



# Ohio Legislative Service Commission

## Bill Analysis

Stephen Estelle

### H.B. 101

129th General Assembly  
(As Introduced)

**Reps.** Williams, Fende, Pillich, Combs, Derickson, Gentile, Weddington, Goyal, Slesnick, Milkovich, Antonio

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## BILL SUMMARY

- Provides for a six-year trial period during which an employer, for purposes of calculating its job creation or job retention tax credit base, may include the income tax withholdings of a limited number of its employees who work from home and whose rate of pay is at least three times the federal minimum wage if the employer has made a minimum amount of capital investment in the project.
- Requires the Director of Development to submit a report at the end of the six-year trial period on the effects of including at-home employees in tax credit agreements.

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## CONTENT AND OPERATION

Continuing law establishes job creation and job retention grant programs administered by the Ohio Tax Credit Authority (TCA) under which a business may receive refundable or nonrefundable tax credits against specified taxes for creating or retaining jobs in Ohio. Depending on the program, the credit base is comprised of Ohio income tax withholdings, or incremental increases in Ohio income tax withholdings, from all employees "employed in the project." Under both programs, the "project" is, generally, the business's place of operations, as agreed to by the TCA and the business in a tax credit agreement.

The bill specifies that an employee "employed in the project" includes an employee whose services are performed primarily from the employee's Ohio residence, with some limitations. The employee's services must be performed exclusively for the benefit of the project, and the employee must be paid at least three times the federal minimum wage. The number of at-home employees may not exceed 10% of the total number of project employees.

Additionally, in order to qualify for the job retention credit under current law, certain employers must agree to make a minimum amount of capital investment at the project site--at least \$50 million for employers primarily engaged in manufacturing and at least \$20 million for employers primarily engaged in corporate administrative functions. The bill extends this requirement to employers wishing to include at-home employees as employees "employed in the project" for purposes of the job creation credit.

The bill also requires the Director of Development to submit a report regarding the effect of including at-home employees as employees "employed in the project" at the end of the six-year trial period. The report must state the number of tax credit agreements that include at-home employees in the credit computation, the total number of employees and the number of at-home employees covered by the agreements, and must include a description of the projects. The Director must submit the report to the Senate President, Speaker of the House, and the Governor by January 1 of the seventh year after the year the bill takes effect.

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## HISTORY

| ACTION     | DATE     |
|------------|----------|
| Introduced | 02-15-11 |

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