

Executive

Personal Income Tax

TAXCD43 Disclose Ohio employee withholding account numbers

R.C. 5703.21

Authorizes TAX, without violating the prohibition against divulging personal tax information, to disclose an employer's income tax withholding account number to permit a current or former employee to prepare the employee's tax return.

Fiscal effect: None.

TAXCD41 Income tax withholding bulk file program

R.C. 5747.01, 5747.07, 5747.073, Section 801.150

Codifies practice of allowing payroll service companies to file employee income tax withholding returns on behalf of their employer clients.

Fiscal effect: None.

TAXCD54 Income tax: resident and nonresident credit computation

R.C. 5747.05, Section 757.10

Clarifies that income used as the basis of computing the resident and nonresident tax credits is income calculated after taking the business income deduction, conforming with current administrative practice.

Fiscal effect: None.

TAXCD61 Refundable income tax credit for dependents under age 7

R.C. 5747.051, 5747.08, 5747.98, Section 801.30

Authorizes, beginning in TY 2025, a refundable income tax credit of up to \$1,000 for each of a taxpayer's dependents aged 6 or under for taxpayers with a modified Ohio adjusted gross income (MAGI) of at least \$2,500, but no more than \$94,000 for spouses filing jointly, \$56,500 for spouses filing separately, and \$69,000 for all other taxpayers.

Establishes a credit phase-out income threshold of \$75,000 for spouses filing jointly, \$37,500 for spouses filing separately, and \$50,000 for all other taxpayers.

Calculates an eligible taxpayer's credit as follows: (1) For taxpayers below the phase-out threshold: the lesser of \$1,000 or 5% x (the taxpayer's MAGI – \$2,500) and (2) For taxpayers above the phase-out threshold: \$1,000 – 5% of (the taxpayer's MAGI, rounded up to the nearest \$1,000 – the phase-out threshold).

Fiscal effect: The executive budget proposal estimates the GRF tax revenue loss from this provision at \$450.0 million in FY 2026 and \$440.0 million in FY 2027.

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TAXCD42 Income tax: withholding of gambling winnings

R.C. 5747.062, 5747.063, 5747.064, Section 801.120

Reduces the withholding rate on lottery, video lottery, sports gaming, and casino winnings income from 4% to 3.5%.

Fiscal effect: No direct fiscal effect because the taxpayer's liability is unchanged. The reduction from 4% to 3.5% keeps pace with reductions to Ohio's top marginal income tax rate.

TAXCD44 Income tax withholding from retirement benefits

R.C. 5747.071, Section 801.130

Authorizes retirement systems and plans to withhold school district income taxes and non-state retirement plans to withhold income taxes from a retiree's benefits.

Fiscal effect: None.

TAXCD53 Penalty and interest for estimated tax underpayments

R.C. 5747.09, 5747.43, Section 801.40

Allows the tax commissioner to abate (refund or forgive) penalties and interest charged for failure to pay sufficient estimated state, school district, or certain pass-through entity income taxes.

Fiscal effect: May reduce payments for penalty and interest charges collected by TAX, at the discretion of the commissioner.

TAXCD55 Correction of erroneous income tax cross-reference

R.C. 5747.10

Corrects an erroneous cross-reference in a provision that deals with amended income tax returns.

Fiscal effect: None.

Sales and Use Taxes

TAXCD18 Watercraft and outboard motors sales tax remittance

R.C. 1548.06

Requires a clerk of court to remit sales and use tax from the sale of titled watercraft and outboard motors to the Registrar of Motor Vehicles instead of to TAX. Requires TAX to consult with DPS on the form of the remittance reports that must accompany the taxes collected.

Fiscal effect: None.

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TAXCD12 Sales tax on nonresident purchases of watercraft

R.C. 5739.027

Requires that, when a nonresident purchases a watercraft or outboard motor in Ohio and intends to remove the property out of state, the sales tax due on the transaction equals 6%.

Fiscal effect: Undetermined decrease in tax revenue from the state and permissive (local) sales and use tax. Currently, the purchaser pays the lesser of the tax due (a) in the county of purchase or (b) in the location to which the property will be removed.

TAXCD14 Sales and use tax refund interest: direct pay permits

R.C. 5739.07, Section 801.160

Eliminates interest on sales and use tax refunds for sales tax and use tax paid pursuant to a direct payment permit, whereby a purchaser pays the tax directly to the state, as opposed to the vendor who makes the sale.

Fiscal effect: Undetermined decrease in expenses associated with interest payments from the state and permissive (local) sales and use tax revenue.

TAXCD13 Sales and use tax: suspension and revocation of vendor's licenses

R.C. 5739.31

Prohibits a vendor whose license has been suspended from obtaining a new license from any county auditor while the suspension remains in effect. Authorizes TAX to cancel any additional vendor license erroneously granted during the suspension period.

Fiscal effect: None. Continuing law may be interpreted to prohibit receiving a new license only from TAX or the auditor of the county that issued the suspended license.

TAXCD16 Sales and use tax: criminal penalties

R.C. 5739.99

Modifies sales and use tax criminal fraud and licensure offenses and penalties by classifying offenses to the closest classified misdemeanors based on their current penalties and applying more severe charges against repeat offenders.

Fiscal effect: Potential increase in revenue from penalties. May also deter tax evasion by repeat offenders.

Commercial Activity Tax

Executive

TAXCD24 CAT credit for net operating losses

R.C. 5751.53, 5751.98

Converts a commercial activity tax (CAT) credit for certain net operating losses accrued under the defunct corporation franchise tax from a refundable to a nonrefundable credit after calendar year 2029.

Fiscal effect: Potential short-term revenue gain after 2029 by preventing up to an estimated \$200 million in refundable credits from being issued in 2030.

Cigarette Taxes

TAXCD29 Cigarette and tobacco products tax increase

R.C. 5743.01, 5743.02, 5743.025, 5743.05, 5743.32, 5743.51, 5743.62, 5743.63, Section 801.80

Increases the state cigarette tax from \$1.60 to \$3.10 per pack, the state tax on other tobacco products from 17% to 42% of the wholesale price (with the rate for little cigars rising from 37% to 42%), and the maximum tax on premium cigars from 64 cents to \$1.58 per cigar, beginning October 1, 2025.

Increases the tax rate on nicotine-based vapor products, from 10 cents to 20 cents per milliliter (liquid) or gram (non-liquid) of product, beginning October 1, 2025.

Modifies the tax discount that cigarette dealers receive as a commission for affixing tax stamps to cigarette packs, from 1.8% of the stamps' face value to 3 cents per stamp.

Fiscal effect: According to the executive proposal, the net effect of the policies is to increase GRF revenue by \$434 million in FY 2026 and \$463 million in FY 2027.

TAXCD28 Tobacco products and vapor tax: prompt-payment discount

R.C. 5743.52, 5743.62, Section 801.140

Discontinues, beginning in 2026, the discount of 2.5% of the amount of tax due provided to distributors of tobacco products or vapor products who timely file and pay their excise tax.

Fiscal effect: Revenue gains to the GRF of approximately \$1.5 million in FY 2026, and \$3.0 million annually starting in FY 2027.

TAXCD17 Cigarette, tobacco, and vapor tax: criminal penalties

R.C. 5743.99

Increases the penalty for a repeat violation of engaging in cigarette, tobacco product, or vapor product commerce without holding a TAX license, from a fourth degree to third degree misdemeanor.

Fiscal effect: Potential increase in revenue from penalties.

Other Taxation Provisions

Executive

TAXCD23 Energy-efficient building federal tax deduction

R.C. 9.239

Removes the Tax Commissioner from a procedure by which the designer of a public building may request allocation of a federal income tax deduction for the design and installation of energy-efficient interior lighting, HVAC, hot water, or building envelope systems in public buildings.

Fiscal effect: None. The provision shifts the responsibility for requesting the federal income tax deduction from the Tax Commissioner to the public entity that owns the building.

TAXCD39 Petitions for Reassessment

R.C. 128.46, 718.90, 3734.907, 3769.088, 4305.131, 5726.20, 5727.26, 5727.47, 5727.89, 5728.10, 5735.12, 5736.09, 5739.13, 5743.081, 5743.56, 5745.12-5745.13 5747.13, 5749.07, 5751.09, 5753.07

Removes the requirement that taxpayers submit petitions for reassessment through personal service or certified mail. Removes the requirement that municipal corporations submit petitions challenging TAX's adjustment of an electric or telephone company's income apportionment for municipal utility income tax purposes personally or by certified mail and the requirement that TAX respond by ordinary mail to such petitions.

Fiscal effect: Minimal.

TAXCD51 Increase historic building rehabilitation tax credit cap

R.C. 149.311

Permanently increases the annual cap on the Ohio historic building preservation tax credit from \$60 million to \$120 million per fiscal year.

Fiscal effect: Additional state revenue losses depend on the amount of historic building preservation tax credits awarded. Previously, the cap was temporarily increased by the same amount for FY 2023 and FY 2024.

TAXCD52 Tax credit for historic owner-occupied property rehabilitation

R.C. 149.311, 149.312, 5747.08, 5747.761, 5747.98

Authorizes a refundable income tax credit, up to \$120,000 per project, to reimburse 25% of qualified expenditures incurred by an owner-occupant to rehabilitate historic residential property. Caps the amount of credits that may be awarded in a fiscal year to \$10 million.

Fiscal effect: Reduction in tax liability up to \$10 million per year.

TAXCD30 Housing tax credit reporting

R.C. 175.16, 175.17

Makes the Tax Commissioner the sole recipient of required reports from taxpayers who are awarded state-funded low-income housing tax credits or tax credits for single-family housing development and requires the Tax Commissioner to share the received reports with the Superintendent of Insurance.

Fiscal effect: None.

Executive

TAXCD7 Corporation franchise tax: statutory agent

R.C. 0701.04, 1701.07, 1703.041

Removes a requirement placed on corporations to include the name and address of the corporation's statutory agent in it's annual report filed under the now-defunct corporation franchise tax.

Fiscal effect: None.

TAXCD48 Municipal net profit tax: extension request

R.C. 718.85

Extends, from six to seven months, the municipal net profits tax return extension filing period for taxpayers that do not request a federal income tax extension.

Fiscal effect: None.

TAXCD46 Municipal net profit tax: discretionary interest penalty

R.C. 718.88

Makes it discretionary, rather than mandatory under current law, for TAX to charge a penalty for late estimated payments of municipal net profit taxpayers that opt for the state to administer their account.

Fiscal effect: Potentially decrease penalty collections depending on TAX's discretion.

TAXCD71 Replacement tire fee: eliminate 4% discount

R.C. 3734.904, Section 801.110

Effective January 1, 2026, eliminates the 4% discount for wholesale distributors of replacement tires or retail dealers who timely file and pay the replacement tire fee administered by TAX.

Fiscal effect: Increases fee revenue to the Scrap Tire Management Fund (Fund 4R50) used by EPA and the Soil and Water Conservation District Assistance Fund (Fund 5BV0) used by AGR.

TAXCD20 Adult use marijuana excise tax: rate and distribution

R.C. 3780.02, 3780.03, 3780.10, 3780.18 (repealed), 3780.19 (repealed), 3780.22, 3780.23, 3780.25, 3780.26, 3780.30, Section 801.60

Increases the rate of the excise tax on adult use marijuana, beginning on July 1, 2025, from 10% to 20%.

Reallocates revenue from the tax to substance abuse prevention, treatment, and recovery programs, the 9-8-8 suicide prevention and mental health crisis hotline, county jail grant programs, training of peace officers and troopers, construction and renovation of such training facilities, local drug task forces, safe driver programs, Ohio investigative unit operations, Ohio poison control programs and laboratory testing, and temporarily to the AGO for administering requests for expungements. Limits some allocations for these purposes and directs any remaining receipts to the GRF.

Executive

Repeals allocations for local governments that host adult use marijuana dispensaries and for the state cannabis social equity and jobs program.

Imposes a 20% excise tax on the illegal sale of marijuana by an unlicensed seller.

Fiscal effect: The Executive estimates an increase of \$86.8 million in FY 2026 and \$175.7 million in FY 2027 in adult use marijuana tax revenue.

Eliminating the allocation to the Host Community Cannabis Fund would decrease adult use tax revenue to municipal corporations and townships that have adult use dispensaries. Under current law, revenue is allocated as follows: 36% to the Cannabis Social Equity and Jobs Fund for DEV’s cannabis social equity and jobs program; 36% to the Host Community Cannabis Fund for the benefit of municipal corporations or townships that have adult use dispensaries; 25% to the Substance Abuse and Addiction Fund to support the efforts of MHA to alleviate substance and opiate abuse and related research; and 3% to the Division of Cannabis Control and Tax Commissioner fund to support the operations of the Division and to defray the cost of administering the tax.

TAXCD21 Adult use cannabis: tax information exchange

R.C. 3780.06

Requires TAX, upon the request of COM, to share pertinent information about the tax violations of an existing adult use cannabis licensee.

Fiscal effect: None. Current law only allows TAX to request this information for applicants seeking a license.

TAXCD11 Electronic tax filing and payments

R.C. 5703.059, 5747.42

Grants the Tax Commissioner blanket authority to require electronic tax filing and payment without, in the absence of specific statutory authority, first adopting rules to that effect.

Fiscal effect: None.

TAXCD33 Electronic records inspection

R.C. 5703.19

Requires taxpayers to provide records for inspection by TAX in an electronic format if the records are kept in such a format.

Fiscal effect: None.

TAXCD6 Disclosure of local tax revenue data

R.C. 5703.21

Authorizes TAX, without violating the prohibition against divulging personal tax information, to publish or disclose the amount of revenue distributed to local governments from any tax or fund administered by TAX.

Fiscal effect: None.

Executive

TAXCD34 Process for returned tax notices

R.C. 5703.37

Prescribes a process for handling tax notices and orders that are sent by ordinary mail, but returned as undeliverable. Mirrors the existing process for undeliverable tax notices and orders sent by certified mail.

Fiscal effect: None.

TAXCD60 Tax refund adjustment notices

R.C. 5703.70

Permits the Tax Commissioner to electronically notify, as an alternative to ordinary mail notice, a person applying for a tax refund if the amount to be refunded is less than what the person requested, but only if the person consents to electronic notice.

Fiscal effect: None.

TAXCD15 Tax penalty abatement

R.C. 5703.901, 128.99, 718.89, 3734.904, 3734.907, 3769.088, 4305.13, 4305.131, 5703.261-5703.263, 5726.03, 5726.21, 5727.08, 5727.25, 5727.26, 5727.60, 5727.82, 5727.83, 5727.89, 5728.09, 5728.10, 5733.022, 5733.062, 5735.062, 5735.12, 5735.121, 5736.05, 5739.032, 5739.102, 5739.12, 5739.122, 5739.124, 5739.133, 5741.121, 5741.122, 5743.051, 5743.081, 5743.082, 5743.51, 5743.56, 5745.041, 5745.08, 5747.072, 5747.082, 5747.15, 5747.44, 5749.06, 5749.15, 5751.06, 5751.07, 5753.05

Grants the Tax Commissioner general authority to abate, i.e., refund or forgive, penalties charged to taxpayers. Eliminates specific authority in law for abatement of penalties charged on specific taxes.

Fiscal effect: May result in undetermined revenue losses from certain penalties and charges.

TAXCD31 Tangible personal property tax replacement funds

R.C. 5709.93, 5751.02, Section 387.20

Eliminates the School District Tangible Personal Property Tax Replacement Fund (Fund 7047) and the Local Government Tangible Personal Property Tax Replacement Fund (Fund 7081) used to reimburse school districts and local governments for their loss of revenue due to the prior repeal of the business tangible personal property tax. Requires instead that the reimbursement payments be made from the GRF.

Fiscal effect: As of mid-February 2025, Fund 7047 has a cash balance of nearly \$670 million and Fund 7081 has a cash balance of nearly \$170 million. Expenditures from Fund 7047 declined in recent years and were \$60 million in FY 2024. Similarly, expenditures from Fund 7081 were nearly \$5 million in FY 2024. Elsewhere, Section 509.10 authorizes the OBM Director during the biennium ending June 30, 2027, to transfer cash to the GRF from Fund 7047 and Fund 7081 as necessary. Section 387.10 appropriates reimbursement payments to school districts and other local taxing units from GRF ALIs 200417 and 110403, and these new ALIs replace the previous ALIs that were supported by Fund 7047 and Fund 7081.

Executive

TAXCD5 Dealers in intangibles: rule requirement

R.C. 5725.01

Repeals the requirement that the Tax Commissioner adopt a rule defining the term "primarily" for purposes of describing who qualifies for the dealers in intangibles tax (DIT).

Fiscal effect: None. The DIT was eliminated beginning in 2014.

TAXCD32 Remove outdated tax reference

R.C. 5725.23

Removes an outdated reference in the Revised Code to the intangible property tax, which is no longer levied.

Fiscal effect: None.

TAXCD8 Financial institutions tax: online forms

R.C. 5726.03

Removes the requirement that TAX post financial institution tax annual report forms on it's website.

Fiscal effect: None. TAX currently requires taxpayers to file the return and pay the tax electronically through the Ohio Business Gateway and not on the paper forms.

TAXCD26 Public utility taxes service of notices

R.C. 5727.38, 5727.42, 5727.47

Permits TAX to serve assessments and appeal notices regarding public utility property and excise taxes by personal service, certified mail, authorized delivery service, or ordinary mail, or electronic notification (permitted with the person's consent).

Fiscal effect: Potential administrative cost savings by allowing more cost-effective delivery methods for assessments and appeal notes, instead of by mail only.

TAXCD25 Public utility excise tax refund: application to tax debt

R.C. 5727.42

Requires that refunds owed for public utility excise taxes first be applied to any outstanding debt on a tax or fee administered by the Tax Commissioner, as well as penalties and interest on that debt.

Fiscal effect: Potential revenue gain, as tax refunds applied to outstanding debts could increase state revenue.

Executive

TAXCD27 Public utility taxes extension request

R.C. 5727.48

Allows a public utility to request a 30-day extension from TAX for filing any report or statement required for purposes of public utility property and excise taxes in a manner other than by filing a written application, provided the other manner is approved by TAX.

Fiscal effect: None.

TAXCD19 Insurance premium tax: certification of nonpayment

R.C. 5729.10

Requires the Treasurer of State to certify unpaid insurance premium taxes to the Attorney General for collection, replacing the Superintendent of Insurance's authority to do so.

Fiscal effect: None.

TAXCD56 Collection of petroleum activity tax license fees

R.C. 5736.09, Section 757.30

Allows TAX to issue assessments to collect unpaid petroleum activity tax (PAT) licensing fees.

Fiscal effect: May increase revenue to TAX, dependent on the amount of outstanding PAT licensing fees. Current law only allows TAX to issue PAT assessments for unpaid taxes.

TAXCD47 Municipal utility income tax: filing extensions

R.C. 5745.03

Requires TAX to automatically grant a municipal income tax filing extension to an electric light or local exchange telephone company if a federal filing extension has been granted. Expands the length of that extension from six to seven months. Requires TAX to grant a seven month filing date extension without requiring a federal extension if the company submits a request before its return is due.

Fiscal effect: Potentially decrease late penalties and interest collected.

TAXCD49 Municipal utility income tax: required documentation

R.C. 5745.03

Removes the requirement for an electric light or local exchange telephone company to include its location of incorporation, principal office, or place of business in Ohio, and its officers' and statutory agent's names and addresses in its annual report to the tax commissioner for the municipal utility income tax.

Fiscal effect: None.

Executive

TAXCD50 Municipal utility income tax: electronic payments

R.C. 5745.03, 5745.04

Requires electric light and local exchange telephone companies to pay municipal income tax estimated payments and any amount due with a company's annual report electronically.

Fiscal effect: None.

TAXCD38 Municipal utility income tax: late payment penalty

R.C. 5745.08

Expands the discretionary penalty on late estimated payments of the municipal income tax on electric light and local exchange telephone companies to cover underpayments, and changes the penalty from twice the amount of interest charged on the delinquent payment to 15% of the amount of unpaid tax.

Fiscal effect: Potentially increases or decreases amount of penalties received depending on the amount of unpaid taxes and the applicable short-term interest rate.

TAXCD37 Municipal electric light and telephone income tax penalty

R.C. 5745.09

Makes discretionary the current mandatory interest penalty charged to municipal income electric light and telephone taxpayers that underpay their estimated payments.

Fiscal effect: Potentially decrease interest payments collected and distributed to municipal corporations.

TAXCD40 Municipal apportionment adjustments: electric and telephone company income

R.C. 5745.13

Repeals the requirement for the Tax Commissioner to notify an electric or telephone company that its income apportioned to a municipal corporation will be adjusted or, if the adjustment exceeds \$500 in tax, each affected municipal corporation. Removes the authority of a notified municipal corporation to challenge the redetermination.

Fiscal effect: Minimal.

TAXCD9 Correct erroneous income tax references

R.C. 5747.01, Section 801.20

Corrects erroneous references in an income tax deduction and add back for federal bonus depreciation.

Fiscal effect: None.

Executive

TAXCD10 Repeal school district income tax on estates

R.C. 5747.021, 5748.01, 5748.02, 5748.021, 5748.03, 5748.04, 5748.08, 5748.081, 5748.09; Section 801.110

Repeals, beginning in 2026, the school district income tax on estates.

Fiscal effect: Minimal. Currently, a school district tax with a "traditional" tax base applies to income generated by estates. School districts with a tax only on "earned income" already do not tax estates.

TAXCD59 Electing pass-through entity taxation

R.C. 5747.40, Section 757.20

Clarifies that the electing pass-through entity tax is available to pass-through entities with investors comprised of only Ohio residents.

Fiscal effect: None. TAX currently only applies this provision to Ohio's pass through entity withholding tax.

TAXCD58 Pass-through entity tax estimated payment dates

R.C. 5747.43, Section 801.90

Moves the due date for payment of the second and third estimated tax payments for electing and withholding pass-through entity taxes up by one month.

Fiscal effect: None.

TAXCD45 School district income tax: notice to TAX

R.C. 5748.02, 5748.021, 5748.04, 5748.08, 5748.09, Section 801.70

Requires boards of education that approve a resolution to place a school district income tax on the ballot to send a copy of the resolution to TAX after it has been certified to the county board of elections. Requires boards of elections to send a copy of a petition for an election to repeal a school district income tax to TAX after the board determines the petition is valid.

Fiscal effect: Minimal.

TAXCD62 Sports gaming tax increase and revenue allocation

R.C. 5753.021, 5753.031, Section 801.50

Doubles the sports gaming tax rate, from 20% to 40% of sports gaming receipts. Allocates 50% of collections deposited into the Sports Gaming Revenue Fund (R068) to the newly created Sports Facilities Construction and Sports Education Fund. Decreases the proportional allocation of the existing 20% rate to the Sports Gaming Education Fund (5Y00) from 98% to 96% and increases, from 2% to 4%, the share to alleviate problem gaming. Changes transfers from the Sports Gaming Revenue Fund (R068) to the Sports Gaming Education Fund (5Y00) and Problem Sports Gambling Fund (5YR0) from quarterly to monthly.

Fiscal effect: OBM estimates additional tax collections of \$138.0 million in FY 2026 and \$150.0 million in FY 2027.

Executive

Appropriation Language

TAXCD63 Tax refunds

Section: 409.20

Requires Fund 4250 ALI 110635, Tax Refunds, to be used to pay refunds. Appropriates additional amounts if needed for this purpose.

TAXCD64 Vendor's license payments

Section: 409.20

Requires Fund 5CZ0 ALI 110631, Vendor's License Application, to be used to make vendor license fee payments to county auditors. Appropriates additional amounts if necessary to make such payments.

TAXCD65 International registration plan administration

Section: 409.20

Requires Fund 4C60 ALI 110616, International Registration Plan Administration, to be used for audits of persons with vehicles registered under the International Registration Plan.

TAXCD66 Travel expenses for the streamlined sales tax project

Section: 409.20

Allows the Tax Commissioner to disburse available funds from Fund 4350 ALI 110607, Local Tax Administration, for paying travel expenses incurred by members of Ohio's delegation to the Streamlined Sales Tax Project. Requires any such reimbursements to be done in accordance with applicable state laws and guidelines.

TAXCD67 Tobacco settlement enforcement

Section: 409.20

Requires GRF ALI 110404, Tobacco Settlement Enforcement, to be used by the Tax Commissioner to pay tobacco enforcement costs related to the purchase and use of tax stamps.

TAXCD68 Ohio tax system support fund

Section: 409.20

Requires Fund 5ZA0 ALI 110650, Ohio Tax System Operating Expenses, to be used to pay costs incurred to maintain and support the Ohio Tax System. Requires TAX to submit a plan requesting the OBM Director to transfer necessary cash to the Ohio Tax System Support Fund (Fund 5ZA0) from any fund used by TAX otherwise allowable under state or federal law, except the GRF. Authorizes the OBM director to make such transfers and limits total transfers into Fund 5ZA0 to \$15,000,000 during the biennium.

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TAXCD69 Miscellaneous Tax Receipts

Section: 409.20

Requires Fund R011 ALI 110612, Miscellaneous Tax Receipts, to be used to hold miscellaneous tax payments received by the Tax Commissioner until the appropriate account or fund is identified and the money can be transferred for the identified purpose. Appropriates additional amounts if needed for this purpose.

Executive

School Funding

EDUCD26 Traditional school district funding formula

R.C. 3317.022, 3317.012, 3317.014, 3317.016, 3317.017, 3317.018, 3317.019, 3317.02, 3317.021, 3317.0212, 3317.0215, 3317.0217, 3317.0218, 3317.051, 3317.25, Sections 265.220, 265.230, 265.450

Extends the operation of the school financing system established by H.B. 110 of the 134th General Assembly to FY 2026 and FY 2027, but makes the following changes for traditional school districts:

- (1) Requires the use of the FY 2024 statewide average base cost per pupil in FY 2026 and FY 2027.
- (2) Requires the use of the FY 2024 statewide average career-technical base cost per pupil in FY 2026 and FY 2027.
- (3) Requires DEW to calculate a district's building leadership support base cost using the number of school buildings in the district for the preceding fiscal year.
- (4) Eliminates the payment of school district gifted professional development funds.
- (5) Increases the general phase-in percentage and disadvantaged pupil impact aid (DPIA) phase-in percentage from 66.67% in FY 2025 to 83.33% in FY 2026 and 100% in FY 2027.
- (6) Increases the minimum transportation state share percentage from 41.67% in FY 2025 to 45.83% in FY 2026 and 50% in FY 2027.
- (7) Requires DEW to use data from the previous fiscal year to establish the target number of qualifying riders per bus for each traditional school district.
- (8) Extends the payment of temporary transitional aid to school districts based on FY 2020 funding bases to FY 2026 and FY 2027, but decreases the bases to 95% of FY 2020 amounts in FY 2026 and 90% of FY 2020 amounts in FY 2027.
- (9) Extends the payment of temporary transitional aid for transportation to school districts based on FY 2020 funding bases to FY 2026 and FY 2027, but decreases the bases to 95% of FY 2020 amounts in FY 2026 and 90% of FY 2020 amounts in FY 2027.
- (10) Extends the payment of a formula transition supplement to school districts based on FY 2021 funding bases to FY 2026 and FY 2027, but decreases the bases to 95% of FY 2021 amounts in FY 2026 and 90% of FY 2021 amounts in FY 2027.
- (11) Requires the Tax Commissioner to certify the median, instead of the total, federal adjusted gross income (FAGI) of a school district's residents for use by DEW in making computations for the district.
- (12) Extends to FY 2026 and FY 2027 the requirement for DEW to calculate base costs for traditional school districts based on the sum of the enrolled ADM of every district that reported that data.

Requires, generally, that calculations for FY 2028 and each fiscal year thereafter be determined by the General Assembly.

Fiscal effect: The estimated allocation of foundation aid for traditional school districts is \$8.09 billion in FY 2026 and \$8.05 billion in FY 2027.

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DOHCD26 Lead abatement tax credit

R.C. 3742.50

Increases to \$50,000 (from \$10,000) the maximum amount of the tax credit that can be issued by the ODH Director for lead abatement.

Fiscal effect: May increase the amount of individual tax credits issued. However, current law limiting the total amount of tax credit certificates issued to \$5.0 million in a fiscal year remains unchanged.

Executive

LOTCD3 Withholding from gambling winnings

R.C. 718.031, 3121.441, 3123.89-3123.90, 3770.071-3770.075, 3770.10, 3770.25, 3775.16, 5747.062-5747.064, Section 801.120

Changes, beginning on January 1, 2026, who is responsible for withholding certain required amounts from gambling winnings before paying the winner as follows:

- (1) LOT is responsible instead of the sports gaming proprietor for lottery sports gaming conducted on a terminal that also offers other lottery games;
- (2) The sports gaming proprietor or LOT, as applicable, is responsible instead of the video lottery sales agent for lottery sports gaming conducted in a racino.
- (3) Clarifies that the video lottery sales agent who operates a racino is responsible instead of LOT for video lottery terminal (VLT) gaming.

Fiscal effect: May create administrative efficiencies.

Executive

RDFCD1 Local Government allocations

R.C. 131.51, Section 387.20

Increases the Local Government Fund (LGF; Fund 7069) shares of monthly General Revenue Fund tax revenue from 1.7% to 1.75%.

Fiscal effect: The Executive estimates additional transfers from the GRF to LGF of \$15 million in FY 2026 and \$16 million in FY 2027.

RDFCD2 Public Library Fund allocations

R.C. 131.51, Section 387.20

Increases the Public Library Fund (PLF; Fund 7065) shares of monthly General Revenue Fund tax revenue from 1.7% to 1.75%.

Fiscal effect: The Executive estimates additional transfers from the GRF to PLF of \$15 million in FY 2026 and \$16 million in FY 2027.
