

As Introduced

126th General Assembly
Regular Session
2005-2006

H. B. No. 359

Representative Martin

—

A BILL

To amend section 5747.98 and to enact sections 1
3333.51 and 5747.81 of the Revised Code to grant 2
an income tax credit to individuals who earn 3
degrees in certain science and technology-based 4
fields of study. 5

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

Section 1. That section 5747.98 be amended and sections 6
3333.51 and 5747.81 of the Revised Code be enacted to read as 7
follows: 8

Sec. 3333.51. (A) As used in this section: 9

(1) "Approved field of study" means a field of study in 10
engineering, the natural sciences, or mathematics that the Ohio 11
board of regents determines is associated with job creation and 12
retention in Ohio. 13

(2) "Institution of higher education" means all of the 14
following: 15

(a) An institution of higher education, as defined in section 16
3345.12 of the Revised Code; 17

(b) An institution authorized by the Ohio board of regents 18
under Chapter 1713. of the Revised Code to grant degrees and that 19

is accredited by the appropriate regional, and when appropriate,
professional accrediting associations within whose jurisdiction it
falls;

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(c) Private career schools holding program authorizations
issued by the state board of career colleges and schools under
division (C) of section 3332.05 of the Revised Code;

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(d) Private institutions exempt from regulation under Chapter
3332. of the Revised Code as prescribed in section 3333.046 of the
Revised Code;

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(e) Institutions similar to those described in divisions
(A)(2)(a) to (d) of this section that are located outside Ohio and
that the Ohio board of regents determines qualify as "institutions
of higher education" for purposes of this section.

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(B)(1) For the purpose of encouraging students to accept
employment in Ohio following graduation from an institution of
higher education with a degree in an approved field of study, the
Ohio board of regents, or an entity designated by the board under
division (F) of this section, may authorize any such individual
who graduates on or after the effective date of this section to
claim a nonrefundable tax credit against the tax imposed by
section 5747.02 of the Revised Code. Except as provided in
division (E) of this section, the total amount of the credit shall
depend upon the specific type of degree earned by the individual
as follows:

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(a) In the case of a baccalaureate degree, the total amount
of the credit shall equal twenty thousand dollars;

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(b) In the case of a master's degree or doctoral degree, the
total amount of the credit shall equal thirty thousand dollars;

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(c) In the case of an associate degree, the total amount of
the credit shall equal five thousand dollars.

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(2) Unless an individual is subject to division (B)(3) of this section or obtains a credit deferment pursuant to division (E)(2) of this section, an individual who is approved for a credit under this section shall claim one-tenth of the total credit amount for the taxable year during which the individual receives approval for the credit from the Ohio board of regents or the board's designee and shall claim one-tenth of the total credit amount for each of the succeeding nine taxable years. If the individual is subject to division (B)(3) of this section, the individual shall claim one-tenth of the total credit amount for the taxable year during which the individual receives approval for the credit from the Ohio board of regents or the board's designee and shall claim one-tenth of the total credit amount in each succeeding taxable year up to and including the taxable year during which the individual reaches the applicable age limitation specified in division (B)(3) of this section for that individual.

(3) The Ohio board of regents shall not authorize any individual to claim a tax credit for a degree in an approved field of study for any taxable year after the taxable year that includes the date on which the individual attains:

(a) Thirty-three years of age in the case of a tax credit granted with respect to an associate degree, baccalaureate degree, or master's degree; and

(b) Thirty-five years of age in the case of a tax credit granted with respect to a doctoral degree.

Division (B)(3) of this section applies notwithstanding any credit deferment granted to an individual pursuant to division (E)(2) of this section.

(C) To obtain the tax credit authorized under this section, an individual shall submit an application to the Ohio board of regents, or to any entity designated by the board under division

(F) of this section to receive and review applications, that demonstrates that the individual graduated from an institution of higher education with a degree in an approved field of study and that includes any other information required by the Ohio board of regents.

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(D) After reviewing an application submitted under division (C) of this section, the Ohio board of regents or the board's designee shall issue a tax credit certificate to an applicant who qualifies for a credit under this section. The certificate shall state the total amount of the credit, the taxable years for which the credit may be claimed, and the maximum amount of credit that may be claimed for each taxable year, without regard to any credit carry forward allowed under section 5747.81 of the Revised Code.

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(E)(1) An individual who is issued a tax credit certificate under this section may be issued additional certificates in the future for additional degrees in approved fields of study granted to the individual by institutions of higher education, provided that an individual who is issued a tax credit certificate for a master's degree or doctoral degree may not be issued additional certificates for any additional degrees earned by the individual.

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(2) An individual who is issued a tax credit certificate under this section and who, during the term of the credit, enrolls full time in an institution of higher education for the purpose of pursuing an additional degree in an approved field of study may elect to defer the claiming of the credit for the taxable years during any portion of which the individual is enrolled full time. An individual who elects to defer a tax credit shall apply to the Ohio board of regents or the board's designee for a deferral in the form and manner prescribed by the board.

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(3) In the case of an individual who obtains an additional degree in an approved field of study, the total amount of credit

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granted to the individual with respect to every preceding degree 112
shall be deducted from the total credit amount specified in 113
division (B) of this section for degrees of the type of the 114
additional degree. The remainder is the total amount of credit 115
authorized with respect to the additional degree. The total amount 116
of credits authorized for any individual under this section with 117
respect to all degrees earned by that individual shall not exceed 118
thirty thousand dollars. 119

(4) Subject to division (B)(3) of this section, an individual 120
who is authorized to claim a credit for an additional degree in an 121
approved field of study shall claim one-tenth of the total credit 122
amount authorized with respect to the additional degree for the 123
taxable year during which the individual receives approval for the 124
additional credit from the Ohio board of regents or the board's 125
designee and shall claim one-tenth of the total credit amount for 126
each of the succeeding nine taxable years. The total amount of 127
credit that may be claimed by an individual for any taxable year 128
for all degrees earned by that individual shall not exceed three 129
thousand dollars, unless the individual has a credit carry forward 130
under section 5747.81 of the Revised Code. 131

(5) Regardless of whether or not an individual obtained a 132
deferment under division (E)(2) of this section, to apply for a 133
credit with respect to an additional degree in an approved field 134
of study and to request that such credit be added to the total 135
amount remaining with respect to a tax credit previously granted 136
under this section, an individual shall file an application in 137
accordance with division (C) of this section. The Ohio board of 138
regents or the board's designee shall issue an amended tax credit 139
certificate to an individual who qualifies for the additional 140
credit. The amended certificate shall state the total amount of 141
the credit after the new credit is added to any pre-existing 142
credit, the taxable years for which the credit may be claimed, and 143

the maximum amount of credit that may be claimed for each of those 144
taxable years, without regard to any credit carry forward allowed 145
under section 5747.81 of the Revised Code. 146

(F) The Ohio board of regents may designate an entity, 147
including, but not limited to, a nonprofit private organization, 148
to perform the duties conferred upon the board by this section. An 149
entity designated by the board shall perform those duties in 150
accordance with the requirements of this section and rules adopted 151
by the board pursuant to division (G) of this section. 152

(G) The Ohio board of regents, under Chapter 119. of the 153
Revised Code, shall adopt rules necessary to implement and 154
administer this section, including rules: 155

(1) Identifying fields of study that constitute "approved 156
fields of study"; 157

(2) Specifying information to be included on applications for 158
a tax credit under division (C) of this section, for applications 159
for deferral of a tax credit under division (E)(2) of this 160
section, and applications for addition of a new credit to a 161
pre-existing credit under division (E)(5) of this section; and 162

(3) Identifying institutions located outside Ohio that 163
constitute "institutions of higher education." 164

In identifying those fields of study that constitute 165
"approved fields of study," the board shall give priority to those 166
related to information technology, power and propulsion, advanced 167
materials, instruments and controls, electronics, and 168
biotechnology and biosciences. 169

Sec. 5747.81. Upon the issuance of a tax credit certificate 170
under section 3333.51 of the Revised Code, a nonrefundable credit 171
may be claimed against the tax imposed by section 5747.02 of the 172
Revised Code. The credit shall be claimed for the taxable years 173

specified in the certificate in the order required under section 174
5747.98 of the Revised Code. The amount of the credit for any 175
taxable year, claimed in that order, shall not exceed the tax 176
otherwise due under section 5747.02 of the Revised Code after all 177
of the taxpayer's credits are deducted in that order. If the 178
credit to which a taxpayer would otherwise be entitled under this 179
section for any taxable year is greater than the tax otherwise 180
due, after allowing for any other credits that precede the credit 181
allowed under this section, the excess shall be allowed as a 182
credit in each ensuing taxable year for which the taxpayer's tax 183
credit certificate authorizes the taxpayer to claim a credit. The 184
amount of any excess credit allowed in an ensuing taxable year 185
shall be deducted from the balance carried forward to the next 186
taxable year. No credit carry forward may be claimed under this 187
section for any taxable year after the last taxable year for which 188
the taxpayer is authorized to claim a credit under the 189
certificate. 190

Sec. 5747.98. (A) To provide a uniform procedure for 191
calculating the amount of tax due under section 5747.02 of the 192
Revised Code, a taxpayer shall claim any credits to which the 193
taxpayer is entitled in the following order: 194

(1) The retirement income credit under division (B) of 195
section 5747.055 of the Revised Code; 196

(2) The senior citizen credit under division (C) of section 197
5747.05 of the Revised Code; 198

(3) The lump sum distribution credit under division (D) of 199
section 5747.05 of the Revised Code; 200

(4) The dependent care credit under section 5747.054 of the 201
Revised Code; 202

(5) The lump sum retirement income credit under division (C) 203

of section 5747.055 of the Revised Code;	204
(6) The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;	205 206
(7) The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;	207 208
(8) The low-income credit under section 5747.056 of the Revised Code;	209 210
(9) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;	211 212
(10) The campaign contribution credit under section 5747.29 of the Revised Code;	213 214
(11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;	215 216
(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;	217 218
(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;	219 220
(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;	221 222
(15) The credit for employers that enter into agreements with child day-care centers under section 5747.34 of the Revised Code;	223 224
(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;	225 226
(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;	227 228
(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;	229 230
(19) The job retention credit under division (B) of section	231

5747.058 of the Revised Code;	232
(20) <u>The credit granted under sections 3333.51 and 5747.81 of the Revised Code for obtaining a degree in engineering, the natural sciences, or mathematics from an institution of higher education;</u>	233 234 235 236
(21) The credit for losses on loans made under the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code if the taxpayer elected a nonrefundable credit under section 150.07 of the Revised Code;	237 238 239 240
(21) (22) The credit for purchases of new manufacturing machinery and equipment under section 5747.26 or section 5747.261 of the Revised Code;	241 242 243
(22) (23) The second credit for purchases of new manufacturing machinery and equipment and the credit for using Ohio coal under section 5747.31 of the Revised Code;	244 245 246
(23) (24) The job training credit under section 5747.39 of the Revised Code;	247 248
(24) (25) The enterprise zone credit under section 5709.66 of the Revised Code;	249 250
(25) (26) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;	251 252
(26) (27) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;	253 254
(27) (28) The ethanol plant investment credit under section 5747.75 of the Revised Code;	255 256
(28) (29) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;	257 258
(29) (30) The export sales credit under section 5747.057 of the Revised Code;	259 260

(30) <u>(31)</u> The credit for research and development and technology transfer investors under section 5747.33 of the Revised Code;	261 262 263
(31) <u>(32)</u> The enterprise zone credits under section 5709.65 of the Revised Code;	264 265
(32) <u>(33)</u> The research and development credit under section 5747.331 of the Revised Code;	266 267
(33) <u>(34)</u> The refundable jobs creation credit under division (A) of section 5747.058 of the Revised Code;	268 269
(34) <u>(35)</u> The refundable credit for taxes paid by a qualifying entity granted under section 5747.059 of the Revised Code;	270 271
(35) <u>(36)</u> The refundable credits for taxes paid by a qualifying pass-through entity granted under division (J) of section 5747.08 of the Revised Code;	272 273 274
(36) <u>(37)</u> The refundable credit for tax withheld under division (B)(1) of section 5747.062 of the Revised Code;	275 276
(37) <u>(38)</u> The credit for losses on loans made to the Ohio venture capital program under sections 150.01 to 150.10 of the Revised Code if the taxpayer elected a refundable credit under section 150.07 of the Revised Code.	277 278 279 280
(B) For any credit, except the credits enumerated in divisions (A)(33) to (37) <u>(38)</u> of this section and the credit granted under division (I) of section 5747.08 of the Revised Code, the amount of the credit for a taxable year shall not exceed the tax due 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.	281 282 283 284 285 286 287 288 289 290

Section 2. That existing section 5747.98 of the Revised Code 291
is hereby repealed. 292