



Ohio Legislative Service Commission

Bill Analysis

Stephen Estelle

H.B. 167

129th General Assembly
(As Reported by H. Ways & Means)

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

BILL 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. (26 U.S.C. 117.) Amounts used for room and board are not 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 are subject to Ohio income taxation.

The bill 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 (20 U.S.C. 1070a, *et seq.*) or an Ohio college opportunity grant (R.C. 3333.122).¹ The Federal Pell Grant Program provides need-based grants to low-

¹ R.C. 5747.01(A)(30).

income undergraduate and certain post-graduate students. The Ohio College Opportunity Grant Program provides need-based assistance to Ohio residents in nursing degree and undergraduate programs.

The deduction applies to taxable years ending on or after the effective date of the bill.

HISTORY

ACTION	DATE
Introduced	03-22-11
Reported, H. Ways & Means	06-09-11

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