



Ohio Legislative Service Commission

Bill Analysis

Mackenzie Damon

H.B. 472

129th General Assembly
(As Passed by the House)

Reps. Beck, Letson, Antonio, Barnes, Boose, Combs, Gardner, Garland, Hackett, Newbold, O'Brien, Sears, Sprague, Thompson, Wachtmann, Winburn, Young, Batchelder

BILL SUMMARY

- Incorporates into Ohio tax law changes to federal tax law taking effect since March 7, 2011.
- Declares an emergency.

CONTENT AND OPERATION

Incorporation of Internal Revenue Code changes

The bill incorporates into Ohio tax law any changes to the Internal Revenue Code (IRC) or other federal law taking effect after March 7, 2011.¹ The incorporation applies to only general, undated references to the IRC or other federal laws, and does not apply to references that specify a date.

Ongoing Ohio tax law incorporates by reference parts of the IRC and other federal laws. Periodic amendments to federal law do not become part of Ohio law unless they are incorporated by an act of the General Assembly.²

Election to apply incorporation to closed years

The bill also revises Ohio tax law with respect to an election available to taxpayers whenever federal amendments become incorporated. Current law authorizes a taxpayer whose taxable year ended after December 15, 2010, and before March 7, 2011,

¹ R.C. 5701.11.

² Cf. *State of Ohio v. Gill* (1992), 63 Ohio St.3d 53.

to irrevocably elect to apply to the taxpayer's state tax calculation the federal tax laws that applied to that taxable year if those laws differ from the laws that are incorporated under the bill. (The December and March dates are the dates of the two preceding incorporations.) The election is available to taxpayers who are subject to the corporation franchise tax or personal income tax and to electric companies that are subject to municipal income taxes.

The bill updates this election so that it may be made for a taxpayer's taxable year ending after March 7, 2011, but before the bill's effective date. The bill retains a provision specifying that similar elections made under prior versions of the law remain effective for the taxable years to which the previous elections applied.

Emergency clause

The bill declares an emergency, causing the act to become effective immediately and exempting it from the referendum.

HISTORY

ACTION	DATE
Introduced	03-07-12
Reported, H. Ways & Means	05-03-12
Passed House (96-0)	05-15-12

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