



Am. S.B. 190

126th General Assembly
(As Passed by the General Assembly)

Sens. Carey, Amstutz, Zurz, Fingerhut, Dann, Roberts, Austria, Spada, Harris, Coughlin, Gardner, Grendell, Hagan, Clancy, Hottinger, Niehaus, Armbruster, Schuler

Reps. Collier, J. Stewart, Aslanides, Brown, Cassell, Chandler, Combs, DeBose, Domenick, Fende, Hagan, Harwood, Hughes, Law, Otterman, Raussen, Reinhard, Schaffer, Taylor, Trakas, Wagner, Wolpert, Barrett, Buehrer, Daniels, C. Evans, Flowers, Healy, Latta, Martin, Mason, Oelslager, Reidelbach, Sayre, Schlichter, G. Smith, Widener, Williams, Yates

Effective date: *

ACT SUMMARY

- Extends the job training tax credit for an additional year, to cover training costs paid or incurred on or before December 31, 2006.
- Requires that the Director of Job and Family Services adopt rules requiring that taxpayers who permanently relocate or transfer employees to another state or country repay tax credits received by them for job training costs incurred with respect to those employees.
- Accelerates and continues the requirement that each Medicaid health insuring corporation pay a periodic franchise permit fee, which is used to obtain federal Medicaid matching funds, by requiring the fee to be paid for (1) the period December 1, 2005, through December 31, 2005, and (2) each subsequent calendar quarter, rather than for only the calendar quarters occurring between January 1, 2006, and June 30, 2007.
- Declares an emergency.

* *The Legislative Service Commission had not received formal notification of the effective date at the time this analysis was prepared. Additionally, the analysis may not reflect action taken by the Governor.*

CONTENT AND OPERATION

Job training tax credit

Overview

Taxpayers that are corporations, financial institutions, dealers in intangibles, income tax taxpayers who invest in pass-through entities (sole proprietorships, partnerships, S corporations, or limited liability companies), domestic insurance companies, and foreign insurance companies may apply to the Director of Job and Family Services for a tax credit certificate under which they may claim a nonrefundable tax credit against their tax liability for certain job skill training costs they incur for their employees. The training costs that qualify a taxpayer for a credit include direct instructional costs (e.g., instructor salaries, materials and supplies, textbooks and manuals, and videotapes and other instructional media equipment) and wages paid to employees for normal working hours devoted exclusively to a training program. The credit is available only with respect to training costs incurred on behalf of employees employed by the taxpayer for 180 or more consecutive days prior to the date on which the taxpayer applies for the credit.

The credit equals one-half of the average of a taxpayer's training costs paid or incurred over a three-year period, but the credit amount claimed by a taxpayer cannot exceed \$1,000 per employee and cannot exceed \$100,000 per year. If the credit amount exceeds the taxpayer's tax liability, the excess may be carried forward for three years following the year in which the credit was first claimed.

Extension of the credit

(R.C. 5725.31(B), 5729.07, 5733.42(B), (C), and (L), and 5747.39(B))

Under prior law, the job training tax credit could be taken for training costs paid or incurred on or before December 31, 2005. The act extends the tax credit by one year, for training costs paid or incurred on or before December 31, 2006.

Job training tax credit program report

(R.C. 5733.42(G))

Continuing law requires that the Director of Job and Family Services prepare a report about the Job Training Tax Credit Program on or before September 30 of each year, and submit it to the Governor, the President of the Senate, and the Speaker of the House of Representatives. Under prior law, 2006 was the last year in which a report had to be prepared and submitted. The act

provides that the report also must be prepared and submitted on or before September 30, 2007.

Clarification of maximum credit amount

(R.C. 5747.39(B)(5))

Under continuing income tax law, the job training tax credit is available for a taxpayer that is an investor in a pass-through entity for which a tax credit certificate is issued. The total amount of credits that may be claimed by all such taxpayers each taxable year is capped at \$100,000. The act clarifies that this cap applies to all such taxpayers with respect to each pass-through entity for each taxable year.

Repayment of tax credits upon employees' relocation or transfer

(R.C. 5733.42(F))

Continuing law requires that the Director of Job and Family Services adopt rules that are necessary to administer the Job Training Tax Credit Program. The act specifies that, as part of that rulemaking authority, the Director must adopt rules requiring the repayment of tax credits upon the permanent relocation or transfer of employees trained under a job training tax credit certificate. Specifically, a taxpayer must repay the total amount of tax credits received for training costs incurred with respect to an employee if the taxpayer is issued a tax credit certificate with respect to those costs and then permanently relocates or transfers the employee to another state or country within two years after receiving the certificate.

Medicaid managed care franchise permit fee

(R.C. 5111.176)

Continuing law requires each health insuring corporation under contract with the Medicaid Program to pay a periodic fee in an amount equal to 4.5%, or a reduced percentage established under the program, of the managed care premiums the corporation receives in the period to which the fee applies for providing managed care services to its members or enrollees residing in Ohio. This "franchise permit fee" may be collected only if the fee qualifies as the state share of expenditures for purposes of receiving federal Medicaid matching funds. Moneys collected from the fees are to be used to pay for Medicaid services, administrative costs, and contracts with Medicaid health insuring corporations.

Prior law required the franchise permit fee to be paid not later than 30 days after each calendar quarter occurring between January 1, 2006, and June 30, 2007.

The act requires the fee to be paid not later than 30 days after the period December 1, 2005, through December 31, 2005, and each calendar quarter occurring thereafter.

Emergency clause

(Section 3)

The act takes immediate effect under its emergency clause, which provides that the reasons for the emergency are (1) that the job training tax credit is scheduled to expire, but the credit is needed for an additional year to encourage Ohio employers to provide further job skill training programs to employees and (2) that federal matching funds for the franchise permits fees paid by Medicaid health insuring corporations may not be available unless the fees are initially imposed prior to January 1, 2006.

HISTORY

ACTION	DATE
Introduced	09-29-05
Reported, S. Ways & Means & Economic Development	10-19-05
Passed Senate (31-0)	10-19-05
Reported, H. Economic Development & Environment	11-01-05
Passed House (91-1)	11-15-05
Senate concurred in House amendments (32-0)	11-15-05

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