



Bethany Boyd

*Bill Analysis*  
Legislative Service Commission

## **S.B. 208**

126th General Assembly  
(As Introduced)

**Sens. Amstutz, Austria, Cates, Clancy, Carey, Fingerhut, Gardner, Grendell, Harris, Hottinger, Jacobson, Jordan, Mumper, Padgett, Schuler, Schuring, Stivers**

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### **BILL SUMMARY**

- Exempts from the state income and school district income taxes military pay and allowances received by a taxpayer who is a member of the United States Armed Forces or their reserve components, or of the National Guard, if the taxpayer is stationed outside Ohio and has no immediate family member residing in Ohio for the taxpayer's entire taxable year.

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### **CONTENT AND OPERATION**

#### **State income tax deduction**

(R.C. 5747.01(A)(22); Section 3)

The bill allows a taxpayer who is a member of the Armed Forces of the United States or of their reserve components, or of the National Guard, to deduct, when computing Ohio income tax liability, military pay and allowances received by the taxpayer during the taxable year, to the extent they were included in federal adjusted gross income and were not otherwise allowable as a deduction or exclusion in computing federal or Ohio adjusted gross income for a taxable year. The deduction may not be claimed for military pay and allowances received by the taxpayer while the taxpayer is stationed in Ohio, or by any taxpayer who had an "immediate family member" who, during the taxpayer's *entire* taxable year, was a resident of Ohio. The bill defines "immediate family member" as the taxpayer's spouse or "dependent," or an individual who claimed the taxpayer as a dependent on the individual's most recently filed federal income tax return.

Continuing law follows the Internal Revenue Code's definition of "dependent," which, in general, means either of the following:

(1) A child (son, daughter, stepson, stepdaughter, or adopted or foster child) of the taxpayer or descendant of such child, or a brother, sister, stepbrother, or stepsister of the taxpayer or a descendant of any such relative, who has the same principal place of abode as the taxpayer for more than one-half the taxable year, who is under age 19 or is a student who is under age 24, and who has not provided over one-half of his or her own support for the calendar year; or

(2) A relative of the taxpayer who is a child or a descendant of a child, a brother, sister, stepbrother, stepsister, father or mother or an ancestor of either, stepfather, stepmother, son or daughter of the taxpayer's brother or sister, a brother or sister of the taxpayer's father or mother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, or an individual who for the taxpayer's taxable year has the same principal place of abode as the taxpayer and is a member of the taxpayer's household; whose gross income is less than the exemption amount; with respect to whom the taxpayer provides over one-half of the relative's support; and who is not a child of the taxpayer that meets the description in (1), above.

The deduction is available for taxable years beginning in 2005 or thereafter.

**School district income tax exclusion**

(R.C. 5748.01(E)(1)(b); Section 3)

The bill also excludes from a taxpayer's income for purposes of computing school district income tax liability the military pay and allowances that may be deducted under the bill from income taxes. The exclusion applies to taxable years beginning on or after January 1, 2005.

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**HISTORY**

ACTION	DATE	JOURNAL ENTRY
Introduced	10-19-05	p. 1646