A BILL

To amend sections 131.51 and 5747.98 and to enact section 5747.78 of the Revised Code to authorize an income tax credit for donations to the permanent endowment fund of an eligible community foundation and to require the Director of Budget and Management to reimburse the Local Government Fund and the Public Library Fund for revenue lost because of the credit.

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

Section 1. That sections 131.51 and 5747.98 be amended and section 5747.78 of the Revised Code be enacted to read as follows:

Sec. 131.51. (A) On or before July 5, 2013, the tax commissioner shall compute the following amounts and certify those amounts to the director of budget and management:

(1) A percentage calculated by multiplying one hundred by the quotient obtained by dividing the total amount credited to the local government fund in fiscal year 2013 by the total amount of tax revenue credited to the general revenue fund in
fiscal year 2013. The percentage shall be rounded to the nearest one-hundredth of one per cent.

(2) A percentage calculated by multiplying one hundred by the quotient obtained by dividing the total amount credited to the public library fund in fiscal year 2013 by the total amount of tax revenue credited to the general revenue fund in fiscal year 2013. The percentage shall be rounded to the nearest one-hundredth of one per cent.

(B) On or before the seventh day of each month, the director of budget and management shall credit to the local government fund an amount equal to the product obtained by multiplying the percentage calculated under division (A)(1) of this section by the total tax revenue credited to the general revenue fund during the preceding month. In determining the total tax revenue credited to the general revenue fund during the preceding month, the director shall include amounts transferred from the fund during the preceding month under this division and division (C) of this section. Money shall be distributed from the local government fund as required under section 5747.50 of the Revised Code during the same month in which it is credited to the fund.

(C) On or before the seventh day of each month, the director of budget and management shall credit to the public library fund an amount equal to the product obtained by multiplying the percentage calculated under division (A)(2) of this section by the total tax revenue credited to the general revenue fund during the preceding month. In determining the total tax revenue credited to the general revenue fund during the preceding month, the director shall include amounts transferred from the fund during the preceding month under this
division and division (B) of this section. Money shall be
distributed from the public library fund as required under
section 5747.47 of the Revised Code during the same month in
which it is credited to the fund.

(D) (1) On or before the seventh day of each June, the
director of budget and management shall credit to the local
government fund an amount equal to the product obtained by
multiplying the percentage calculated under division (A)(1) of
this section by the aggregate amount of credits claimed by
taxpayers under section 5747.78 of the Revised Code for taxable
years ending during the preceding year.

(2) On or before the seventh day of each June, the
director of budget and management shall credit to the public
library fund an amount equal to the product obtained by
multiplying the percentage calculated under division (A)(2) of
this section by the aggregate amount of credits claimed by
taxpayers under section 5747.78 of the Revised Code for taxable
years ending during the preceding year.

(3) The tax commissioner shall provide any information to
the director that the director requires to perform the duties
required by division (D) of this section.

(E) The director of budget and management shall develop a
schedule identifying the specific tax revenue sources to be used
to make the monthly transfers required under divisions (B) and
(C) of this section and the annual transfers required under
division (D) of this section. The director may, from time to
time, revise the schedule as the director considers necessary.

Sec. 5747.78. (A)(1) "Eligible community foundation" means
a qualified community foundation as defined in section 2109.303
of the Revised Code that has been accredited by the community foundations national standards board.

(2) "Authorized donation" means a donation authorized by the department of taxation and made to a permanent endowment fund of an eligible community foundation within sixty days after the date of authorization by the department.

(3) "Donation" means an irrevocable gift of cash or publicly traded securities.

(4) "Permanent endowment fund" means a fund that is held in perpetuity by an eligible community foundation, that is used for the benefit of charitable causes in this state, and that has an annual spending rate of five per cent or less.

(B) A nonrefundable credit is allowed against the tax imposed by section 5747.02 of the Revised Code for a taxpayer that makes an authorized donation to a permanent endowment fund of an eligible community foundation in a taxable year beginning on or after January 1, 2015, and before January 1, 2020. For total authorized donations during a taxpayer's taxable year of less than one thousand dollars, the credit shall equal fifty per cent of the authorized donations. For total authorized donations during a taxpayer's taxable year of one thousand dollars or more, the credit shall equal twenty per cent of the amount of the authorized donations made during the taxable year, not to exceed ten thousand dollars in the case of an individual return or twenty thousand dollars in the case of a joint return.

The credit shall be claimed in the order required under section 5747.98 of the Revised Code. The amount of the credit may not exceed the tax otherwise due after allowing for all other credits in that order. The taxpayer may carry forward any
balance of the credit in excess of the amount claimed for up to five ensuing taxable years, and shall deduct any amount claimed for such a year from the amount claimed in any ensuing year.

(C) Before making a donation, a taxpayer shall apply to the department of taxation for authorization of the donation in the manner prescribed by the department. The department shall approve or deny the application and shall issue written notice of the department's decision to the taxpayer within twenty days after receiving the application. The department shall review applications in the order in which the applications are received.

The department shall approve an application if the taxpayer agrees to make a donation to a permanent endowment fund of an eligible community foundation and if the total annual credit limit has not been reached. If the application is approved, the department's notice shall indicate the amount of the credit authorized. If the donation is not received by the intended recipient eligible community foundation within sixty days after the date of the approval, the eligible community foundation shall so notify the department, and the department shall deduct the amount of the authorized credit from the total amount of credits the agency has authorized for the purpose of determining whether the total annual credit limit has been reached. If the donation is received within sixty days after the date of approval, the recipient eligible community foundation shall issue a receipt to the taxpayer. For the purposes of this division, the "total annual credit limit" equals twenty million dollars each calendar year.

(D) The department of taxation is authorized to charge a reasonable fee for the filing of an application under division
(C) of this section to defray the costs of processing the application and administering this section.

(E) The tax commissioner shall request from each eligible community foundation for which the commissioner approves an application under division (C) of this section a report from the foundation of the total amount of all donations the foundation received in the preceding calendar or foundation fiscal year and the number of donations received in that period in each of the following ranges: less than five hundred dollars, five hundred to one thousand dollars, more than one thousand dollars to two thousand five hundred dollars, more than two thousand five hundred dollars to five thousand dollars, more than five thousand dollars to ten thousand dollars, and more than ten thousand dollars. The commissioner may disapprove applications under division (C) of this section for donations to any eligible community foundation that fails to comply with the commissioner's request within ninety days after the request is made.

(F) Not later than the last day of June 2016, 2017, 2018, 2019, and 2020, the tax commissioner shall prepare a report showing, for the twelve-month period ending with the preceding April, the number of authorized donations for which a credit was claimed under this section, the total amount of such donations, and the amount of credits granted for such donations. Each of the reports prepared in 2017, 2018, 2019, and 2020 shall include that information from each report prepared under this division for preceding years.

The commissioner shall submit copies of the report to the governor, the office of budget and management, the president and minority leader of the senate, the speaker and minority leader.
of the house of representatives, and the chairpersons and ranking members of the standing committees primarily responsible for appropriations and for taxation.

(G) The department of taxation shall adopt rules as necessary to implement this section.

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

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

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

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

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

(5) The lump sum retirement income credit under division (C) of section 5747.055 of the Revised Code;

(6) The lump sum retirement income credit under division (D) of section 5747.055 of the Revised Code;

(7) The lump sum retirement income credit under division (E) of section 5747.055 of the Revised Code;

(8) The low-income credit under section 5747.056 of the Revised Code;

(9) The credit for displaced workers who pay for job training under section 5747.27 of the Revised Code;
(10) The campaign contribution credit under section 5747.29 of the Revised Code;

(11) The twenty-dollar personal exemption credit under section 5747.022 of the Revised Code;

(12) The joint filing credit under division (G) of section 5747.05 of the Revised Code;

(13) The nonresident credit under division (A) of section 5747.05 of the Revised Code;

(14) The credit for a resident's out-of-state income under division (B) of section 5747.05 of the Revised Code;

(15) The earned income credit under section 5747.71 of the Revised Code;

(16) The credit for employers that reimburse employee child care expenses under section 5747.36 of the Revised Code;

(17) The credit for adoption of a minor child under section 5747.37 of the Revised Code;

(18) The credit for purchases of lights and reflectors under section 5747.38 of the Revised Code;

(19) The nonrefundable job retention credit under division (B) of section 5747.058 of the Revised Code;

(20) The credit for selling alternative fuel under section 5747.77 of the Revised Code;

(21) 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;

(22) The job training credit under section 5747.39 of the Revised Code;
(23) The enterprise zone credit under section 5709.66 of the Revised Code;

(24) The credit for the eligible costs associated with a voluntary action under section 5747.32 of the Revised Code;

(25) The credit for employers that establish on-site child day-care centers under section 5747.35 of the Revised Code;

(26) The ethanol plant investment credit under section 5747.75 of the Revised Code;

(27) The credit for donations to a permanent endowment fund of an eligible community foundation under section 5747.78 of the Revised Code;

(28) The credit for purchases of qualifying grape production property under section 5747.28 of the Revised Code;

(28)–(29) The small business investment credit under section 5747.81 of the Revised Code;

(29)–(30) The enterprise zone credits under section 5709.65 of the Revised Code;

(30)–(31) The research and development credit under section 5747.331 of the Revised Code;

(31)–(32) The credit for rehabilitating a historic building under section 5747.76 of the Revised Code;

(32)–(33) The refundable credit for rehabilitating a historic building under section 5747.76 of the Revised Code;

(33)–(34) The refundable jobs creation credit or job retention credit under division (A) of section 5747.058 of the Revised Code;

(34)–(35) The refundable credit for taxes paid by a
qualifying entity granted under section 5747.059 of the Revised Code;

(35)–(36) The refundable credits for taxes paid by a qualifying pass-through entity granted under division (I) of section 5747.08 of the Revised Code;

(36)–(37) 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;

(37)–(38) The refundable motion picture production credit under section 5747.66 of the Revised Code;

(38)–(39) The refundable credit for financial institution taxes paid by a pass-through entity granted under section 5747.65 of the Revised Code.

(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 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.

Section 2. That existing sections 131.51 and 5747.98 of the Revised Code are hereby repealed.