



## Ohio Revised Code

### Section 5709.76 Exempting public obligations and purchase obligations.

Effective: March 27, 2013

Legislation: House Bill 510 - 129th General Assembly

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(A) All of the following are exempt from taxes levied by the state and its subdivisions:

(1) Public obligations;

(2) Interest or interest equivalent on public obligations and on purchase obligations;

(3) The transfer, and any profit made on the sale, exchange, or other disposition, of public obligations.

(B) The exemptions granted by division (A) of this section apply to public obligations and purchase obligations issued, incurred, or entered into before, on, or after March 29, 1988, but only for taxable years ending on or after the later of July 1, 1988, or March 29, 1988.

(C) This section supplements, and does not restrict, limit, or impair, any exemption from taxation otherwise provided for in the Ohio Constitution, the Revised Code, or other laws.

(D) As used in this section:

(1) "Fractionalized interests in purchase obligations" means participations, shares, or other instruments or agreements, separate from the purchase obligations themselves, evidencing ownership of interests in purchase obligations or of rights to receive payments of, or on account of, principal or interest or their equivalents payable by or on behalf of the state or a subdivision pursuant to purchase obligations, and does not include interests or shares in qualified investment trusts.

(2) "Interest or interest equivalent" means those payments or portions of payments, however denominated, that constitute or represent consideration for forbearing the collection of money, or for deferring the receipt of payment of money to a future time, as determined for federal income tax



purposes, and includes those portions of a qualified investment trust's distributions to its shareholders or beneficial owners, whether distributed or deemed distributed in cash or in trust shares or interests, that are attributable to the trust's receipt of interest or interest equivalent.

(3) "Internal Revenue Code" has the same meaning as in division (H) of section 5747.01 of the Revised Code.

(4) "Qualified investment trust" or "trust" means a unit investment trust, grantor trust, or regulated investment company, if at all times at least fifty per cent of the value of the total assets of the trust or company consists of public securities or purchase obligations, or similar obligations of other states or their subdivisions.

(5) "Public obligations" means public securities, fractionalized interests in purchase obligations, and any obligation or evidence of obligation to pay interest or interest equivalent on public securities or on fractionalized interests in purchase obligations, and does not include purchase obligations.

(6) "Public securities" means bonds, notes, certificates of indebtedness, commercial paper, and other instruments in writing issued by the state or a subdivision, or by any nonprofit corporation authorized to issue public securities for or on behalf of the state or a subdivision, to evidence the obligation of the state, subdivision, or nonprofit corporation to repay money borrowed by, or to pay at any future time other money obligations of, the state, subdivision, or nonprofit corporation, and does not include purchase obligations. Public securities may be in the form of either certificated securities or uncertificated securities, as those terms are defined in section 1308.01 of the Revised Code.

(7) "Purchase obligations" means interest-bearing obligations of the state or a subdivision to make payments under installment sale, lease, lease purchase, or similar types of agreements.

(8) "Regulated investment company" means a regulated investment company as defined in section 851 of the Internal Revenue Code.

(9) "State" means the state, state officers, and state agencies, including commissions, institutions, boards, agencies, authorities, or other instrumentalities.



(10) "Subdivision" means any local taxing authority, political or governmental subdivision, body corporate and politic, or other local public or governmental entity in the state, any combination or consortium of two or more of those subdivisions, and any public division, district, commission, authority, department, board, officer, or institution of any one or more of those subdivisions.

(11) "Taxes" means any direct or indirect taxes, including income, ad valorem, transfer, and excise taxes, and including the tax on the net income measure of the issued and outstanding shares of a corporation under Chapter 5733. of the Revised Code. "Taxes" does not mean any of the following:

(a) The tax on the net worth measure of the issued and outstanding shares of corporations and financial institutions under Chapter 5733. of the Revised Code;

(b) The tax on the value of the gross estate under Chapter 5731. of the Revised Code;

(c) The tax on the value of the capital and surplus of a domestic insurance company under Chapter 5725. of the Revised Code;

(d) The tax on the shares of and capital employed by dealers in intangibles under Chapter 5725. and section 5707.03 of the Revised Code;

(e) The tax levied on the basis of the total equity capital of financial institutions under Chapter 5726. of the Revised Code.