



## *Synopsis of House Committee Amendments\**

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and other LSC staff*

*Legislative Service Commission*

### **Sub. S.B. 261**

124th General Assembly  
(H. Finance and Appropriations)

Increases the cigarette tax from 24 cents per pack of 20 to 55 cents per pack rather than 74 cents per pack as in the Senate passed version.

From July 1, 2002, through April 30, 2003, permits cigarette dealers to purchase stamps for 24 cents of face value, with the remainder of the 55 cent value of the stamp due within 30 days.

Removes from the Senate passed version a provision that allows cigarette dealers purchasing stamps on credit to provide the state an irrevocable letter of credit to secure payment of the tax, in lieu of bond.

Provides that a cigarette retailer's "cost of doing business" is 8% of the invoice cost of the cigarettes to the retailer, or of the replacement cost of the cigarettes to the retailer, whichever is lower, rather than 6% as in current law.

Indexes the personal income tax brackets for inflation beginning in 2005.

Extends the income tax to trusts for three years, expiring after a trust's taxable year beginning in 2004 rather than permanently extending the income tax to trusts as in the Senate passed version.

Changes how trust income is allocated and apportioned for income tax purposes, so that most business income is apportioned as it would be for a corporation, most nonbusiness income arising from assets held by a resident trust is allocated to Ohio, and capital gains and losses from selling securities or other interests are apportioned on the basis of the location of the issuer's physical assets.

For the purpose of computing the nonresident income tax credit, requires a nonresident owning a 20% or more interest in a pass-through entity to apportion income from disposing of that interest on the basis of a three-year average of the entity's own

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\* This synopsis does not address amendments that may have been adopted on the House floor.

apportionment fractions and specifies that business income expressly includes gains and losses from liquidating a business (including gains or losses from goodwill).

Requires corporations, in computing franchise tax liability, to include income from a disregarded entity or qualified subchapter S subsidiary (including gains and losses from selling its interest in the entity or QSSS).

Requires the Director of Budget and Management to transfer \$165 million in FY 2003 from the Tobacco Master Settlement Agreement Fund to the GRF that would have otherwise been distributed to the Education Facilities Trust Fund, and increases from \$180 million to \$345 million the authority for the School Facilities Commission to issue bonds over the FY 2003-2004 biennium for the School Building Assistance Program.

Prescribes a new formula to provide tax equity funding to county MR/DD boards for adult services which is designed to ensure that those boards with less-than-average property tax yields from at-least-average taxing effort receive that same amount for adult services funding as boards with average tax yields.

Authorizes the Director of Job and Family Services to apply for a federal Medicaid waiver if necessary to establish a supplemental drug rebate program and provides that supplemental rebates may be in the form of cash payments or services that are guaranteed to produce Medicaid savings, including such services as disease management, drug product donations, drug utilization control, prescriber and beneficiary counseling and education, and fraud and abuse initiatives.

Provides that a drug manufacturer may not be required to pay a supplemental rebate as a condition of having a drug approved for the treatment of mental illness, HIV, or AIDS covered by Medicaid without prior authorization.

For fiscal year 2003, increases the maximum mean total per diem rate payable to nursing facilities under Medicaid by 75¢.

For fiscal year 2003, increases to \$2.25 (from \$1.50) per Medicaid day the quality add-on included in Medicaid payments to nursing facilities, and provides for it to be paid in fiscal years 2004 and 2005 as well.

Requires the Department of Job and Family Services to use money in the Nursing Facility Stabilization Fund in fiscal years 2004 and 2005 to reimburse a portion of the cost of the nursing facility franchise permit fee.

Extends for one year (until July 1, 2003) the scheduled expiration of a process administered by the Department of Alcohol and Drug Addiction Services for the certification or credentialing of chemical dependency professionals for purposes of Medicare and Medicaid reimbursement.



Provides that authority granted to the Director of Budget and Management to make transfers from certain non-GRF funds does not apply to any fund created under the State Income Tax Laws (e.g., the Local Government Fund, the Local Government Revenue Assistance Fund, and the Library and Local Government Support Fund).

Provides that the aggregate amount of appropriations from the GRF for fiscal years 2004 and 2005 must not exceed the aggregate amount of spending from the GRF for fiscal years 2002 and 2003, other than appropriations and spending for (1) higher education, (2) primary and secondary education, (3) Medicaid, (4) debt service, and (5) property tax relief.

Creates the Budget Study Committee, consisting of ten legislators, to conduct a comprehensive study of spending in the areas of (1) higher education, (2) primary and secondary education, (3) Medicaid, (4) debt service, and (5) property tax relief, and to make recommendations that, if implemented, will improve efficiency and maintain or exceed current levels of service in those areas.

Requires the Department of Education to submit a spending plan for approval to the Controlling Board for any federal funds received through the federal "No Child Left Behind Act" that the department has discretionary authority to spend.

Requires the Director of Job and Family Services, on or before October 1, 2002, to establish the Mahoning Valley Education and Training Institute at Youngstown State University for the purpose of retraining existing workers and providing education and training for new entrants into the regional labor market.

Requires all employees whose employment commences on or after the bill's effective date and who are paid by warrant of the Auditor of State to receive their pay by direct deposit.

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