



**S.B. 8**

127th General Assembly  
(As Introduced)

Sens. Coughlin, Clancy, Spada

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**BILL SUMMARY**

- Restores an income tax deduction for college tuition and fees paid by a taxpayer of up to \$2,500 in each of the first two years of post-secondary education at an Ohio institution.
- The credit may be taken by joint filers whose combined federal adjusted gross income (FAGI) does not exceed \$100,000, or by a single filer whose FAGI does not exceed \$50,000.

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**CONTENT AND OPERATION**

**Deduction for qualified tuition and fees restored**

(R.C. 5747.01(A)(18) and (AA)(1) and (2); Section 3)

Am. Sub. H.B. 66 of the 126th General Assembly eliminated an income tax deduction for certain tuition costs and fees paid by taxpayers to a state university or other postsecondary institution located in Ohio, for any taxable year beginning after December 31, 2005. The bill restores the deduction for taxable years beginning on or after January 1, 2007.

The income tax deduction is identical to the deduction that was eliminated by H.B. 66. For students enrolled in a full-time course of study, the deduction is for "qualified tuition and fees" of up to \$2,500 paid to an "eligible institution" for each of the first two years of postsecondary education--a total of \$5,000. For students enrolled part-time, the deduction is for tuition and fees paid to an eligible institution for the academic equivalent of the first two years of postsecondary education during a maximum of five taxable years--also for a total of \$5,000. The deduction may be claimed only to the extent that the tuition and fees are not otherwise deducted or excluded from federal or Ohio adjusted gross income.

The deduction is not available to individuals filing a joint return showing a combined federal adjusted gross income (FAGI) greater than \$100,000, or to single filers having FAGI greater than \$50,000.<sup>1</sup> The deduction may not be claimed for educational expenses for which the taxpayer claims a displaced worker job training tax credit under existing law (R.C. 5747.27).

The following expenses are excluded from tuition and fees for purposes of claiming the deduction: expenses for courses involving sports, games, or hobbies, unless the course is part of a degreed program; costs for books, room and board, student activity fees, athletic fees, insurance expenses, or other expenses unrelated to an academic course of instruction; and tuition, fees, or other expenses paid or reimbursed through an employer, scholarship, grant in aid, or other educational benefit program.

The post-secondary institutions that are "eligible institutions" under the bill are:

- University of Akron, Bowling Green State University, Central State University, University of Cincinnati, Cleveland State University, Kent State University, Miami University, Ohio University, Ohio State University, Shawnee State University, University of Toledo, Wright State University, Youngstown State University, and Northeastern Ohio Universities College of Medicine.
- A community college, state community college, university branch, or technical college.
- A private, nonprofit college, university, or other post-secondary institution located in Ohio that possesses a certificate of authorization issued by the Ohio Board of Regents or a certificate of registration issued by the State Board of Career Colleges and Schools.

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## HISTORY

ACTION	DATE
Introduced	02-20-07

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<sup>1</sup> A taxpayer's Ohio adjusted gross income, which is the income tax base from which Ohio income tax liability is calculated, is calculated on the basis of the taxpayer's federal adjusted gross income (R.C. 5747.01(A)).