



# Ohio Legislative Service Commission

## Bill Analysis

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### H.B. 227

129th General Assembly  
(As Introduced)

**Reps.** Goyal, Garland, Ruhl, Stinziano, Schuring, Fedor, Williams, Martin, Phillips, Clyde, Weddington, O'Brien, Ashford, Fende, Antonio

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## BILL SUMMARY

- Allows a nonrefundable income tax credit for an individual who earns a degree in science, technology, engineering, or math-based fields of study after the effective date of the bill from an Ohio institution of higher education or a non-Ohio institution approved by the Board of Regents.
- Allows a \$5,000 credit for an associate's degree; \$20,000 for a baccalaureate degree; and \$30,000 for a master's or doctoral degree.
- Allows an individual to receive additional credits for obtaining more advanced degrees.
- Expressly authorizes a municipal corporation to allow a credit for individuals qualifying for the state credit.

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## CONTENT AND OPERATION

### STEM degree tax credit

The bill allows a nonrefundable credit against the income tax for an individual who has obtained an associate's, baccalaureate, master's, or doctoral degree from an "institution of higher education" in an "approved field of study" on or after the bill's effective date.<sup>1</sup> The bill states that the credit is allowed to develop and maintain a highly qualified workforce and to improve the economic welfare of all Ohioans.

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<sup>1</sup> R.C. 3333.51 and 5747.81 with conforming changes in R.C. 5747.08 and 5747.98.

"Institutions of higher education" means state colleges, universities, and branches thereof, the Medical College of Ohio, private, accredited, non-profit colleges and universities, private for-profit colleges and universities, state and non-state community colleges, technical colleges, career schools and colleges, and any similar institution not located in Ohio that is designated as an institution of higher education by the Ohio Board of Regents for purposes of the credit.

"Approved field of study" means a field of study in the natural sciences, technology, engineering, or mathematics that the Board of Regents determines is associated with job creation and retention in Ohio. In identifying approved fields of study, the Board is required to give priority to those related to information technology, power and propulsion, advanced materials, instruments and controls, electronics, and biotechnology and biosciences.

The credit equals \$5,000 for an associate's degree, \$20,000 for a baccalaureate degree, and \$30,000 for a master's or doctoral degree. The credit must be claimed in increments of one-tenth over ten consecutive years beginning with the individual's taxable year in which the individual graduates. If the credit exceeds the individual's tax liability, the individual may carry forward the unused credit to future taxable years. No carryforward credit may be claimed, however, for any taxable year following the taxable year for which the last one-tenth credit increment has been claimed.

An individual who has been allowed a credit for an associate's or baccalaureate degree may receive an additional credit by obtaining a more advanced degree from an institution of higher education in an approved field of study. The additional credit equals the credit amount for the more advanced degree less the credit the individual has been allowed for less advanced degrees. The credit must be claimed in the same manner as the credit for the less advanced degree.

### **Credit deferral**

An individual who has been allowed a credit and who seeks to obtain a more advanced degree in an approved field of study may defer claiming the credit and any related carry-forward. The deferral may occur for each taxable year in which the individual is enrolled full-time in an institution of higher education in an approved field of study. This deferral period appears to include the taxable year in which the individual terminates enrollment or graduates with the more advanced degree.

### **Board of Regents**

The bill requires the Ohio Board of Regents to identify institutions of higher education and approved fields of study.

## Municipal credit authorization

The bill expressly authorizes a municipal corporation to grant a credit against its municipal income tax for individuals who qualify for the state credit.<sup>2</sup> A municipal corporation may establish credit amounts and limits, refundability attributes, carry-forward periods, deferral periods and procedures, and recapture penalties differing from those of the state credit. (Pursuant to their constitutional home rule powers, municipal corporations may have the power to allow credits against their income taxes without express authorization in state law.)

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### HISTORY

ACTION	DATE
Introduced	05-17-11

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<sup>2</sup> R.C. 718.17.

