



Ohio Legislative Service Commission

Final Analysis

Mackenzie Damon

Am. H.B. 167

129th General Assembly
(As Passed by the General Assembly)

Reps. Derickson and Mallory, Grossman, Thompson, Blessing, Combs, Boose, Hall, McGregor, McClain, Beck, Damschroder, Pillich, Clyde, Reece, Yuko, Fedor, Antonio, Weddington, Szollosi, Garland, Letson, Barnes, Blair, Dovilla, Fende, Hayes, Milkovich, Stautberg, Winburn, Amstutz, Anielski, Boyd, Brenner, Bubp, Buchy, Carey, Carney, Conditt, Driehaus, Duffey, Gardner, Goodwin, Goyal, Hackett, C. Hagan, R. Hagan, Heard, Johnson, Kozlowski, Landis, Luckie, Lundy, Maag, Mallory, Martin, McKenney, Mecklenborg, Murray, O'Brien, Patmon, Phillips, Ramos, Slesnick, Stinziano, Sykes, Uecker, Wachtmann, Williams, Young, Batchelder

Sens. Schaffer, Tavares, Skindell, Turner, Bacon, Balderson, Beagle, Brown, Coley, Daniels, Eklund, Hite, Hughes, Jones, Kearney, Lehner, Manning, Niehaus, Obhof, Oelslager, Sawyer, Schiavoni, Widener, Wilson

Effective date: Emergency, December 9, 2011

ACT SUMMARY

- Authorizes an income tax deduction for the otherwise taxable portion of a federal Pell grant or Ohio College Opportunity Grant used to pay room and board for a post-secondary student.

CONTENT AND OPERATION

Education grant deduction

Federal law excludes from an individual's adjusted gross income amounts received as a scholarship or fellowship grant to the extent the individual uses the funds for tuition, fees, books, supplies, and equipment required for courses of instruction at a post-secondary educational organization.¹ Amounts used for room and board are not

* This version updates the effective date of the act.

¹ 26 U.S.C. 117.

exempt and are therefore included in federal adjusted gross income. Because federal adjusted gross income is the starting number for determining an individual's Ohio tax liability, amounts used for room and board would be subject to the Ohio income tax if the act did not exclude those amounts from taxation.

The act authorizes an individual to deduct, for purposes of determining Ohio adjusted gross income, amounts used to pay for room, board, and any meal plan administered by the educational organization, if the amounts were received in the form of a federal Pell grant or an Ohio college opportunity grant.² The Federal Pell Grant Program provides need-based grants to low-income undergraduate and certain post-graduate students.³ The Ohio College Opportunity Grant Program provides need-based assistance to Ohio residents in nursing degree and undergraduate programs.⁴

Effective date

The act declares an emergency in order to allow taxpayers to benefit from the income tax deduction as soon as possible. The deduction applies to taxable years ending on or after the effective date of the act.

HISTORY

ACTION	DATE
Introduced	03-22-11
Reported, H. Ways & Means	06-09-11
Passed House (96-0)	06-21-11
Reported, S. Ways & Means & Economic Development	11-14-11
Passed Senate (31-0)	11-15-11
House concurred in Senate amendments (96-0)	11-16-11

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² R.C. 5747.01(A)(30).

³ 20 U.S.C. 1070a, *et seq.*

⁴ R.C. 3333.122.

