

Rule Summary and Fiscal Analysis (Part A)**Department of Taxation**

Agency Name

Division

Fred Nicely

Contact

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5703-29-21

Rule Number

NEW

TYPE of rule filing

Rule Title/Tag Line

Pre-income tax trusts, explained with revocation procedures.**RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **No**

2. Are you proposing this rule as a result of recent legislation? **Yes**

Bill Number: **HB530**General Assembly: **126**Sponsor: **Calvert**

3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **5703.14**

4. Statute(s) authorizing agency to adopt the rule: **5703.05**

5. Statute(s) the rule, as filed, amplifies or implements: **5747.01, 5747.01(FF)(4), 5751.02**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

H.B. 530 created a new section of ORC 5747.01 that allows qualifying pre-income tax trusts that currently pay tax under the personal income tax(PIT) to elect to pay under the commercial activity tax (CAT). This new section allows additional time to register, file returns and pay tax liability until April 17, 2007.

7. If the rule is an AMENDMENT, then summarize the changes and the content

of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

Creates an extension of time for qualified pre-income tax trust taxpayers to register for the CAT and file and pay returns.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

Not Applicable.

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so:

ODT revised this rule to include paragraph (E). That paragraph addresses qualified pre-income tax trusts as a common owner of either a combined or consolidated elected taxpayer group. These trusts are not required to register for the CAT. Trusts that are not a common owner for combined or consolidated elected taxpayer groups must still register for the CAT.

The second revision (in (D)(1))clarifies when the revocation of the trust must occur. There are technical changes, i.e. deleting all applicable, turning some plural words into singular ones, etc., in (D)(2).

12. 119.032 Rule Review Date:

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

FISCAL ANALYSIS

13. Estimate the total amount by which *this proposed rule* would **increase /decrease** either **revenues/ expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will decrease revenues.

\$50,000

Really a de minimis amount. \$50,000 is an approximate number.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

N/A

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

Unknown. Should be a tax savings, though, for taxpayers.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**