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H.B. 197
134th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Stoltzfus and Creech

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SUMMARY

- Authorizes a nonrefundable income tax credit of up to \$25,000 per year for training expenses paid by employers to train employees to operate a commercial vehicle.
- Limits the total amount of credits that may be awarded each year to \$3 million.
- Applies to training expenses incurred on or after January 1, 2022.

DETAILED ANALYSIS

Tax credit for commercial vehicle operator training expenses

The bill authorizes a nonrefundable personal income tax credit of up to \$25,000 for employers that train their employees to be commercial vehicle operators.¹ As a credit against the income tax, it may be claimed by employers that are sole proprietors or organized as a pass-through entity such as a partnership, limited liability company, or S corporation owned at least in part by an individual, estate, or trust; it would not be available to corporations other than those electing S corporation status.

Application process

The credit is available for expenses, other than wages, paid to train employees to obtain a commercial driver's license (CDL) or to operate a commercial motor vehicle. To obtain the credit, an employer must first apply to the Director of Development Services with an estimate of the training expenses that the employer expects to pay in the upcoming year. The Director may certify up to \$50,000 of estimated training expenses as eligible for the tax credit.

Then, in January of the year after the year the expenses are incurred, the employer applies to the Director for the tax credit, which equals one-half of the employer's actual training

¹ R.C. 122.91, 5747.82, and 5747.98.

expenses. Upon approval, the Director issues the employer a tax credit certificate indicating the amount of the credit. The Director must also notify the Department of Taxation of each certificate issued.²

Credit limits

The maximum credit allowed to any employer per year is \$25,000 (one-half of \$50,000, the maximum amount of certifiable training expenses). The total amount of credits awarded in any year may not exceed \$3 million. However, if, in any year, the amount of credits awarded is less than \$3 million, the difference may be carried forward and added to the maximum amount to be awarded to the following year.³

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 and apply the difference to a future tax liability for up to five years.⁴

Application date and rules

The bill applies to training expenses paid on or after January 1, 2022.⁵

The bill requires the Director of Development Services to adopt rules, in consultation with the Tax Commissioner, necessary to administer the credit, which must include a description of the types of expenses that would qualify for the credit. These proposed rules must be prepared and filed within 150 days after the provision's effective date.⁶

HISTORY

Action	Date
Introduced	03-10-21

H0197-I-134/ts

² R.C. 122.91(A) to (C).

³ R.C. 122.91(B).

⁴ R.C. 5747.82.

⁵ Section 3(A).

⁶ R.C. 122.91(D) and Section 3(B).