

**As Introduced**

**126th General Assembly  
Regular Session  
2005-2006**

**H. B. No. 200**

**Representative Blessing**

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**A BILL**

To enact section 5733.08 of the Revised Code to 1  
impose a tax on the gross receipts of credit card 2  
companies for the purpose of funding state and 3  
local government and to credit the amount of such 4  
tax paid against any corporation franchise tax 5  
paid by the company. 6

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

**Section 1.** That section 5733.08 of the Revised Code be 7  
enacted to read as follows: 8

**Sec. 5733.08.** (A) As used in this section: 9

(1) "Bad debts" means any debts that have become worthless or 10  
uncollectible between the preceding and current quarterly tax 11  
reporting periods, have been uncollected for at least six months, 12  
and may be claimed as a deduction under section 126 of the 13  
Internal Revenue Code and the regulations adopted pursuant 14  
thereto, or that could be claimed as such if the credit card 15  
company had kept its accounts on an accrual basis. "Bad debts" 16  
does not include uncollectible amounts on property that remains in 17  
the possession of the credit card company until the full purchase 18  
price is paid, expenses in attempting to collect any account 19  
receivable or for any portion of the debt recovered, and 20

repossessed property.

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(2) "Credit card company" means any person, as defined in section 5701.01 of the Revised Code, that issues a card that allows another person to purchase goods, services, or otherwise incur charges against the company's card at multiple locations and with entities that are not related to the person who issues the card. "Credit card company" does not include persons who issue cards that allow for charges against the card for purchases at locations owned by the person who issues the card.

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(3) "Taxable credit card company gross receipts" includes all of the following:

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(a) The total amount charged on a credit card against any cardholder's account at a location within the state.

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(b) Interest, charges, and fees of any kind assessed by the credit card company against cardholders, apportioned to this state. The amount of interest, charges, and fees to be apportioned to this state shall equal the product of the amounts set forth in division (A)(3)(b)(i) and (ii) of this section.

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(i) The total amount of interest, charges, and fees of any kind assessed everywhere by the credit card company against credit cards.

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(ii) A fraction, the numerator of which is the amount of interest, charges, and fees assessed by the credit card company against credit card accounts with a billing address in this state, and the denominator of which is the amount of interest, charges, and fees assessed by the credit card company against credit card accounts billed everywhere.

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(c) Any amount received from the collection of bad debts that were previously deducted by the credit card company from the amount of credit card company gross receipts taxable under this

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section, and apportioned to this state. The amount of previously  
deducted bad debts to be apportioned to this state shall equal the  
product of the amounts set forth in divisions (A)(3)(c)(i) and  
(ii) of this section.

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(i) The total amount of previously deducted bad debts  
collected everywhere.

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(ii) A fraction, the numerator of which is the amount of  
previously deducted bad debts collected from credit card accounts  
with a billing address in this state, and the denominator of which  
is the amount of previously deducted bad debts collected  
everywhere.

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(B)(1) For the same purposes for which the tax is levied  
under section 5751.03 of the Revised Code, there is hereby levied  
a tax on each credit card company having taxable credit card  
company gross receipts in this state for the privilege of doing  
business in the state. The tax levied under this section is not a  
tax on or measured by net income and is in addition to any other  
taxes or fees imposed under other chapters of the Revised Code.

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(2) The tax imposed by this section is a tax on the credit  
card company and shall not be billed or invoiced to another  
person.

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(C) The tax levied under this section for each quarterly tax  
reporting period shall be the product of two and six-tenths mills  
per dollar times the remainder of the credit card company's  
taxable credit card company gross receipts after subtracting the  
amount described in division (D) of this section. The tax imposed  
by this section shall be paid and reported in the same manner as  
the tax imposed under section 5733.06 of the Revised Code, and is  
subject to the provisions of this chapter regarding distribution,  
collection, assessment, penalty, interest, and enforcement, except  
that the tax shall be paid and reported on or before the fifteenth

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day of the second month following the close of each calendar 82  
quarter in the tax year on the basis of taxable credit card 83  
company gross receipts received during the calendar quarter. 84

(D) In computing its tax under this section, a credit card 85  
company shall deduct the total amount of bad debts incurred during 86  
the quarterly tax reporting period and apportioned to this state. 87  
The amount of previously deducted bad debts to be apportioned to 88  
this state shall equal the product of the amounts set forth in 89  
divisions (D)(1) and (2) of this section. 90

(1) The total amount of bad debts incurred everywhere. 91

(2) A fraction, the numerator of which is the amount of bad 92  
debts incurred from credit card accounts with a billing address in 93  
this state, and the denominator of which is the amount of bad 94  
debts incurred everywhere. 95

(E) A nonrefundable credit against the tax imposed by this 96  
section is allowed for the amount, if any, paid by the credit card 97  
company under section 5733.06 of the Revised Code based on the 98  
same tax year. No other credit authorized under this chapter may 99  
be claimed against the tax imposed under this section. 100

**Section 2.** Notwithstanding division (C) of section 5733.08 of 101  
the Revised Code, as enacted by this act, the first report and 102  
payment of the tax shall be made not later than February 15, 2006, 103  
and shall be computed on the basis of taxable credit card company 104  
gross receipts received from July 1, 2005, through December 31, 105  
2005, without deduction for bad debts during that period. Bad 106  
debts incurred during that period are deductible as provided in 107  
division (D) of section 5733.08 of the Revised Code for quarterly 108  
tax reporting periods beginning on or after January 1, 2006. 109

**Section 3.** Section 5733.08 of the Revised Code as enacted by 110  
this act provides for a tax levy. Therefore, under Ohio 111

Constitution, Article II, Section 1d, the enactment of that	112
section is not subject to the referendum and goes into effect July	113
1, 2005.	114