A BILL

To suspend some employer municipal income tax withholding requirements during the COVID-19 state of emergency and to declare an emergency.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. (A) All terms used in this section have the same meanings as in sections 718.01 and 718.011 of the Revised Code. As used in this section, "qualifying disaster declaration" means Executive Order 2020-01D, issued on March 9, 2020.

(B)(1) Subject to division (B)(2) of this section, an employer is not required to withhold municipal income tax under section 718.03 of the Revised Code on qualifying wages paid to an employee for the performance of personal services in a municipal corporation that imposes that tax on any day the employee performs such services in the municipal corporation beginning March 9, 2020, and ending the earlier of July 8, 2020, or the day after the last day that a qualifying disaster declaration period is in effect, provided the employee is required or encouraged to perform personal services in that municipal corporation because of the emergency declared in the qualifying disaster declaration.
(2) If the principal place of work of an employee is located in a municipal corporation that imposes a municipal income tax, then the exception from withholding requirements authorized in division (B)(1) of this section applies only if the employer withholds and remits tax on such qualifying wages to the municipal corporation in which the employee's principal place of work is located.

(C)(1) Except as provided in division (C)(2) or (3) of this section, qualifying wages described in division (B)(1) of this section are exempt income to the extent the qualifying wages are not subject to withholding for the municipal corporation under that division.

(2) The exemption provided in division (C)(1) of this section does not apply with respect to the municipal corporation in which the employee resides at the time the employee earned the qualifying wages.

(3) The exemption provided in division (C)(1) of this section does not apply to qualifying wages if both of the following conditions apply:

(a) The employee's employer withholds and remits tax on the qualifying wages to the municipal corporation in which the employee's principal place of work is situated.

(b) The employee receives a refund of the tax described in division (C)(3)(a) of this section on the basis of the employee not performing services in that municipal corporation.

(D) Compensation from which taxes are not required to be withheld under division (B)(1) of this section shall be excluded in calculating the amount described in division (A)(2) of section 718.02 or division (A)(2) of section 718.82 of the
Revised Code.

Section 2. This act is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, and safety. The reason for such necessity is to address urgent needs of the state arising from a COVID-19 outbreak. Therefore, this act shall go into immediate effect.