

As Passed by the Senate

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Am. S. B. No. 5

Senators Hottinger, Eklund

Cosponsors: Senators Gardner, LaRose, Manning, Coley, Beagle, Bacon, Balderson, Burke, Dolan, Hackett, Hite, Hoagland, Huffman, Jordan, Lehner, Obhof, O'Brien, Oelslager, Peterson, Sykes, Tavares, Terhar, Uecker, Wilson

A BILL

To amend section 5747.70 of the Revised Code to
increase the maximum income tax deduction for
contributions to college savings accounts and
disability expense savings accounts to \$4,000
annually for each beneficiary, to create the
Joint Committee on Ohio College Affordability,
and to declare an emergency.

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

Section 1. That section 5747.70 of the Revised Code be
amended to read as follows:

Sec. 5747.70. (A) In computing Ohio adjusted gross income,
a deduction from federal adjusted gross income is allowed to a
contributor for the amount contributed during the taxable year
to a variable college savings program account and to a purchaser
of tuition units under the Ohio college savings program created
by Chapter 3334. of the Revised Code to the extent that the
amounts of such contributions and purchases were not deducted in
determining the contributor's or purchaser's federal adjusted

gross income for the taxable year. The combined amount of 18
contributions and purchases deducted in any taxable year by a 19
taxpayer or the taxpayer and the taxpayer's spouse, regardless 20
of whether the taxpayer and the taxpayer's spouse file separate 21
returns or a joint return, is limited to ~~two~~four thousand 22
dollars for each beneficiary for whom contributions or purchases 23
are made. If the combined annual contributions and purchases for 24
a beneficiary exceed ~~two~~four thousand dollars, the excess may 25
be carried forward and deducted in future taxable years until 26
the contributions and purchases have been fully deducted. 27

(B) In computing Ohio adjusted gross income, a deduction 28
from federal adjusted gross income is allowed for: 29

(1) Income related to tuition units and contributions that 30
as of the end of the taxable year have not been refunded 31
pursuant to the termination of a tuition payment contract or 32
variable college savings program account under section 3334.10 33
of the Revised Code, to the extent that such income is included 34
in federal adjusted gross income. 35

(2) The excess of the total purchase price of tuition 36
units refunded during the taxable year pursuant to the 37
termination of a tuition payment contract under section 3334.10 38
of the Revised Code over the amount of the refund, to the extent 39
the amount of the excess was not deducted in determining federal 40
adjusted gross income. Division (B) (2) of this section applies 41
only to units for which no deduction was allowable under 42
division (A) of this section. 43

(C) In computing Ohio adjusted gross income, there shall 44
be added to federal adjusted gross income the amount of loss 45
related to tuition units and contributions that as of the end of 46
the taxable year have not been refunded pursuant to the 47

termination of a tuition payment contract or variable college 48
savings program account under section 3334.10 of the Revised 49
Code, to the extent that such loss was deducted in determining 50
federal adjusted gross income. 51

(D) For taxable years in which distributions or refunds 52
are made under a tuition payment or variable college savings 53
program contract for any reason other than payment of tuition or 54
other higher education expenses, or the beneficiary's death, 55
disability, or receipt of a scholarship as described in section 56
3334.10 of the Revised Code: 57

(1) If the distribution or refund is paid to the purchaser 58
or contributor or beneficiary, any portion of the distribution 59
or refund not included in the recipient's federal adjusted gross 60
income shall be added to the recipient's federal adjusted gross 61
income in determining the recipient's Ohio adjusted gross 62
income, except that the amount added shall not exceed amounts 63
previously deducted under division (A) of this section less any 64
amounts added under division (D) (1) of this section in a prior 65
taxable year. 66

(2) If amounts paid by a purchaser or contributor on or 67
after January 1, 2000, are distributed or refunded to someone 68
other than the purchaser or contributor or beneficiary, the 69
amount of the payment not included in the recipient's federal 70
adjusted gross income, less any amounts added under division (D) 71
of this section in a prior taxable year, shall be added to the 72
recipient's federal adjusted gross income in determining the 73
recipient's Ohio adjusted gross income. 74

Section 2. That existing section 5747.70 of the Revised 75
Code is hereby repealed. 76

Section 3. (A) There is hereby created the Joint Committee	77
on Ohio College Affordability composed of the following members:	78
(1) Five members of the Senate, appointed by the President	79
of the Senate, not more than three of whom may be members of the	80
same political party;	81
(2) Five members of the House of Representatives,	82
appointed by the Speaker of the House of Representatives, not	83
more than three of whom may be members of the same political	84
party.	85
(B) The President of the Senate and the Speaker of the	86
House of Representatives shall appoint the members of the	87
committee within thirty days after the effective date of this	88
act. The committee shall hold an initial meeting within sixty	89
days after the effective date of this act and shall meet	90
thereafter at the discretion of the committee members.	91
(C) The committee shall study and develop strategies to	92
reduce the cost of attending colleges and universities in this	93
state. As part of this process, the committee shall consult with	94
the Chancellor of Higher Education and persons or organizations	95
representing institutions of higher education.	96
(D) The committee shall compile a report of its	97
activities, findings, and recommendations and shall furnish a	98
copy of the report to the Governor, President of the Senate, and	99
Speaker of the House of Representatives not later than one year	100
after the effective date of this act, at which time the	101
committee shall dissolve by operation of law.	102
Section 4. The amendment by this act of section 5747.70 of	103
the Revised Code applies to taxable years ending on or after the	104
effective date of this act.	105

Section 5. This act is hereby declared to be an emergency 106
measure necessary for the immediate preservation of the public 107
peace, health, and safety. The reason for such necessity is that 108
the rising cost of higher education has placed an enormous 109
financial burden on many individuals and families in this state 110
and it is imperative to develop solutions for, and provide some 111
relief from, that burden at the earliest possible time. 112
Therefore, this act shall go into immediate effect. 113