



Ohio Revised Code

Section 5747.26 [Repealed effective 11/15/2015 by S.B. 208, 131st General Assembly] New manufacturing machinery or equipment tax credit.

Effective: June 30, 1997

Legislation: House Bill 215 - 122nd General Assembly

(A) As used in this section:

- (1) "Cost" has the same meaning as in section 179(d)(3) of the Internal Revenue Code.
- (2) "Eighteen-month period" means the eighteen-month period that begins January 1, 1995, and ends June 30, 1996.
- (3) "Manufacturer" has the same meaning as in section 5711.16 of the Revised Code.
- (4) "Manufacturing machinery or equipment" has the same meaning as "engines and machinery, and tools and implements, of every kind used, or designed to be used, in refining and manufacturing" in section 5711.16 of the Revised Code.
- (5) "New manufacturing machinery or equipment" means manufacturing machinery or equipment, the original use of which commences with the taxpayer or with a partnership or S corporation of which the taxpayer is a partner or shareholder.
- (6) "Purchase" has the same meaning as in section 179(d)(2) of the Internal Revenue Code.

(B) A nonrefundable credit is allowed against the tax imposed by section 5747.02 of the Revised Code for a taxpayer that purchases new manufacturing machinery or equipment that the taxpayer locates in this state and uses as a manufacturer. The credit also is allowed for a taxpayer that is a direct or indirect partner in a partnership or a shareholder in an S corporation that purchases new manufacturing machinery or equipment that the partnership or S corporation locates in this state and uses as a manufacturer. In either event, the credit is available only if both of the following conditions are met:



- (1) The purchases are made during the eighteen-month period;

- (2) In the case of such new manufacturing machinery or equipment purchased by the taxpayer, the cumulative cost of the new machinery or equipment, when added to the cumulative cost of any other such manufacturing machinery or equipment purchased by the taxpayer's spouse, equals or exceeds twenty per cent of the aggregate cost of all tangible personal property located in the United States, used in a trade or business or held for the production of income, and owned by the taxpayer or the taxpayer's spouse, at the close of the taxpayer's most recent taxable year ending before the eighteen-month period. In the case of such new manufacturing machinery or equipment purchased by a partnership or S corporation of which the taxpayer is a direct or indirect partner or a shareholder, the cumulative cost of such property equals or exceeds both twenty per cent of the aggregate cost of all tangible personal property located in the United States and owned by the partnership or S corporation at the close of its most recent federal taxable year ending before the eighteen-month period, and the taxpayer's distributive share of such cumulative cost, when added to the cumulative cost of any other such new manufacturing machinery or equipment purchased by the taxpayer or the taxpayer's spouse, equals or exceeds twenty per cent of the aggregate cost of all tangible personal property located in the United States, used in a trade or business or held for the production of income, and owned by the taxpayer or the taxpayer's spouse, at the close of the taxpayer's most recent taxable year ending before the eighteen-month period.

- (C) The amount of the credit equals twenty per cent of the cost of the new manufacturing machinery and equipment located and used in this state by the manufacturer. However, the aggregate credit allowed to any taxpayer and the taxpayer's spouse shall not exceed five hundred thousand dollars. If manufacturing machinery and equipment is purchased by a partnership or S corporation, the five-hundred-thousand-dollar limit applies both to the partnership or S corporation and to the taxpayer and the taxpayer's spouse. The taxpayer shall be allowed the taxpayer's distributive share of any credit available through the partnership or S corporation, and such share shall be aggregated with any other credit available to the taxpayer and the taxpayer's spouse under this section before applying the five-hundred-thousand-dollar limit to the taxpayer and the taxpayer's spouse. The taxpayer may allocate the amount of credit, as so limited, among any of the taxpayer's taxable years that end after the purchase is made and include any portion of the eighteen-month period. The taxpayer shall claim the credit in the order required under section 5747.98 of the Revised Code. Any credit amount in excess of the tax due under this chapter after allowing for any other nonrefundable credits that



precede the credit under this section in that order may be carried forward for three taxable years after the last taxable year that includes any portion of the eighteen-month period, but the amount of the excess credit allowed in any such year shall be deducted from the balance carried forward to the next year.

(D) Nothing in this section shall be construed to limit or disallow pass-through treatment of a partnership's or S corporation's income, deductions, credits, or other amounts necessary to compute the tax imposed by section 5747.02 of the Revised Code and the credits allowed by this chapter.