



Bethany Boyd

*Bill Analysis*  
Legislative Service Commission

## **S.B. 34**

126th General Assembly  
(As Introduced)

**Sens. Spada, Jacobson, Clancy**

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### **BILL SUMMARY**

- Extends the job creation tax credit to domestic and foreign insurance companies.

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### **CONTENT AND OPERATION**

#### **Overview of the job creation tax credit**

(R.C. 122.17)

Under continuing law, Ohio's Tax Credit Authority may enter into an agreement with an employer whereby the employer agrees to increase employment in Ohio in exchange for a tax credit against the corporation franchise tax (corporations and financial institutions) or the income tax (owners of most partnerships, limited liability companies, S corporations, and sole proprietorships). The credit is equal to a percentage, determined by the Authority and detailed in the agreement, of new income tax revenue withheld from the compensation of the employer's new employees. The credit is refundable, which means that the employer is entitled to a refund if the amount of the credit exceeds the employer's tax liability. Currently, insurance companies cannot benefit from the credit.

#### **Extension of the job creation tax credit to insurance companies**

(R.C. 122.17, 5725.32, and 5729.032)

In lieu of the corporation franchise tax or income tax, domestic and foreign insurance companies pay annual franchise taxes at a rate of 1.4% of the gross amount of premiums received from policies covering risks within Ohio, except for those companies that are health insuring corporations, which are taxed at a rate of 1% of premium rate payments received. The Superintendent of Insurance administers this tax.

The bill extends the job creation tax credit to domestic and foreign insurance companies by allowing these companies to claim the credit against their annual franchise taxes. Under the bill, all of the existing administrative procedures relating to the job creation tax credit apply with respect to insurance companies. The bill adds the Superintendent of Insurance to the tax credit's administrative procedures because the Superintendent administers the franchise tax on domestic and foreign insurance companies.

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## **HISTORY**

<b>ACTION</b>	<b>DATE</b>	<b>JOURNAL ENTRY</b>
Introduced	01-26-05	p. 111

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