



www.lsc.ohio.gov

OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 470
134th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Hillyer

Zachary P. Bowerman, Attorney

SUMMARY

- Authorizes a nonrefundable income tax credit for developers for the costs incurred to build, purchase, or refinance certain multi-family housing projects if at least 1% of the project's funding is from an Ohio investor under certain income or net worth limits.
- Limits the total amount of credits that may be issued in any fiscal biennium to \$50 million and the total amount that may be issued per biennium to any applicant to \$2 million.
- Requires the Governor to include certain information about the credit in the Governor's biennial operating budget submitted to the General Assembly.

DETAILED ANALYSIS

Ohio Community Investor Credit

The bill authorizes a nonrefundable income tax credit, known as the Ohio Community Investor Credit, for the costs incurred by a developer to build, purchase, or refinance certain multi-family housing projects.

To qualify, the project must be located in Ohio and include at least four family residential units and at least 1% of the cost of the project must be attributable to an investment from a nonaccredited Ohio investor – an individual who is an Ohio resident and whose net worth or income do not exceed both the net worth and income levels prescribed by the U.S. Securities and Exchange Commission to define an accredited investor, i.e., the individual's net worth must not exceed \$1 million and the individual's income must not exceed \$200,000, or \$300,000 in joint income if married or cohabitating.¹

¹ R.C. 122.091(A); 17 Code of Federal Regulations 230.501(a)(5) and (6).

The credit equals 10% of the costs incurred to build, purchase, or refinance the multi-family housing project during the applicant's taxable year. The credit applies for taxable years beginning on or after the bill's 90-day effective date.²

Application for credit

To receive the credit, a developer must apply to the Director of Development between January 1 and February 1 following the end of the applicant's taxable year in which the costs were incurred. If the developer qualifies for the credit, the Director must approve the application and award a tax certificate within 60 days after receiving a completed application. Credits are issued on a first-come, first-serve basis.³

If an application is approved, the taxpayer must submit a copy of the certificate with the taxpayer's tax return.⁴ If the developer is a pass-through entity, the entity's investors may claim their proportionate or distributive share of the credit in the investor's taxable year that includes the last day of the developer's taxable year for which the credit is awarded.

Carry forward

The credit is nonrefundable, which means that the credit may not exceed a taxpayer's tax liability in any year. However, if the credit does exceed a taxpayer's liability for a particular year, the taxpayer may carry forward the unused amount for up to five taxable years.⁵

Limitations

The bill limits the total amount of credits that the Director may issue in any fiscal biennium to \$50 million. The bill also limits the total amount of credits that the Director may award to any applicant in any fiscal biennium to \$2 million.⁶

Transferability

A person who holds an unclaimed certificate can transfer the right to claim it to another taxpayer by notifying the Tax Commissioner in writing. The notification must specify the certificate number and the name and tax identification number of the transferee. The transferee must claim the credit for the same taxable year the transferor was authorized to claim the credit prior to the transfer. A transferee may not transfer the credit to another person.⁷

² R.C. 122.091(B) and 5747.98; Section 3.

³ R.C. 122.091(B) and (C)(1).

⁴ R.C. 122.091(D).

⁵ R.C. 122.091(C)(3).

⁶ R.C. 122.091(C)(2).

⁷ R.C. 122.091(E).

Governor's operating budget

The bill requires the Governor to include in the Governor's biennial operating budget a detailed estimate of the total amount of the credit that may be authorized in each year, an estimate of the amount of the credit expected to be claimed in each year, and an estimate of the amount of the credit expected to remain outstanding at the end of the biennium. Under continuing law, the Governor must include similar information for ten other business tax credits.⁸

HISTORY

Action	Date
Introduced	10-27-21

H0470-I-134/ks

⁸ R.C. 107.036.