provision in that section prevails. 355

(H) The amounts withheld by an employer pursuant to 356
section 5747.06 of the Revised Code, a casino operator pursuant 357
to section 5747.063 of the Revised Code, or a lottery sales 358
agent pursuant to section 5747.064 of the Revised Code shall be 359
allowed to the recipient of the compensation casino winnings, or 360
lottery prize award as credits against payment of the 361
appropriate taxes imposed on the recipient by section 5747.02 362
and under Chapter 5748. of the Revised Code. 363

(I) If a pass-through entity elects to file a single 364
return under division (D) of this section and if any investor is 365
required to file the annual return and make the payment of taxes 366
required by this chapter on account of the investor's other 367
income that is not included in a single return filed by a pass- 368
through entity or any other investor elects to file the annual 369
return, the investor is entitled to a refundable credit equal to 370
the investor's proportionate share of the tax paid by the pass- 371
through entity on behalf of the investor. The investor shall 372
claim the credit for the investor's taxable year in which or 373

with which ends the taxable year of the pass-through entity. 374
Nothing in this chapter shall be construed to allow any credit 375
provided in this chapter to be claimed more than once. For the 376
purpose of computing any interest, penalty, or interest penalty, 377
the investor shall be deemed to have paid the refundable credit 378
provided by this division on the day that the pass-through 379
entity paid the estimated tax or the tax giving rise to the 380
credit. 381

(J) The tax commissioner shall ensure that each return 382
required to be filed under this section includes a box that the 383
taxpayer may check to authorize a paid tax preparer who prepared 384
the return to communicate with the department of taxation about 385
matters pertaining to the return. The return or instructions 386
accompanying the return shall indicate that by checking the box 387
the taxpayer authorizes the department of taxation to contact 388
the preparer concerning questions that arise during the 389
processing of the return and authorizes the preparer only to 390
provide the department with information that is missing from the 391
return, to contact the department for information about the 392
processing of the return or the status of the taxpayer's refund 393
or payments, and to respond to notices about mathematical 394
errors, offsets, or return preparation that the taxpayer has 395
received from the department and has shown to the preparer. 396

(K) The tax commissioner shall permit individual taxpayers 397
to instruct the department of taxation to cause any refund of 398
overpaid taxes to be deposited directly into a checking account, 399
savings account, or an individual retirement account or 400
individual retirement annuity, or preexisting college savings 401
plan or program account offered by the Ohio tuition trust 402
authority under Chapter 3334. of the Revised Code, as designated 403
by the taxpayer, when the taxpayer files the annual return 404

required by this section electronically. 405

(L) The tax commissioner may adopt rules to administer 406
this section. 407

Sec. 5747.64. (A) As used in this section, "law 408
enforcement officer" means a sheriff, deputy sheriff, constable, 409
municipal police officer, police officer of a township or joint 410
township police district, marshal, deputy marshal, or state 411
highway patrolman, and also means any officer, agent, or 412
employee of the state or any of its agencies, instrumentalities, 413
or political subdivisions, upon whom, by statute, the authority 414
to arrest violators is conferred, when the officer, agent, or 415
employee is acting within the limits of statutory authority. 416

(B) There is hereby allowed a nonrefundable credit against 417
the tax imposed by section 5747.02 of the Revised Code for 418
amounts spent by a law enforcement officer during the taxable 419
year on items used by that officer to ensure the officer's 420
safety or protection while performing official law enforcement 421
activities. The amount of the credit shall not exceed five 422
hundred dollars. The credit shall be claimed in the order 423
required under section 5747.98 of the Revised Code. 424

The tax commissioner may request that a law enforcement 425
officer or retired law enforcement officer claiming a credit 426
under this section furnish information as is necessary to 427
support the claim for the credit under this section, and no 428
credit shall be allowed unless the requested information is 429
provided. 430

Sec. 5747.98. (A) To provide a uniform procedure for 431
calculating a taxpayer's aggregate tax liability under section 432
5747.02 of the Revised Code, a taxpayer shall claim any credits 433

to which the taxpayer is entitled in the following order:	434
(1) Either the retirement income credit under division (B)	435
of section 5747.055 of the Revised Code or the lump sum	436
retirement income credits under divisions (C), (D), and (E) of	437
that section;	438
(2) Either the senior citizen credit under division (F) of	439
section 5747.055 of the Revised Code or the lump sum	440
distribution credit under division (G) of that section;	441
(3) The dependent care credit under section 5747.054 of	442
the Revised Code;	443
(4) The credit for displaced workers who pay for job	444
training under section 5747.27 of the Revised Code;	445
(5) The campaign contribution credit under section 5747.29	446
of the Revised Code;	447
(6) The twenty-dollar personal exemption credit under	448
section 5747.022 of the Revised Code;	449
(7) The joint filing credit under division (G) of section	450
5747.05 of the Revised Code;	451
(8) The earned income credit under section 5747.71 of the	452
Revised Code;	453
(9) <u>The credit for law enforcement officer purchases under</u>	454
<u>section 5747.64 of the Revised Code;</u>	455
<u>(10)</u> The credit for adoption of a minor child under	456
section 5747.37 of the Revised Code;	457
(10) <u>(11)</u> The nonrefundable job retention credit under	458
division (B) of section 5747.058 of the Revised Code;	459
(11) <u>(12)</u> The enterprise zone credit under section 5709.66	460

of the Revised Code;	461
(12) <u>(13)</u> The ethanol plant investment credit under section 5747.75 of the Revised Code;	462 463
(13) <u>(14)</u> The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	464 465
(14) <u>(15)</u> The small business investment credit under section 5747.81 of the Revised Code;	466 467
(15) <u>(16)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	468 469
(16) <u>(17)</u> The research and development credit under section 5747.331 of the Revised Code;	470 471
(17) <u>(18)</u> The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	472 473
(18) <u>(19)</u> The nonresident credit under division (A) of section 5747.05 of the Revised Code;	474 475
(19) <u>(20)</u> The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	476 477
(20) <u>(21)</u> The refundable motion picture production credit under section 5747.66 of the Revised Code;	478 479
(21) <u>(22)</u> The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;	480 481 482
(22) <u>(23)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	483 484 485
(23) <u>(24)</u> The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of	486 487

section 5747.08 of the Revised Code;	488
(24) <u>(25)</u> The refundable credit under section 5747.80 of the Revised Code for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code;	489 490 491 492
(25) <u>(26)</u> The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;	493 494
(26) <u>(27)</u> The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code.	495 496 497
(B) For any credit, except the refundable credits enumerated in this section and the credit granted under division (H) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the taxpayer's aggregate amount of tax due under section 5747.02 of the Revised Code, after allowing for any other credit that precedes it in the order required under this section. Any excess amount of a particular credit may be carried forward if authorized under the section creating that credit. Nothing in this chapter shall be construed to allow a taxpayer to claim, directly or indirectly, a credit more than once for a taxable year.	498 499 500 501 502 503 504 505 506 507 508
Section 2. That existing sections 5747.02, 5747.08, and 5747.98 of the Revised Code are hereby repealed.	509 510
Section 3. The amendment or enactment by this act of sections 5747.02, 5747.08, 5747.64, and 5747.98 of the Revised Code applies to taxable years beginning on or after January 1, 2019.	511 512 513 514