

**As Reported by the House Ways and Means Committee**

**130th General Assembly  
Regular Session  
2013-2014**

**Sub. H. B. No. 5**

**Representatives Grossman, Henne**

**Cosponsors: Representatives Amstutz, Beck**

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**A B I L L**

To amend sections 709.023, 718.02, 718.03, 718.051, 1  
718.07, 718.09, 718.10, 718.11, 718.121, 718.13, 2  
5703.059, 5703.57, 5717.011, 5717.03, 5739.12, 3  
5739.124, 5741.122, 5747.063, 5747.064, 5747.50, 4  
and 5751.07, to amend, for the purpose of adopting 5  
a new section number as indicated in parentheses, 6  
section 718.04 (718.50), to enact new sections 7  
718.01, 718.011, 718.04, 718.05, 718.06, 718.08, 8  
and 718.12 and sections 718.012, 718.031, 718.052, 9  
718.18, 718.19, 718.22 to 718.28, 718.30, 718.31, 10  
718.35, 718.38, 718.41, and 718.99, to repeal 11  
sections 718.01, 718.011, 718.041, 718.05, 718.06, 12  
718.08, 718.12, and 718.14 of the Revised Code, 13  
and to amend the version of section 5703.02 of the 14  
Revised Code that is scheduled to take effect 15  
January 1, 2015, to revise the laws governing 16  
income taxes imposed by municipal corporations. 17

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

**Section 1.** That sections 709.023, 718.02, 718.03, 718.051, 18  
718.07, 718.09, 718.10, 718.11, 718.121, 718.13, 5703.059, 19  
5703.57, 5717.011, 5717.03, 5739.12, 5739.124, 5741.122, 5747.063, 20

5747.064, 5747.50, and 5751.07 be amended, section 718.04 (718.50) 21  
be amended for the purpose of adopting a new section number as 22  
indicated in parentheses, and new sections 718.01, 718.011, 23  
718.04, 718.05, 718.06, 718.08, and 718.12 and sections 718.012, 24  
718.031, 718.052, 718.18, 718.19, 718.22, 718.23, 718.24, 718.25, 25  
718.26, 718.27, 718.28, 718.30, 718.31, 718.35, 718.38, 718.41, 26  
and 718.99 of the Revised Code be enacted to read as follows: 27

**Sec. 709.023.** (A) A petition filed under section 709.021 of 28  
the Revised Code that requests to follow this section is for the 29  
special procedure of annexing land into a municipal corporation 30  
when, subject to division (H) of this section, the land also is 31  
not to be excluded from the township under section 503.07 of the 32  
Revised Code. The owners who sign this petition by their signature 33  
expressly waive their right to appeal in law or equity from the 34  
board of county commissioners' entry of any resolution under this 35  
section, waive any rights they may have to sue on any issue 36  
relating to a municipal corporation requiring a buffer as provided 37  
in this section, and waive any rights to seek a variance that 38  
would relieve or exempt them from that buffer requirement. 39

The petition circulated to collect signatures for the special 40  
procedure in this section shall contain in boldface capital 41  
letters immediately above the heading of the place for signatures 42  
on each part of the petition the following: "WHOEVER SIGNS THIS 43  
PETITION EXPRESSLY WAIVES THEIR RIGHT TO APPEAL IN LAW OR EQUITY 44  
FROM THE BOARD OF COUNTY COMMISSIONERS' ENTRY OF ANY RESOLUTION 45  
PERTAINING TO THIS SPECIAL ANNEXATION PROCEDURE, ALTHOUGH A WRIT 46  
OF MANDAMUS MAY BE SOUGHT TO COMPEL THE BOARD TO PERFORM ITS 47  
DUTIES REQUIRED BY LAW FOR THIS SPECIAL ANNEXATION PROCEDURE." 48

(B) Upon the filing of the petition in the office of the 49  
clerk of the board of county commissioners, the clerk shall cause 50  
the petition to be entered upon the board's journal at its next 51

regular session. This entry shall be the first official act of the board on the petition. Within five days after the filing of the petition, the agent for the petitioners shall notify in the manner and form specified in this division the clerk of the legislative authority of the municipal corporation to which annexation is proposed, the fiscal officer of each township any portion of which is included within the territory proposed for annexation, the clerk of the board of county commissioners of each county in which the territory proposed for annexation is located other than the county in which the petition is filed, and the owners of property adjacent to the territory proposed for annexation or adjacent to a road that is adjacent to that territory and located directly across that road from that territory. The notice shall refer to the time and date when the petition was filed and the county in which it was filed and shall have attached or shall be accompanied by a copy of the petition and any attachments or documents accompanying the petition as filed.

Notice to a property owner is sufficient if sent by regular United States mail to the tax mailing address listed on the county auditor's records. Notice to the appropriate government officer shall be given by certified mail, return receipt requested, or by causing the notice to be personally served on the officer, with proof of service by affidavit of the person who delivered the notice. Proof of service of the notice on each appropriate government officer shall be filed with the board of county commissioners with which the petition was filed.

(C) Within twenty days after the date that the petition is filed, the legislative authority of the municipal corporation to which annexation is proposed shall adopt an ordinance or resolution stating what services the municipal corporation will provide, and an approximate date by which it will provide them, to the territory proposed for annexation, upon annexation. The

municipal corporation is entitled in its sole discretion to 84  
provide to the territory proposed for annexation, upon annexation, 85  
services in addition to the services described in that ordinance 86  
or resolution. 87

If the territory proposed for annexation is subject to zoning 88  
regulations adopted under either Chapter 303. or 519. of the 89  
Revised Code at the time the petition is filed, the legislative 90  
authority of the municipal corporation also shall adopt an 91  
ordinance or resolution stating that, if the territory is annexed 92  
and becomes subject to zoning by the municipal corporation and 93  
that municipal zoning permits uses in the annexed territory that 94  
the municipal corporation determines are clearly incompatible with 95  
the uses permitted under current county or township zoning 96  
regulations in the adjacent land remaining within the township 97  
from which the territory was annexed, the legislative authority of 98  
the municipal corporation will require, in the zoning ordinance 99  
permitting the incompatible uses, the owner of the annexed 100  
territory to provide a buffer separating the use of the annexed 101  
territory and the adjacent land remaining within the township. For 102  
the purposes of this section, "buffer" includes open space, 103  
landscaping, fences, walls, and other structured elements; streets 104  
and street rights-of-way; and bicycle and pedestrian paths and 105  
sidewalks. 106

The clerk of the legislative authority of the municipal 107  
corporation to which annexation is proposed shall file the 108  
ordinances or resolutions adopted under this division with the 109  
board of county commissioners within twenty days following the 110  
date that the petition is filed. The board shall make these 111  
ordinances or resolutions available for public inspection. 112

(D) Within twenty-five days after the date that the petition 113  
is filed, the legislative authority of the municipal corporation 114  
to which annexation is proposed and each township any portion of 115

which is included within the territory proposed for annexation may 116  
adopt and file with the board of county commissioners an ordinance 117  
or resolution consenting or objecting to the proposed annexation. 118  
An objection to the proposed annexation shall be based solely upon 119  
the petition's failure to meet the conditions specified in 120  
division (E) of this section. 121

If the municipal corporation and each of those townships 122  
timely files an ordinance or resolution consenting to the proposed 123  
annexation, the board at its next regular session shall enter upon 124  
its journal a resolution granting the proposed annexation. If, 125  
instead, the municipal corporation or any of those townships files 126  
an ordinance or resolution that objects to the proposed 127  
annexation, the board of county commissioners shall proceed as 128  
provided in division (E) of this section. Failure of the municipal 129  
corporation or any of those townships to timely file an ordinance 130  
or resolution consenting or objecting to the proposed annexation 131  
shall be deemed to constitute consent by that municipal 132  
corporation or township to the proposed annexation. 133

(E) Unless the petition is granted under division (D) of this 134  
section, not less than thirty or more than forty-five days after 135  
the date that the petition is filed, the board of county 136  
commissioners shall review it to determine if each of the 137  
following conditions has been met: 138

(1) The petition meets all the requirements set forth in, and 139  
was filed in the manner provided in, section 709.021 of the 140  
Revised Code. 141

(2) The persons who signed the petition are owners of the 142  
real estate located in the territory proposed for annexation and 143  
constitute all of the owners of real estate in that territory. 144

(3) The territory proposed for annexation does not exceed 145  
five hundred acres. 146

(4) The territory proposed for annexation shares a contiguous boundary with the municipal corporation to which annexation is proposed for a continuous length of at least five per cent of the perimeter of the territory proposed for annexation.

(5) The annexation will not create an unincorporated area of the township that is completely surrounded by the territory proposed for annexation.

(6) The municipal corporation to which annexation is proposed has agreed to provide to the territory proposed for annexation the services specified in the relevant ordinance or resolution adopted under division (C) of this section.

(7) If a street or highway will be divided or segmented by the boundary line between the township and the municipal corporation as to create a road maintenance problem, the municipal corporation to which annexation is proposed has agreed as a condition of the annexation to assume the maintenance of that street or highway or to otherwise correct the problem. As used in this section, "street" or "highway" has the same meaning as in section 4511.01 of the Revised Code.

(F) Not less than thirty or more than forty-five days after the date that the petition is filed, if the petition is not granted under division (D) of this section, the board of county commissioners, if it finds that each of the conditions specified in division (E) of this section has been met, shall enter upon its journal a resolution granting the annexation. If the board of county commissioners finds that one or more of the conditions specified in division (E) of this section have not been met, it shall enter upon its journal a resolution that states which of those conditions the board finds have not been met and that denies the petition.

(G) If a petition is granted under division (D) or (F) of

this section, the clerk of the board of county commissioners shall 178  
proceed as provided in division (C)(1) of section 709.033 of the 179  
Revised Code, except that no recording or hearing exhibits would 180  
be involved. There is no appeal in law or equity from the board's 181  
entry of any resolution under this section, but any party may seek 182  
a writ of mandamus to compel the board of county commissioners to 183  
perform its duties under this section. 184

(H) Notwithstanding anything to the contrary in section 185  
503.07 of the Revised Code, unless otherwise provided in an 186  
annexation agreement entered into pursuant to section 709.192 of 187  
the Revised Code or in a cooperative economic development 188  
agreement entered into pursuant to section 701.07 of the Revised 189  
Code, territory annexed into a municipal corporation pursuant to 190  
this section shall not at any time be excluded from the township 191  
under section 503.07 of the Revised Code and, thus, remains 192  
subject to the township's real property taxes. 193

(I) Any owner of land that remains within a township and that 194  
is adjacent to territory annexed pursuant to this section who is 195  
directly affected by the failure of the annexing municipal 196  
corporation to enforce compliance with any zoning ordinance it 197  
adopts under division (C) of this section requiring the owner of 198  
the annexed territory to provide a buffer zone, may commence in 199  
the court of common pleas a civil action against that owner to 200  
enforce compliance with that buffer requirement whenever the 201  
required buffer is not in place before any development of the 202  
annexed territory begins. 203

~~(J) Division (H)(12) of section 718.01 of the Revised Code 204  
applies to the compensation paid to persons performing personal 205  
services for a political subdivision on property owned by the 206  
political subdivision after that property is annexed to a 207  
municipal corporation under this section. 208~~

Sec. 718.01. Any term used in this chapter that is not 209  
otherwise defined in this chapter has the same meaning as when 210  
used in a comparable context in laws of the United States relating 211  
to federal income taxation or in Title LVII of the Revised Code, 212  
unless a different meaning is clearly required. If a term used in 213  
this chapter that is not otherwise defined in this chapter is used 214  
in a comparable context in both the laws of the United States 215  
relating to federal income tax and in Title LVII of the Revised 216  
Code and the use is not consistent, then the use of the term in 217  
the laws of the United States relating to federal income tax shall 218  
control over the use of the term in Title LVII of the Revised 219  
Code. 220

As used in this chapter: 221

(A)(1) "Municipal taxable income" means the following: 222

(a) For a person other than an individual, income reduced by 223  
exempt income to the extent otherwise included in income and then, 224  
as applicable, apportioned or sitused to the municipal corporation 225  
under section 718.02 of the Revised Code, and further reduced by 226  
any pre-2016 net operating loss carryforward available to the 227  
person for the municipal corporation. 228

(b)(i) For an individual who is a resident of a municipal 229  
corporation other than a qualified municipal corporation, income 230  
reduced by exempt income to the extent otherwise included in 231  
income, then reduced as provided in division (A)(2) of this 232  
section, and further reduced by any pre-2016 net operating loss 233  
carryforward available to the individual for the municipal 234  
corporation. 235

(ii) For an individual who is a resident of a qualified 236  
municipal corporation, Ohio adjusted gross income reduced by 237  
income exempted, and increased by deductions excluded, by the 238  
qualified municipal corporation from the qualified municipal 239



corporation's tax on or before December 31, 2013. If a qualified 240  
municipal corporation, on or before December 31, 2013, exempts 241  
income earned by individuals who are not residents of the 242  
qualified municipal corporation and net profit of persons that are 243  
not wholly located within the qualified municipal corporation, 244  
such individual or person shall have no municipal taxable income 245  
for the purposes of the tax levied by the qualified municipal 246  
corporation and may be exempted by the qualified municipal 247  
corporation from the requirements of section 718.03 of the Revised 248  
Code. 249

(c) For an individual who is a nonresident of a municipal 250  
corporation, income reduced by exempt income to the extent 251  
otherwise included in income and then, as applicable, apportioned 252  
or situated to the municipal corporation under section 718.02 of 253  
the Revised Code, then reduced as provided in division (A)(2) of 254  
this section, and further reduced by any pre-2016 net operating 255  
loss carryforward available to the individual for the municipal 256  
corporation. 257

(2) In computing the municipal taxable income of a taxpayer 258  
who is an individual, the taxpayer may subtract, as provided in 259  
division (A)(1)(b)(i) or (c) of this section, the amount of the 260  
individual's employee business expenses reportable on the 261  
individual's form 2106 that the individual deducted for federal 262  
income tax purposes for the taxable year, subject to the 263  
limitation imposed by section 67 of the Internal Revenue Code. For 264  
the municipal corporation in which the taxpayer is a resident, the 265  
taxpayer may deduct all such expenses. For a municipal corporation 266  
in which the taxpayer is not a resident, the taxpayer may deduct 267  
such expenses only to the extent the expenses are related to the 268  
taxpayer's performance of personal services in that nonresident 269  
municipal corporation. 270

(B) "Income" means the following: 271

(1)(a) For residents, all income, salaries, qualifying wages, commissions, and other compensation from whatever source earned or received by the resident, including the resident's distributive share of the net profit of pass-through entities owned directly or indirectly by the resident and any net profit of the resident. 272  
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(b) For the purposes of division (B)(1)(a) of this section, the distributive share of any net operating loss attributable to an ownership interest in a pass-through entity shall be allowed as a deduction against any net profit of the resident generated during the same taxable year, and any net operating loss of the resident shall be allowed as a deduction against the distributive share of any net profit attributable to an ownership interest in a pass-through entity generated during the same taxable year. 277  
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(c) Division (B)(1)(b) of this section does not apply with respect to any net profit or net operating loss attributable to an ownership interest in an S corporation unless shareholders' distributive shares of net profits from S corporations are subject to tax in the municipal corporation as provided in division (C)(14)(b) or (c) of this section. 285  
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(2) In the case of nonresidents, all income, salaries, qualifying wages, commissions, and other compensation from whatever source earned or received by the nonresident for work done, services performed or rendered, or activities conducted in the municipal corporation, including any net profit of the nonresident, but excluding the nonresident's distributive share of the net profit or loss of only pass-through entities owned directly or indirectly by the nonresident. 291  
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(3) For taxpayers that are not individuals, net profit of the taxpayer; 299  
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(4) Lottery, sweepstakes, gambling and sports winnings, winnings from games of chance, and prizes and awards. If the 301  
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taxpayer is a professional gambler for federal income tax 303  
purposes, the taxpayer may deduct related wagering losses and 304  
expenses to the extent authorized under the Internal Revenue Code 305  
and claimed against such winnings. 306

(C) "Exempt income" means all of the following: 307

(1) The military pay or allowances of members of the armed 308  
forces of the United States or members of their reserve 309  
components, including the national guard of any state; 310

(2)(a) Except as provided in division (C)(2)(b) of this 311  
section, intangible income; 312

(b) A municipal corporation that taxed any type of intangible 313  
income on March 29, 1988, pursuant to Section 3 of S.B. 238 of the 314  
116th general assembly, may continue to tax that type of income if 315  
a majority of the electors of the municipal corporation voting on 316  
the question of whether to permit the taxation of that type of 317  
intangible income after 1988 voted in favor thereof at an election 318  
held on November 8, 1988. 319

(3) Social security benefits, railroad retirement benefits, 320  
unemployment compensation, pensions, retirement benefit payments, 321  
payments from annuities, and similar payments made to an employee 322  
or to the beneficiary of an employee under a retirement program or 323  
plan, disability payments received from private industry or local, 324  
state, or federal governments or from charitable, religious or 325  
educational organizations, and the proceeds of sickness, accident, 326  
or liability insurance policies. As used in division (C)(3) of 327  
this section, "unemployment compensation" does not include 328  
supplemental unemployment compensation described in section 329  
3402(o)(2) of the Internal Revenue Code. 330

(4) The income of religious, fraternal, charitable, 331  
scientific, literary, or educational institutions to the extent 332  
such income is derived from tax-exempt real estate, tax-exempt 333

tangible or intangible property, or tax-exempt activities. 334

(5) Compensation paid under section 3501.28 or 3501.36 of the 335  
Revised Code to a person serving as a precinct election official 336  
to the extent that such compensation does not exceed one thousand 337  
dollars for the taxable year. Such compensation in excess of one 338  
thousand dollars for the taxable year may be subject to taxation 339  
by a municipal corporation. A municipal corporation shall not 340  
require the payer of such compensation to withhold any tax from 341  
that compensation. 342

(6) Dues, contributions, and similar payments received by 343  
charitable, religious, educational, or literary organizations or 344  
labor unions, lodges, and similar organizations; 345

(7) Alimony and child support received; 346

(8) Compensation for personal injuries or for damages to 347  
property from insurance proceeds or otherwise, excluding 348  
compensation paid for lost salaries or wages or compensation from 349  
punitive damages; 350

(9) Income of a public utility when that public utility is 351  
subject to the tax levied under section 5727.24 or 5727.30 of the 352  
Revised Code. Division (C)(9) of this section does not apply for 353  
purposes of Chapter 5745. of the Revised Code. 354

(10) Gains from involuntary conversions, interest on federal 355  
obligations, items of income subject to a tax levied by the state 356  
and that a municipal corporation is specifically prohibited by law 357  
from taxing, and income of a decedent's estate during the period 358  
of administration except such income from the operation of a trade 359  
or business; 360

(11) Compensation or allowances excluded from federal gross 361  
income under section 107 of the Internal Revenue Code; 362

(12) Employee compensation that is not qualifying wages; 363

(13) Compensation paid to a person employed within the 364  
boundaries of a United States air force base under the 365  
jurisdiction of the United States air force that is used for the 366  
housing of members of the United States air force and is a center 367  
for air force operations, unless the person is subject to taxation 368  
because of residence or domicile. If the compensation is subject 369  
to taxation because of residence or domicile, tax on such income 370  
shall be payable only to the municipal corporation of residence or 371  
domicile. 372

(14)(a) Except as provided in division (C)(14)(b) or (c) of 373  
this section, an S corporation shareholder's distributive share of 374  
net profits of the S corporation, other than any part of the 375  
distributive share of net profits that represents wages as defined 376  
in section 3121(a) of the Internal Revenue Code or net earnings 377  
from self-employment as defined in section 1402(a) of the Internal 378  
Revenue Code. 379

(b) If, pursuant to division (H) of former section 718.01 of 380  
the Revised Code as it existed before March 11, 2004, a majority 381  
of the electors of a municipal corporation voted in favor of the 382  
question at an election held on November 4, 2003, the municipal 383  
corporation may continue after 2002 to tax an S corporation 384  
shareholder's distributive share of net profits of an S 385  
corporation. 386

(c) If, on December 6, 2002, a municipal corporation was 387  
imposing, assessing, and collecting a tax on an S corporation 388  
shareholder's distributive share of net profits of the S 389  
corporation to the extent the distributive share would be 390  
allocated or apportioned to this state under divisions (B)(1) and 391  
(2) of section 5733.05 of the Revised Code if the S corporation 392  
were a corporation subject to taxes imposed under Chapter 5733. of 393  
the Revised Code, the municipal corporation may continue to impose 394  
the tax on such distributive shares to the extent such shares 395

would be so allocated or apportioned to this state only until 396  
December 31, 2004, unless a majority of the electors of the 397  
municipal corporation voting on the question of continuing to tax 398  
such shares after that date vote in favor of that question at an 399  
election held November 2, 2004. If a majority of those electors 400  
vote in favor of the question, the municipal corporation may 401  
continue after December 31, 2004, to impose the tax on such 402  
distributive shares only to the extent such shares would be so 403  
allocated or apportioned to this state. 404

(d) A municipal corporation shall be deemed to have elected 405  
to tax S corporation shareholders' distributive shares of net 406  
profits of the S corporation in the hands of the shareholders if a 407  
majority of the electors of a municipal corporation vote in favor 408  
of a question at an election held under division (C)(14)(b) or (c) 409  
of this section. The municipal corporation shall specify by 410  
resolution or ordinance that the tax applies to the distributive 411  
share of a shareholder of an S corporation in the hands of the 412  
shareholder of the S corporation. 413

(15) To the extent authorized under a resolution or ordinance 414  
adopted by a municipal corporation before January 1, 2015, all or 415  
a portion of the income of individuals or a class of individuals 416  
under eighteen years of age. 417

(16)(a) Except as provided in divisions (C)(16)(b), (c), and 418  
(d) of this section, qualifying wages described in division (B)(1) 419  
or (E) of section 718.011 of the Revised Code to the extent the 420  
qualifying wages are not subject to withholding for the municipal 421  
corporation under either of those divisions. 422

(b) The exemption provided in division (C)(16)(a) of this 423  
section does not apply with respect to the municipal corporation 424  
in which the employee resided at the time the employee earned the 425  
qualifying wages. 426

(c) The exemption provided in division (C)(16)(a) of this section does not apply to qualifying wages that an employer elects to withhold under division (D)(2) of section 718.011 of the Revised Code. 427  
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(d) The exemption provided in division (C)(16)(a) of this section does not apply to qualifying wages if both of the following conditions apply: 431  
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(i) For qualifying wages described in division (B)(1) of section 718.011 of the Revised Code, 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, or, for qualifying wages described in division (E) of section 718.011 of the Revised Code, the employee's employer withholds and remits tax on the qualifying wages to the municipal corporation in which the employer's fixed location is located; 434  
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(ii) The employee receives a refund of the tax described in division (C)(16)(d)(i) of this section on the basis of the employee not performing services in that municipal corporation. 442  
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(17) Compensation that is not qualifying wages paid to a nonresident individual for personal services performed in the municipal corporation as a member of the board of directors of a corporation on not more than twenty days in a taxable year. 445  
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(18) Income the taxation of which is prohibited by the constitution or laws of the United States. 449  
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Any item of income that is exempt income of a pass-through entity under division (C) of this section is exempt income of each owner of the pass-through entity to the extent of that owner's distributive or proportionate share of that item of the entity's income. 451  
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(D)(1) "Net profit" for a person other than an individual means adjusted federal taxable income. 456  
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(2) "Net profit" for a person who is an individual means the individual's net profit required to be reported on schedule C, schedule E, or schedule F reduced by any net operating loss carried forward. For the purposes of division (D)(2) of this section, the net operating loss carried forward shall be calculated and deducted in the same manner as provided in division (E)(8) of this section. 458  
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(3) For the purposes of this chapter, and notwithstanding division (D)(1) of this section, net profit of a disregarded entity shall not be taxable as against that disregarded entity, but shall instead be included in the net profit of the owner of the disregarded entity. 465  
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(E) "Adjusted federal taxable income," for a person required to file as a C corporation means a C corporation's federal taxable income before net operating losses and special deductions as determined under the Internal Revenue Code, adjusted as follows: 470  
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(1) Deduct intangible income to the extent included in federal taxable income. The deduction shall be allowed regardless of whether the intangible income relates to assets used in a trade or business or assets held for the production of income. 474  
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(2) Add an amount equal to five per cent of intangible income deducted under division (E)(1) of this section, but excluding that portion of intangible income directly related to the sale, exchange, or other disposition of property described in section 1221 of the Internal Revenue Code; 478  
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(3) Add any losses allowed as a deduction in the computation of federal taxable income if the losses directly relate to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code; 483  
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(4)(a) Except as provided in division (E)(4)(b) of this section, deduct income and gain included in federal taxable income 487  
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to the extent the income and gain directly relate to the sale, 489  
exchange, or other disposition of an asset described in section 490  
1221 or 1231 of the Internal Revenue Code; 491

(b) Division (E)(4)(a) of this section does not apply to the 492  
extent the income or gain is income or gain described in section 493  
1245 or 1250 of the Internal Revenue Code. 494

(5) Add taxes on or measured by net income allowed as a 495  
deduction in the computation of federal taxable income; 496

(6) In the case of a real estate investment trust or 497  
regulated investment company, add all amounts with respect to 498  
dividends to, distributions to, or amounts set aside for or 499  
credited to the benefit of investors and allowed as a deduction in 500  
the computation of federal taxable income; 501

(7) Deduct, to the extent not otherwise deducted or excluded 502  
in computing federal taxable income, any income derived from a 503  
transfer agreement or from the enterprise transferred under that 504  
agreement under section 4313.02 of the Revised Code; 505

(8)(a) Except as limited by divisions (E)(8)(b), (c), and (d) 506  
of this section, deduct the following: 507

(i) For a municipal corporation that levies an income tax 508  
before January 1, 2015, any net operating loss incurred by the 509  
person in taxable years beginning after 2015. 510

(ii) For a municipal corporation that does not levy an income 511  
tax before January 1, 2015, any net operating loss incurred by the 512  
person in taxable years beginning on or after the effective date 513  
of the income tax. 514

For any municipal corporation, the amount of the net 515  
operating loss shall be deducted from net profit reduced by exempt 516  
income to the extent necessary to reduce municipal taxable income 517  
to zero, with any remaining unused portion of the net operating 518

loss carried forward to not more than five consecutive taxable 519  
years following the taxable year in which the loss was incurred, 520  
but in no case for more years than necessary for the deduction to 521  
be fully utilized. 522

(b) No person shall use the deduction allowed by division 523  
(E)(8) of this section to offset qualifying wages. 524

(c)(i) For taxable years beginning in 2017, 2018, 2019, 2020, 525  
or 2021, a person may not deduct, for purposes of an income tax 526  
levied by a municipal corporation that levies an income tax before 527  
January 1, 2015, more than fifty per cent of the amount of the 528  
deduction otherwise allowed by division (E)(8)(a) of this section. 529

(ii) For taxable years beginning in 2022 or thereafter, a 530  
person may deduct, for purposes of an income tax levied by a 531  
municipal corporation that levies an income tax before January 1, 532  
2015, the full amount allowed by division (E)(8)(a) of this 533  
section. 534

(d) Any pre-2016 net operating loss carryforward deduction 535  
that is available must be utilized before a taxpayer may deduct 536  
any amount pursuant to division (E)(8) of this section. 537

(e) Nothing in divisions (E)(8)(c)(i) and (ii) of this 538  
section precludes a person from carrying forward, for the period 539  
otherwise permitted under division (E)(8)(a) of this section, any 540  
amount of net operating loss that was not fully utilized by 541  
operation of divisions (E)(8)(c)(i) and (ii) of this section. 542

(9) Deduct any net profit of a pass-through entity owned 543  
directly or indirectly by the taxpayer and included in the 544  
taxpayer's federal taxable income unless an affiliated group of 545  
corporations includes that net profit in the group's federal 546  
taxable income in accordance with division (E)(3)(b) of section 547  
718.06 of the Revised Code. 548

(10) Add any loss incurred by a pass-through entity owned 549

directly or indirectly by the taxpayer and included in the 550  
taxpayer's federal taxable income unless an affiliated group of 551  
corporations includes that loss in the group's federal taxable 552  
income in accordance with division (E)(3)(b) of section 718.06 of 553  
the Revised Code. 554

If the taxpayer is not a C corporation, is not a disregarded 555  
entity, and is not an individual, the taxpayer shall compute 556  
adjusted federal taxable income under this section as if the 557  
taxpayer were a C corporation, except guaranteed payments and 558  
other similar amounts paid or accrued to a partner, former 559  
partner, shareholder, former shareholder, member, or former member 560  
shall not be allowed as a deductible expense unless such payments 561  
are in consideration for the use of capital and treated as payment 562  
of interest under section 469 of the Internal Revenue Code or 563  
United States treasury regulations. Amounts paid or accrued to a 564  
qualified self-employed retirement plan with respect to a partner, 565  
former partner, shareholder, former shareholder, member, or former 566  
member of the taxpayer, amounts paid or accrued to or for health 567  
insurance for a partner, former partner, shareholder, former 568  
shareholder, member, or former member, and amounts paid or accrued 569  
to or for life insurance for a partner, former partner, 570  
shareholder, former shareholder, member, or former member shall 571  
not be allowed as a deduction. 572

Nothing in division (E) of this section shall be construed as 573  
allowing the taxpayer to add or deduct any amount more than once 574  
or shall be construed as allowing any taxpayer to deduct any 575  
amount paid to or accrued for purposes of federal self-employment 576  
tax. 577

(F) "Schedule C" means internal revenue service schedule C 578  
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 579  
Code. 580

(G) "Schedule E" means internal revenue service schedule E 581

<u>(form 1040) filed by a taxpayer pursuant to the Internal Revenue</u>	582
<u>Code.</u>	583
<u>(H) "Schedule F" means internal revenue service schedule F</u>	584
<u>(form 1040) filed by a taxpayer pursuant to the Internal Revenue</u>	585
<u>Code.</u>	586
<u>(I) "Internal Revenue Code" has the same meaning as in</u>	587
<u>section 5747.01 of the Revised Code.</u>	588
<u>(J) "Resident" means an individual who is domiciled in the</u>	589
<u>municipal corporation as determined under section 718.012 of the</u>	590
<u>Revised Code.</u>	591
<u>(K) "Nonresident" means an individual that is not a resident.</u>	592
<u>(L)(1) "Taxpayer" means a person subject to a tax levied on</u>	593
<u>income by a municipal corporation in accordance with this chapter.</u>	594
<u>"Taxpayer" does not include a grantor trust or, except as provided</u>	595
<u>in division (L)(2)(a) of this section, a disregarded entity.</u>	596
<u>(2)(a) A single member limited liability company that is a</u>	597
<u>disregarded entity for federal tax purposes may be a separate</u>	598
<u>taxpayer from its single member in all Ohio municipal corporations</u>	599
<u>in which it either filed as a separate taxpayer or did not file</u>	600
<u>for its taxable year ending in 2003, if all of the following</u>	601
<u>conditions are met:</u>	602
<u>(i) The limited liability company's single member is also a</u>	603
<u>limited liability company.</u>	604
<u>(ii) The limited liability company and its single member were</u>	605
<u>formed and doing business in one or more Ohio municipal</u>	606
<u>corporations for at least five years before January 1, 2004.</u>	607
<u>(iii) Not later than December 31, 2004, the limited liability</u>	608
<u>company and its single member each made an election to be treated</u>	609
<u>as a separate taxpayer under division (L) of this section as this</u>	610
<u>section existed on December 31, 2004.</u>	611

(iv) The limited liability company was not formed for the purpose of evading or reducing Ohio municipal corporation income tax liability of the limited liability company or its single member. 612  
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(v) The Ohio municipal corporation that was the primary place of business of the sole member of the limited liability company consented to the election. 616  
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(b) For purposes of division (L)(2)(a)(v) of this section, a municipal corporation was the primary place of business of a limited liability company if, for the limited liability company's taxable year ending in 2003, its income tax liability was greater in that municipal corporation than in any other municipal corporation in Ohio, and that tax liability to that municipal corporation for its taxable year ending in 2003 was at least four hundred thousand dollars. 619  
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(M) "Person" includes individuals, firms, companies, joint stock companies, business trusts, estates, trusts, partnerships, limited liability partnerships, limited liability companies, associations, C corporations, S corporations, governmental entities, and any other entity. 627  
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(N) "Pass-through entity" means a partnership not treated as an association taxable as a C corporation for federal income tax purposes, a limited liability company not treated as an association taxable as a C corporation for federal income tax purposes, an S corporation, or any other class of entity from which the income or profits of the entity are given pass-through treatment for federal income tax purposes. "Pass-through entity" does not include a trust, estate, grantor of a grantor trust, or disregarded entity. 632  
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(O) "S corporation" means a person that has made an election under subchapter S of Chapter 1 of Subtitle A of the Internal 641  
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Revenue Code for its taxable year. 643

(P) "Single member limited liability company" means a limited liability company that has one direct member. 644  
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(Q) "Limited liability company" means a limited liability company formed under Chapter 1705. of the Revised Code or under the laws of another state. 646  
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(R) "Qualifying wages" means wages, as defined in section 3121(a) of the Internal Revenue Code, without regard to any wage limitations, adjusted as follows: 649  
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(1) Deduct the following amounts: 652

(a) Any amount included in wages if the amount constitutes compensation attributable to a plan or program described in section 125 of the Internal Revenue Code. 653  
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(b) Any amount included in wages if the amount constitutes payment on account of a disability related to sickness or an accident paid by a party unrelated to the employer, agent of an employer, or other payer. 656  
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(c) Any amount attributable to a nonqualified deferred compensation plan or program described in section 3121(v)(2)(C) of the Internal Revenue Code if the compensation is included in wages and the municipal corporation has, by resolution or ordinance adopted before January 1, 2015, exempted the amount from withholding and tax. 660  
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(d) Any amount included in wages if the amount arises from the sale, exchange, or other disposition of a stock option, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option and the municipal corporation has, by resolution or ordinance adopted before January 1, 2015, exempted the amount from withholding and tax. 666  
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<u>(e) Any amount that is exempt income.</u>	673
<u>(2) Add the following amounts:</u>	674
<u>(a) Any amount not included in wages solely because the employee was employed by the employer before April 1, 1986.</u>	675 676
<u>(b) Any amount not included in wages because the amount arises from the sale, exchange, or other disposition of a stock option, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option and the municipal corporation has not, by resolution or ordinance, exempted the amount from withholding and tax adopted before January 1, 2015. Division (R)(2)(b) of this section applies only to those amounts constituting ordinary income.</u>	677 678 679 680 681 682 683 684
<u>(c) Any amount not included in wages if the amount is an amount described in section 401(k), 403(b), or 457 of the Internal Revenue Code. Division (R)(2)(c) of this section applies only to employee contributions and employee deferrals.</u>	685 686 687 688
<u>(d) Any amount that is supplemental unemployment compensation benefits described in section 3402(o)(2) of the Internal Revenue Code and not included in wages.</u>	689 690 691
<u>(e) Any amount received that is treated as self-employment income for federal tax purposes in accordance with section 1402(a)(8) of the Internal Revenue Code.</u>	692 693 694
<u>(f) Any amount not included in wages if all of the following apply:</u>	695 696
<u>(i) For the taxable year the amount is employee compensation that is included in the taxpayer's gross income for federal income tax purposes;</u>	697 698 699
<u>(ii) For no preceding taxable year did the amount constitute wages as defined in section 3121(a) of the Internal Revenue Code;</u>	700 701
<u>(iii) For no succeeding taxable year will the amount</u>	702

constitute wages; and 703

(iv) For any taxable year the amount has not otherwise been 704  
added to wages pursuant to either division (R)(2) of this section 705  
or section 718.03 of the Revised Code, as that section existed 706  
before the effective date of H.B. 5 of the 130th general assembly. 707

(S) "Intangible income" means income of any of the following 708  
types: income yield, interest, capital gains, dividends, or other 709  
income arising from the ownership, sale, exchange, or other 710  
disposition of intangible property including, but not limited to, 711  
investments, deposits, money, or credits as those terms are 712  
defined in Chapter 5701. of the Revised Code, and patents, 713  
copyrights, trademarks, tradenames, investments in real estate 714  
investment trusts, investments in regulated investment companies, 715  
and appreciation on deferred compensation. "Intangible income" 716  
does not include prizes, awards, or other income associated with 717  
any lottery winnings, gambling winnings, or other similar games of 718  
chance. 719

(T) "Taxable year" means the corresponding tax reporting 720  
period as prescribed for the taxpayer under the Internal Revenue 721  
Code. 722

(U) "Tax administrator" means the individual charged with 723  
direct responsibility for administration of an income tax levied 724  
by a municipal corporation in accordance with this chapter, and 725  
also includes the following: 726

(1) A municipal corporation acting as the agent of another 727  
municipal corporation; 728

(2) A person retained by a municipal corporation to 729  
administer a tax levied by the municipal corporation, but only if 730  
the municipal corporation does not compensate the person in whole 731  
or in part on a contingency basis; 732

(3) The central collection agency or the regional income tax 733



agency or their successors in interest, or another entity 734  
organized to perform functions similar to those performed by the 735  
central collection agency and the regional income tax agency. 736

(V) "Employer" means a person that is an employer for federal 737  
income tax purposes. 738

(W) "Employee" means an individual who is an employee for 739  
federal income tax purposes. 740

(X) "Other payer" means any person, other than an 741  
individual's employer or the employer's agent, that pays an 742  
individual any amount included in the federal gross income of the 743  
individual. "Other payer" includes casino operators and video 744  
lottery terminal sales agents. 745

(Y) "Calendar quarter" means the three-month period ending on 746  
the last day of March, June, September, or December. 747

(Z) "Form 2106" means internal revenue service form 2106 748  
filed by a taxpayer pursuant to the Internal Revenue Code. 749

(AA) "Municipal corporation" includes a joint economic 750  
development district or joint economic development zone that 751  
levies an income tax under section 715.691, 715.70, 715.71, or 752  
715.74 of the Revised Code. 753

(BB) "Disregarded entity" means a single member limited 754  
liability company, a qualifying subchapter S subsidiary, or 755  
another entity if the company, subsidiary, or entity is a 756  
disregarded entity for federal income tax purposes. 757

(CC) "Generic form" means an electronic or paper form 758  
designed for reporting taxes withheld by an employer, agent of an 759  
employer, or other payer, estimated municipal income taxes, or 760  
annual municipal income tax liability or for filing a refund 761  
claim. 762

(DD) "Tax return preparer" means any individual described in 763

section 7701(a)(36) of the Internal Revenue Code and 26 C.F.R. 764  
301.7701-15. 765

(EE) "Ohio business gateway" means the online computer 766  
network system, created under section 125.30 of the Revised Code, 767  
that allows persons to electronically file business reply forms 768  
with state agencies and includes any successor electronic filing 769  
and payment system. 770

(FF) "Local board of tax review" and "board of tax review" 771  
mean the entity created under section 718.11 of the Revised Code. 772

(GG) "Net operating loss" means a loss incurred by a person 773  
in the operation of a trade or business. "Net operating loss" does 774  
not include unutilized losses resulting from basis limitations, 775  
at-risk limitations, or passive activity loss limitations. 776

(HH) "Casino operator" and "casino facility" have the same 777  
meanings as in section 3772.01 of the Revised Code. 778

(II) "Video lottery terminal" has the same meaning as in 779  
section 3770.21 of the Revised Code. 780

(JJ) "Video lottery terminal sales agent" means a lottery 781  
sales agent licensed under Chapter 3770. of the Revised Code to 782  
conduct video lottery terminals on behalf of the state pursuant to 783  
section 3770.21 of the Revised Code. 784

(KK) "Postal service" means the United States postal service. 785

(LL) "Certified mail," "express mail," "United States mail," 786  
"postal service," and similar terms include any delivery service 787  
authorized pursuant to section 5703.056 of the Revised Code. 788

(MM) "Postmark date," "date of postmark," and similar terms 789  
include the date recorded and marked in the manner described in 790  
division (B)(3) of section 5703.056 of the Revised Code. 791

(NN) "Related member" means a person that, with respect to 792  
the taxpayer during all or any portion of the taxable year, is 793

either a related entity, a component member as defined in section 1563(b) of the Internal Revenue Code, or a person to or from whom there is attribution of stock ownership in accordance with section 1563(e) of the Internal Revenue Code except, for purposes of determining whether a person is a related member under this division, "twenty per cent" shall be substituted for "5 percent" wherever "5 percent" appears in section 1563(e) of the Internal Revenue Code. 794  
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(00) "Related entity" means any of the following: 802

(1) An individual stockholder, or a member of the stockholder's family enumerated in section 318 of the Internal Revenue Code, if the stockholder and the members of the stockholder's family own directly, indirectly, beneficially, or constructively, in the aggregate, at least fifty per cent of the value of the taxpayer's outstanding stock; 803  
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(2) A stockholder, or a stockholder's partnership, estate, trust, or corporation, if the stockholder and the stockholder's partnerships, estates, trusts, or corporations own directly, indirectly, beneficially, or constructively, in the aggregate, at least fifty per cent of the value of the taxpayer's outstanding stock; 809  
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(3) A corporation, or a party related to the corporation in a manner that would require an attribution of stock from the corporation to the party or from the party to the corporation under division (00)(4) of this section, provided the taxpayer owns directly, indirectly, beneficially, or constructively, at least fifty per cent of the value of the corporation's outstanding stock; 815  
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(4) The attribution rules described in section 318 of the Internal Revenue Code apply for the purpose of determining whether the ownership requirements in divisions (00)(1) to (3) of this 822  
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section have been met. 825

(PP)(1) "Written determination by the tax administrator" 826  
means a written ruling by a tax administrator in response to a 827  
written request by a taxpayer regarding the taxpayer's municipal 828  
income tax liability, including tax, penalty, interest, or any 829  
combination thereof, to the municipal corporation that commences 830  
the person's time limitation for making an appeal to the local 831  
board of tax review pursuant to section 718.11 of the Revised Code 832  
and that has "written determination" printed in all capital 833  
letters in a font size no smaller than eighteen point at the top 834  
of the first page of the written ruling. 835

(2) "Written determination by the tax administrator" does not 836  
include a denial, in whole or in part, of a taxpayer's refund 837  
claim based on an originally filed annual tax return, a billing 838  
statement notifying a taxpayer of current or past-due balances 839  
owed to the municipal corporation, a tax administrator's request 840  
for additional information, a notification to the taxpayer of 841  
mathematical errors, or a tax administrator's other written 842  
correspondence to a person or taxpayer. 843

(OO) "Taxpayer rights and responsibilities" means the rights 844  
provided to taxpayers in sections 718.11, 718.12, 718.18, 718.19, 845  
718.23, 718.38, 5717.011, and 5717.03 of the Revised Code and the 846  
responsibilities of taxpayers to file, report, withhold, remit, 847  
and pay municipal income tax and otherwise comply with Chapter 848  
718. of the Revised Code and resolutions, ordinances, and rules 849  
adopted by a municipal corporation for the imposition and 850  
administration of a municipal income tax. 851

(RR) "Qualified municipal corporation" means a municipal 852  
corporation that, by resolution or ordinance adopted on or before 853  
December 31, 2011, adopted Ohio adjusted gross income, as defined 854  
by section 5747.01 of the Revised Code, as the income subject to 855  
tax for the purposes of imposing a municipal income tax. 856

(SS)(1) "Pre-2016 net operating loss carryforward" means any net operating loss incurred in a taxable year beginning before January 1, 2016, to the extent such loss was permitted, by a resolution or ordinance of the municipal corporation that was adopted by the municipal corporation before January 1, 2016, to be carried forward and utilized to offset income or net profit generated in such municipal corporation in future taxable years.

(2) For the purpose of calculating municipal taxable income, any pre-2016 net operating loss carryforward may be carried forward to any taxable year, including taxable years beginning in 2016 or thereafter, for the number of taxable years provided in the resolution or ordinance or until fully utilized, whichever is earlier.

**Sec. 718.011. (A) As used in this section:**

(1) "Employer" includes a person that is a related member to or of an employer.

(2) "Professional athlete" means an athlete who performs services in a professional athletic event for wages or other remuneration.

(3) "Professional entertainer" means a person who performs services in the professional performing arts for wages or other remuneration on a per-event basis.

(4) "Public figure" means a person of prominence who performs services at discrete events, such as speeches, public appearances, or similar events, for wages or other remuneration on a per-event basis.

(5) "Fixed location" means a permanent place of doing business in this state, such as an office, warehouse, storefront, or similar location owned or controlled by an employer.

(6) "Worksite location" means a construction site or other

temporary worksite in this state at which the employer provides 887  
services for more than twenty days during the calendar year. 888

"Worksite location" does not include the home of an employee. 889

(7) "Principal place of work" means the fixed location to 890  
which an employee is required to report for employment duties on a 891  
regular and ordinary basis. If the employee is not required to 892  
report for employment duties on a regular and ordinary basis to a 893  
fixed location, "principal place of work" means the worksite 894  
location to which the employee is required to report for 895  
employment duties on a regular and ordinary basis. If the employee 896  
is not required to report for employment duties on a regular and 897  
ordinary basis to a fixed location or worksite location, 898  
"principal place of work" means the location in this state at 899  
which the employee spends the greatest number of days in a 900  
calendar year performing services for or on behalf of the 901  
employee's employer. For the purposes of this division, the 902  
location at which an employee spends a particular day shall be 903  
determined in accordance with division (B)(2) of this section, 904  
except that "location" shall be substituted for "municipal 905  
corporation" wherever "municipal corporation" appears in that 906  
division. 907

(B)(1) Subject to divisions (C), (E), and (F) of this 908  
section, an employer is not required to withhold municipal income 909  
tax on qualifying wages paid to an employee for the performance of 910  
personal services in a municipal corporation that imposes such a 911  
tax if the employee performed such services in the municipal 912  
corporation on twenty or fewer days in a calendar year, unless one 913  
of the following conditions applies: 914

(a) The employee's principal place of work is located in the 915  
municipal corporation. 916

(b) The employee is a resident of the municipal corporation 917  
and has requested that the employer withhold tax from the 918

employee's qualifying wages as provided in section 718.03 of the 919  
Revised Code. 920

(c) The employee is a professional athlete, professional 921  
entertainer, or public figure, and the qualifying wages are paid 922  
for the performance of services in the employee's capacity as a 923  
professional athlete, professional entertainer, or public figure. 924

(2) For the purposes of division (B)(1) of this section, an 925  
employee shall be considered to have spent a day performing 926  
services in a municipal corporation only if the employee spent 927  
more time performing services for or on behalf of the employer in 928  
that municipal corporation than in any other municipal corporation 929  
on that day. For the purposes of determining the amount of time an 930  
employee spent in a particular location, the time spent performing 931  
one of more of the following activities shall be considered to 932  
have been spent at the employee's principal place of work: 933

(a) Traveling to the location at which the employee will 934  
first perform services for the employer for the day; 935

(b) Traveling from a location at which the employee was 936  
performing services for the employer to any other location; 937

(c) Traveling from any location to another location in order 938  
to pick up or load, for the purpose of transportation or delivery, 939  
property that has been purchased, sold, assembled, fabricated, 940  
repaired, refurbished, processed, remanufactured, or improved by 941  
the employee's employer; 942

(d) Transporting or delivering property described in division 943  
(B)(2)(c) of this section, provided that, upon delivery of the 944  
property, the employee does not temporarily or permanently affix 945  
the property to real estate owned, used, or controlled by a person 946  
other than the employee's employer; 947

(e) Traveling from the location at which the employee makes 948  
the employee's final delivery or pick-up for the day to either the 949

employee's principal place of work or a location at which the 950  
employee will not perform services for the employer. 951

(C) If the principal place of work of an employee is located 952  
in a municipal corporation that imposes an income tax in 953  
accordance with this chapter, the exception from withholding 954  
requirements described in division (B)(1) of this section shall 955  
apply only if, with respect to the employee's qualifying wages 956  
described in that division, the employer withholds and remits tax 957  
on such qualifying wages to the municipal corporation in which the 958  
employee's principal place of work is located. 959

(D)(1) Except as provided in division (D)(2) of this section, 960  
if, during a calendar year, the number of days an employee spends 961  
performing personal services in a municipal corporation exceeds 962  
the twenty-day threshold described in division (B)(1) of this 963  
section, the employer shall withhold and remit tax to that 964  
municipal corporation for any subsequent days in that calendar 965  
year on which the employer pays qualifying wages to the employee 966  
for personal services performed in that municipal corporation. 967

(2) An employer required to begin withholding tax for a 968  
municipal corporation under division (D)(1) of this section may 969  
elect to withhold tax for that municipal corporation for the first 970  
twenty days on which the employer paid qualifying wages to the 971  
employee for personal services performed in that municipal 972  
corporation. The employer shall make the election on the annual 973  
tax return the employer files with the municipal corporation under 974  
section 718.05 or 718.06 of the Revised Code. Taxes withheld and 975  
paid by such an employer during those first twenty days to the 976  
municipal corporation in which the employee's principal place of 977  
work is located are refundable to the employee. 978

(E) Without regard to the number of days in a calendar year 979  
on which an employee performs personal services in any municipal 980  
corporation, an employer shall withhold municipal income tax on 981



all of the employee's qualifying wages for a taxable year and 982  
remit that tax only to the municipal corporation in which the 983  
employer's fixed location is located if the total gross receipts 984  
of the employer for the preceding taxable year were less than five 985  
hundred thousand dollars. 986

To determine whether an employer meets the requirements of 987  
division (E) of this section for a taxable year, a tax 988  
administrator may require the employer to provide the tax 989  
administrator with the employer's federal income tax return for 990  
the preceding taxable year. 991

(F) Divisions (B)(1) and (D) of this section shall not apply 992  
to the extent that a tax administrator and an employer enter into 993  
an agreement regarding the manner in which the employer shall 994  
comply with the requirements of section 718.03 of the Revised 995  
Code. 996

**Sec. 718.012.** (A)(1) As used in this chapter, "domicile" 997  
means the principal residence that an individual intends to use 998  
for an indefinite period of time and to which, whenever absent, 999  
the individual intends to return. An individual is domiciled in a 1000  
municipal corporation for all or part of a taxable year if, based 1001  
on the factors described in division (B) of this section and any 1002  
other factor the tax administrator considers relevant or which 1003  
demonstrates an intent to return, the tax administrator reasonably 1004  
concludes that the individual is domiciled in the municipal 1005  
corporation for all or part of the taxable year. 1006

(2) An individual may rebut the conclusion of domicile 1007  
described in division (A)(1) of this section only if, based on the 1008  
factors described in division (B) of this section and any other 1009  
factor the individual considers relevant, the individual 1010  
establishes by a preponderance of the evidence that the individual 1011  
was not domiciled in the municipal corporation for all or part of 1012

the taxable year. 1013

(B) The factors that a tax administrator may consider when 1014  
determining whether an individual is domiciled in a municipal 1015  
corporation for all or part of a taxable year include, but are not 1016  
limited to, the following: 1017

(1) The location of law firms, accounting firms, health care 1018  
providers, and similar professionals utilized by the individual or 1019  
the individual's spouse; 1020

(2) The location of organizations described in section 501(c) 1021  
of the Internal Revenue Code to which the individual or the 1022  
individual's spouse make contributions or other payments or in 1023  
which they participate as a congregant, member, board member, 1024  
committee member, adviser, or consultant; 1025

(3) The location, place of business, or place of organization 1026  
or incorporation of a corporation, partnership, limited liability 1027  
company, or other business venture or entity in which the 1028  
individual or the individual's spouse is a shareholder or limited 1029  
partner or for which the individual or individual's spouse is a 1030  
member of the board of directors; 1031

(4) The location of the individual's friends, dependents as 1032  
defined in section 152 of the Internal Revenue Code, and family 1033  
members other than the individual's spouse; 1034

(5) The location of educational institutions that are 1035  
attended by the individual's dependents as defined in section 152 1036  
of the Internal Revenue Code or from which the individual or the 1037  
individual's spouse or dependents claimed the benefit of in-state 1038  
tuition rates available only to individuals domiciled in the 1039  
state; 1040

(6) The location of all businesses at which the individual or 1041  
the individual's spouse makes purchases of tangible personal 1042  
property; 1043

(7) Whether the individual is registered to vote, or has 1044  
voted, in the municipal corporation during the taxable year; 1045

(8) The location at which the individual acquired or renewed 1046  
the individual's Ohio driver's license, or the location at which 1047  
the individual's vehicle is registered, for the taxable year; 1048

(9) The place of employment of the individual or the 1049  
individual's spouse. 1050

(10) The location of any real property owned or leased by the 1051  
individual or the individual's spouse. 1052

(11) The address used by the individual or the individual's 1053  
spouse on federal or state tax returns, bills, invoices, credit 1054  
card statements, utility bills, and other mailings for the taxable 1055  
year. 1056

(C) A taxpayer has only one domicile. A domicile once 1057  
acquired is presumed to continue until it is shown to have been 1058  
changed. When a taxpayer alleges a change of domicile, the 1059  
taxpayer bears the burden of proof of demonstrating the change as 1060  
provided in division (A)(2) of this section. 1061

**Sec. 718.02.** ~~This section does not apply to taxpayers that~~ 1062  
~~are subject to and required to file reports under Chapter 5745. of~~ 1063  
~~the Revised Code. applies to any taxpayer engaged in a business or~~ 1064  
~~profession in a municipal corporation that imposes an income tax~~ 1065  
~~in accordance with this chapter, unless the taxpayer is an~~ 1066  
~~individual who resides in the municipal corporation or the~~ 1067  
~~taxpayer is an electric company, combined company, or telephone~~ 1068  
~~company that is subject to and required to file reports under~~ 1069  
~~Chapter 5745. of the Revised Code.~~ 1070

(A) Except as otherwise provided in division ~~(D)~~(B) of this 1071  
section, net profit from a business or profession conducted both 1072  
within and without the boundaries of a municipal corporation shall 1073

be considered as having a taxable situs in ~~such~~ the municipal 1074  
corporation for purposes of municipal income taxation in the same 1075  
proportion as the average ratio of the following: 1076

(1) The average original cost of the real and tangible 1077  
personal property owned or used by the taxpayer in the business or 1078  
profession in ~~such~~ the municipal corporation during the taxable 1079  
period to the average original cost of all of the real and 1080  
tangible personal property owned or used by the taxpayer in the 1081  
business or profession during the same period, wherever situated. 1082

As used in the preceding paragraph, tangible personal or real 1083  
property shall include property rented or leased by the taxpayer 1084  
and the value of such property shall be determined by multiplying 1085  
the annual rental thereon by eight; 1086

(2) Wages, salaries, and other compensation paid during the 1087  
taxable period to ~~persons~~ individuals employed in the business or 1088  
profession for services performed in ~~such~~ the municipal 1089  
corporation to wages, salaries, and other compensation paid during 1090  
the same period to ~~persons~~ individuals employed in the business or 1091  
profession, wherever ~~their~~ the individual's services are 1092  
performed, excluding compensation ~~that is not taxable by the~~ 1093  
~~municipal corporation under section 718.011~~ from which taxes are 1094  
not required to be withheld under section 718.011 of the Revised 1095  
Code; 1096

(3) ~~Gross~~ Total gross receipts of the business or profession 1097  
from sales and rentals made and services performed during the 1098  
taxable period in ~~such~~ the municipal corporation to total gross 1099  
receipts of the business or profession during the same period from 1100  
sales, rentals, and services, wherever made or performed. 1101

~~If the foregoing apportionment formula does not produce an~~ 1102  
~~equitable result, another basis may be substituted, under uniform~~ 1103  
~~regulations, so as to produce an equitable result.~~ 1104

~~(B) As used in division (A) of this section, "sales made in a municipal corporation" mean:~~ 1105  
1106

~~(1) All sales of tangible personal property delivered within such municipal corporation regardless of where title passes if shipped or delivered from a stock of goods within such municipal corporation;~~ 1107  
1108  
1109  
1110

~~(2) All sales of tangible personal property delivered within such municipal corporation regardless of where title passes even though transported from a point outside such municipal corporation if the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within such municipal corporation and the sales result from such solicitation or promotion;~~ 1111  
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~~(3) All sales of tangible personal property shipped from a place within such municipal corporation to purchasers outside such municipal corporation regardless of where title passes if the taxpayer is not, through its own employees, regularly engaged in the solicitation or promotion of sales at the place where delivery is made.~~ 1118  
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~~(C) Except as otherwise provided in division (D) of this section, net (B)(1) If it is determined by a preponderance of the evidence that the apportionment factors described in division (A) of this section do not fairly represent the extent of a taxpayer's business activity in a municipal corporation, the tax administrator of the municipal corporation may require the taxpayer to use, with respect to all or any portion of the income of the taxpayer, an alternative apportionment method involving one or more of the following:~~ 1124  
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1126  
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~~(a) Separate accounting;~~ 1133

~~(b) The exclusion of one or more of the factors;~~ 1134

~~(c) The inclusion of one or more additional factors that~~ 1135

would provide for a more fair apportionment of the income of the taxpayer to the municipal corporation; 1136  
1137

(d) A modification of one or more of the factors. 1138

(2) A taxpayer may use an alternative apportionment method on the taxpayer's tax return, provided the taxpayer notifies the tax administrator before filing the return. A taxpayer may not use an alternative apportionment method, an alternative method of accounting, or an alternative method of filing on a timely filed amended tax return without notifying the tax administrator before filing the return. An alternative apportionment method shall apply only to the taxable years included in the taxpayer's notification to the tax administrator. 1139  
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(C) As used in division (A)(2) of this section, "wages, salaries, and other compensation" includes only wages, salaries, or other compensation paid to an employee for services performed at any of the following locations: 1148  
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1150  
1151

(1) A location that is owned, controlled, or used by, rented to, or under the possession of one of the following: 1152  
1153

(a) The employer; 1154

(b) A vendor, customer, client, or patient of the employer, or a related member of such a vendor, customer, client, or patient; 1155  
1156  
1157

(c) A vendor, customer, client, or patient of a person described in division (C)(1)(b) of this section, or a related member of such a vendor, customer, client, or patient. 1158  
1159  
1160

(2) Any location at which a trial, appeal, hearing, investigation, inquiry, review, court-martial, or similar administrative, judicial, or legislative matter or proceeding is being conducted, provided that the compensation is paid for services performed for, or on behalf of, the employer or that the 1161  
1162  
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employee's presence at the location directly or indirectly 1166  
benefits the employer; 1167

(3) Any other location, if the tax administrator determines 1168  
that the employer directed the employee to perform the services at 1169  
the other location in lieu of a location described in division 1170  
(C)(1) or (2) of this section solely in order to avoid or reduce 1171  
the employer's municipal income tax liability. If a tax 1172  
administrator makes such a determination, the employer may dispute 1173  
the determination by establishing, by a preponderance of the 1174  
evidence, that the tax administrator's determination was 1175  
unreasonable. 1176

(D) For the purposes of division (A)(3) of this section, 1177  
receipts from sales and rentals made and services performed shall 1178  
be sitused to a municipal corporation as follows: 1179

(1) Gross receipts from the sale of tangible personal 1180  
property shall be sitused to the municipal corporation in which 1181  
the sale originated. For the purposes of this division, a sale of 1182  
property originates in a municipal corporation if, regardless of 1183  
where title passes, the property meets any of the following 1184  
criteria: 1185

(a) The property is shipped to or delivered within the 1186  
municipal corporation from a stock of goods located within the 1187  
municipal corporation. 1188

(b) The property is delivered within the municipal 1189  
corporation from a location outside the municipal corporation, 1190  
provided the taxpayer is regularly engaged through its own 1191  
employees in the solicitation or promotion of sales within such 1192  
municipal corporation and the sales result from such solicitation 1193  
or promotion. 1194

(c) The property is shipped from a place within the municipal 1195  
corporation to purchasers outside the municipal corporation, 1196

provided that the taxpayer is not regularly engaged in the 1197  
solicitation or promotion of sales at the place where delivery is 1198  
made. 1199

(2) Gross receipts from the sale of services shall be sitused 1200  
to the municipal corporation to the extent that such services are 1201  
performed in the municipal corporation. 1202

(3) To the extent included in income, gross receipts from the 1203  
sale of real property located in the municipal corporation shall 1204  
be sitused to the municipal corporation. 1205

(4) To the extent included in income, gross receipts from 1206  
rents and royalties from real property located in the municipal 1207  
corporation shall be sitused to the municipal corporation. 1208

(5) Gross receipts from rents and royalties from tangible 1209  
personal property shall be sitused to the municipal corporation 1210  
based upon the extent to which the tangible personal property is 1211  
used in the municipal corporation. 1212

(E) The net profit of an individual from rental activity not 1213  
constituting a business or profession shall be subject to tax only 1214  
by the municipal corporation in which the property generating the 1215  
net profit is located and the municipal corporation in which the 1216  
taxpayer that receives the net profit resides. 1217

~~(D) This section does not apply to individuals who are~~ 1218  
~~residents of the municipal corporation and, except as otherwise~~ 1219  
~~provided in section 718.01 of the Revised Code, a municipal~~ 1220  
~~corporation may impose a tax on all income earned by residents of~~ 1221  
~~the municipal corporation to the extent allowed by the United~~ 1222  
~~States Constitution.~~ 1223

~~(E) If, in computing the taxpayer's adjusted federal taxable~~ 1224  
~~income, the taxpayer deducted any amount with respect to a stock~~ 1225  
~~option granted to an employee, and if the employee is not required~~ 1226  
~~to include in income any amount or any portion thereof because it~~ 1227



~~is exempted from taxation under division (H)(10) of section 718.01 1228  
of the Revised Code and division (A)(2)(d) of section 718.03 of 1229  
the Revised Code by a municipal corporation to which the taxpayer 1230  
has apportioned a portion of its net profit, the taxpayer shall 1231  
add the amount that is exempt from taxation to the taxpayer's net 1232  
profit that was apportioned to that municipal corporation. In no 1233  
case shall a taxpayer be required to add to its net profit that 1234  
was apportioned to that municipal corporation any amount other 1235  
than the amount upon which the employee would be required to pay 1236  
tax were the amount related to the stock option not exempted from 1237  
taxation. 1238~~

~~This division applies solely for the purpose of making an 1239  
adjustment to the amount of a taxpayer's net profit that was 1240  
apportioned to a municipal corporation under divisions (A) and (B) 1241  
of this section. 1242~~

A municipal corporation shall allow taxpayers to elect to use 1243  
separate accounting for the purpose of calculating net profit 1244  
situated to the municipal corporation under this division, but 1245  
shall permit such an election only if the taxpayer requests to 1246  
make the same election in every municipal corporation in which the 1247  
taxpayer must report such net profit for the taxable year and if 1248  
the taxpayer agrees to use separate accounting with respect to 1249  
such net profit in every municipal corporation that approves such 1250  
a request for at least five consecutive taxable years after making 1251  
the election. 1252

(F)(1) Except as provided in division (F)(2) of this section, 1253  
commissions received by a real estate agent or broker relating to 1254  
the sale, purchase, or lease of real estate shall be situated to 1255  
the municipal corporation in which the real estate is located. Net 1256  
profit reported by the real estate agent or broker shall be 1257  
allocated to a municipal corporation based upon the ratio of the 1258  
commissions the agent or broker received from the sale, purchase, 1259

or lease of real estate located in the municipal corporation to 1260  
the commissions received from the sale, purchase, or lease of real 1261  
estate everywhere in the taxable year. 1262

(2) An individual who is a resident of a municipal 1263  
corporation that imposes a municipal income tax shall report the 1264  
individual's net profit from all real estate activity on the 1265  
individual's annual tax return for that municipal corporation. The 1266  
individual may claim a credit for taxes the individual paid on 1267  
such net profit to another municipal corporation to the extent 1268  
that such a credit is allowed under the municipal income tax 1269  
ordinance, or rules of the municipal corporation of residence. 1270

(G) If, in computing a taxpayer's adjusted federal taxable 1271  
income, the taxpayer deducted any amount with respect to a stock 1272  
option granted to an employee, and if the employee is not required 1273  
to include in the employee's income any such amount or a portion 1274  
thereof because it is exempted from taxation under divisions 1275  
(C)(12) and (R)(1)(d) of section 718.01 of the Revised Code by a 1276  
municipal corporation to which the taxpayer has apportioned a 1277  
portion of its net profit, the taxpayer shall add the amount that 1278  
is exempt from taxation to the taxpayer's net profit that was 1279  
apportioned to that municipal corporation. In no case shall a 1280  
taxpayer be required to add to its net profit that was apportioned 1281  
to that municipal corporation any amount other than the amount 1282  
upon which the employee would be required to pay tax were the 1283  
amount related to the stock option not exempted from taxation. 1284

This division applies solely for the purpose of making an 1285  
adjustment to the amount of a taxpayer's net profit that was 1286  
apportioned to a municipal corporation under this section. 1287

(H) When calculating the ratios described in division (A) of 1288  
this section for the purposes of that division or division (B) of 1289  
this section, the owner of a disregarded entity shall include in 1290  
the owner's ratios the property, payroll, and gross receipts of 1291

such disregarded entity. 1292

~~Sec. 718.03. (A) As used in this section:~~ 1293

~~(1) "Other payer" means any person, other than an individual's employer or the employer's agent, that pays an individual any amount included in the federal gross income of the individual.~~ 1294  
1295  
1296  
1297

~~(2) "Qualifying wages" means wages, as defined in section 3121(a) of the Internal Revenue Code, without regard to any wage limitations, adjusted as follows:~~ 1298  
1299  
1300

~~(a) Deduct the following amounts:~~ 1301

~~(i) Any amount included in wages if the amount constitutes compensation attributable to a plan or program described in section 125 of the Internal Revenue Code;~~ 1302  
1303  
1304

~~(ii) For purposes of division (B) of this section, any amount included in wages if the amount constitutes payment on account of sickness or accident disability.~~ 1305  
1306  
1307

~~(b) Add the following amounts:~~ 1308

~~(i) Any amount not included in wages solely because the employee was employed by the employer prior to April 1, 1986;~~ 1309  
1310

~~(ii) Any amount not included in wages because the amount arises from the sale, exchange, or other disposition of a stock option, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option and the municipal corporation has not, by resolution or ordinance, exempted the amount from withholding and tax. Division (A)(2)(b)(ii) of this section applies only to those amounts constituting ordinary income.~~ 1311  
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~~(iii) Any amount not included in wages if the amount is an amount described in section 401(k) or 457 of the Internal Revenue~~ 1319  
1320

~~Code. Division (A)(2)(b)(iii) of this section applies only to 1321  
employee contributions and employee deferrals. 1322~~

~~(iv) Any amount that is supplemental unemployment 1323  
compensation benefits described in section 3402(o)(2) of the 1324  
Internal Revenue Code and not included in wages. 1325~~

~~(c) Deduct any amount attributable to a nonqualified deferred 1326  
compensation plan or program described in section 3121(v)(2)(C) of 1327  
the Internal Revenue Code if the compensation is included in wages 1328  
and has, by resolution or ordinance, been exempted from taxation 1329  
by the municipal corporation. 1330~~

~~(d) Deduct any amount included in wages if the amount arises 1331  
from the sale, exchange, or other disposition of a stock option, 1332  
the exercise of a stock option, or the sale, exchange, or other 1333  
disposition of stock purchased under a stock option and the 1334  
municipal corporation has, by resolution or ordinance, exempted 1335  
the amount from withholding and tax. 1336~~

~~(B) Except as provided in division (F) of this section, for 1337  
taxable years beginning after 2003, no municipal corporation shall 1338  
require any employer or any agent of any employer or any other 1339  
payer, to withhold tax with respect to any amount other than 1340  
qualifying wages. Nothing in this section prohibits an employer 1341  
from withholding tax on a basis greater than qualifying wages. 1342~~

(C) Each employer, agent of an employer, or other payer 1343  
located or doing business in a municipal corporation that imposes 1344  
a tax on income in accordance with this chapter shall withhold 1345  
from each employee an amount equal to the qualifying wages of the 1346  
employee earned by the employee in the municipal corporation 1347  
multiplied by the applicable rate of the municipal corporation's 1348  
income tax, except for qualifying wages for which withholding is 1349  
not required under section 718.011 of the Revised Code or division 1350  
(D) or (F) of this section. An employer, agent of an employer, or 1351

other payer shall deduct and withhold the tax from qualifying 1352  
wages on the date that the employer, agent, or other payer 1353  
directly, indirectly, or constructively pays the qualifying wages 1354  
to, or credits the qualifying wages to the benefit of, the 1355  
employee. 1356

An employer, agent of an employer, or other payer may deduct 1357  
and withhold, on the request of an employee, taxes for the 1358  
municipal corporation in which the employee is a resident. 1359

(B)(1) Except as provided in division (B)(2) of this section, 1360  
an employer, agent of an employer, or other payer shall remit to 1361  
the tax administrator of a municipal corporation the greater of 1362  
the income taxes deducted and withheld or the income taxes 1363  
required to be deducted and withheld by the employer, agent, or 1364  
other payer according to the following schedule: 1365

(a) Taxes required to be deducted and withheld shall be 1366  
remitted monthly to the tax administrator if the total taxes 1367  
deducted and withheld or required to be deducted and withheld by 1368  
the employer, agent, or other payer on behalf of the municipal 1369  
corporation in the preceding calendar year exceeded two thousand 1370  
three hundred ninety-nine dollars, or if the total amount of taxes 1371  
deducted and withheld or required to be deducted and withheld on 1372  
behalf of the municipal corporation in any month of the preceding 1373  
calendar quarter exceeded two hundred dollars. 1374

Payment under division (B)(1)(a) of this section shall be 1375  
made so that the payment is received by the tax administrator not 1376  
later than fifteen days after the last day of each month. 1377

(b) Any employer, agent of an employer, or other payer not 1378  
required to make payments under division (B)(1)(a) of this section 1379  
of taxes required to be deducted and withheld shall make quarterly 1380  
payments to the tax administrator not later than the fifteenth day 1381  
of the month following the end of the fifteenth day of each 1382

calendar quarter. 1383

(2) Notwithstanding division (B)(1) of this section, a 1384  
municipal corporation may require, by resolution, ordinance, or 1385  
rule, an employer, agent of an employer, or other payer to do any 1386  
of the following: 1387

(a) Remit taxes deducted and withheld semimonthly to the tax 1388  
administrator if the total taxes deducted and withheld or required 1389  
to be deducted and withheld on behalf of the municipal corporation 1390  
in the preceding calendar year exceeded eleven thousand nine 1391  
hundred ninety-nine dollars, or if the total amount of taxes 1392  
deducted and withheld or required to be deducted and withheld on 1393  
behalf of the municipal corporation in any month of the preceding 1394  
calendar year exceeded one thousand dollars. The payment under 1395  
division (B)(2)(a) of this section shall be made so that the 1396  
payment is received by the tax administrator not later than one of 1397  
the following: 1398

(i) If the taxes were deducted and withheld or required to be 1399  
deducted and withheld during the first fifteen days of a month, 1400  
the third banking day after the fifteenth day of that month; 1401

(ii) If the taxes were deducted and withheld or required to 1402  
be deducted and withheld after the fifteenth day of a month and 1403  
before the first day of the immediately following month, the third 1404  
banking day after the last day of that month. 1405

(b) Remit electronically to the tax administrator on the 1406  
following business day all taxes deducted and withheld on behalf 1407  
of the municipal corporation if on any day the total amount of 1408  
such taxes withheld but not remitted is at least one hundred 1409  
thousand dollars. 1410

(c) Make payment by electronic funds transfer to the tax 1411  
administrator of all taxes deducted and withheld on behalf of the 1412  
municipal corporation if the employer, agent of an employer, or 1413

other payer that is required to make payments electronically for 1414  
the purpose of paying federal taxes withheld on payments to 1415  
employees under section 6302 of the Internal Revenue Code, 26 1416  
C.F.R. 31.6302-1, or any other federal statute or regulation. The 1417  
payment of tax by electronic funds transfer under this division 1418  
does not affect an employer's, agent's, or other payer's 1419  
obligation to file any return as required under this section. 1420

(C) An employer, agent of an employer, or other payer shall 1421  
make and file a return showing the amount of tax withheld by the 1422  
employer, agent, or other payer from the qualifying wages of each 1423  
employee and remitted to the tax administrator. Unless the tax 1424  
administrator requires all individual taxpayers to file a tax 1425  
return under section 718.05 of the Revised Code, a return filed by 1426  
an employer, agent, or other payer under this division shall be 1427  
accepted by a tax administrator and municipal corporation as the 1428  
return required of an employee whose sole income subject to the 1429  
tax under this chapter is the qualifying wages reported by the 1430  
employee's employer, agent of an employer, or other payer. 1431

(D) An employer, agent of an employer, or other payer is not 1432  
required to ~~make any withholding~~ withhold municipal income tax 1433  
with respect to an individual's disqualifying disposition of an 1434  
incentive stock option if, at the time of the disqualifying 1435  
disposition, the individual is not an employee of either the 1436  
corporation with respect to whose stock the option has been issued 1437  
or of such corporation's successor entity. 1438

~~(D)~~(E)(1) An employee is not relieved from liability for a 1439  
tax by the failure of the employer, agent of an employer, or other 1440  
payer to withhold the tax as required ~~by a municipal corporation~~ 1441  
under this chapter or by the employer's, agent's, or other payer's 1442  
exemption from the requirement to withhold the tax. 1443

(2) The failure of an employer, agent of an employer, or 1444  
other payer to remit to the municipal corporation the tax withheld 1445

relieves the employee from liability for that tax unless the 1446  
employee colluded with the employer, agent, or other payer in 1447  
connection with the failure to remit the tax withheld. 1448

~~(E)~~(F) Compensation deferred before June 26, 2003, is not 1449  
subject to any municipal corporation income tax or municipal 1450  
income tax withholding requirement to the extent the deferred 1451  
compensation does not constitute qualifying wages at the time the 1452  
deferred compensation is paid or distributed. 1453

~~(F)~~ A municipal corporation may require a casino facility or 1454  
a casino operator, as defined in Section 6(C)(9) of Article XV, 1455  
Ohio Constitution, and section 3772.01 of the Revised Code, 1456  
respectively, or a lottery sales agent conducting video lottery 1457  
terminals on behalf of the state to withhold and remit tax with 1458  
respect to amounts other than qualifying wages. 1459

(G) Each employer, agent of an employer, or other payer 1460  
required to withhold taxes is liable for the payment of that 1461  
amount required to be withheld, whether or not such taxes have 1462  
been withheld, and such amount shall be deemed to be held in trust 1463  
for the municipal corporation until such time as the withheld 1464  
amount is remitted to the tax administrator. 1465

(H) On or before the last day of February of each year, an 1466  
employer shall file a withholding reconciliation return with the 1467  
tax administrator listing the names, addresses, and social 1468  
security numbers of all employees from whose qualifying wages tax 1469  
was withheld or should have been withheld for the municipal 1470  
corporation during the preceding calendar year and of all 1471  
employees from whose qualifying wages tax was not withheld for the 1472  
municipal corporation during the preceding calendar year as a 1473  
result of those wages qualifying as exempt income under division 1474  
(C)(16) of section 718.01 of the Revised Code, the amount of tax 1475  
withheld, if any, from each such employee, the total amount of 1476  
qualifying wages paid to such employee during the preceding 1477



calendar year, and other information as may be required by the tax administrator. 1478  
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(I) The officer or the employee of the employer, agent of an employer, or other payer with control or direct supervision of or charged with the responsibility for withholding the tax or filing the reports and making payments as required by this section, shall be personally liable for a failure to file a report or pay the tax due as required by this section. The dissolution of an employer, agent of an employer, or other payer does not discharge the officer's or employee's liability for a failure of the employer, agent of an employer, or other payer to file returns or pay any tax due. 1480  
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(J) An employer is required to deduct and withhold municipal income tax on tips and gratuities received by the employer's employees and constituting qualifying wages only to the extent that the tips and gratuities are under the employer's control. For the purposes of this division, a tip or gratuity is under the employer's control if the tip or gratuity is paid by the customer to the employer for subsequent remittance to the employee, or if the customer pays the tip or gratuity by credit card, debit card, or other electronic means. 1490  
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(K) A tax administrator shall consider any tax withheld by an employer at the request of an employee when such tax is not otherwise required to be withheld by this chapter to be tax required to be withheld and remitted for the purposes of this section. 1499  
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**Sec. 718.031.** (A) A municipal corporation shall require a casino facility or a casino operator, as defined in Section 6(C)(9) of Article XV, Ohio Constitution, and section 3772.01 of the Revised Code, respectively, or a lottery sales agent conducting video lottery terminals on behalf of the state to 1504  
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withhold and remit municipal income tax with respect to amounts 1509  
other than qualifying wages as provided in this section. 1510

(B) If a person's winnings at a casino facility are an amount 1511  
for which reporting to the internal revenue service of the amount 1512  
is required by section 6041 of the Internal Revenue Code, as 1513  
amended, the casino operator shall deduct and withhold municipal 1514  
income tax from the person's winnings at the rate of the tax 1515  
imposed by the municipal corporation in which the casino facility 1516  
is located. 1517

(C) Amounts deducted and withheld by a casino operator are 1518  
held in trust for the benefit of the municipal corporation to 1519  
which the tax is owed. 1520

(1) On or before the tenth day of each month, the casino 1521  
operator shall file a return electronically with the tax 1522  
administrator of the municipal corporation, identifying the person 1523  
from whose winnings amounts were deducted and withheld, the amount 1524  
of each such deduction and withholding during the preceding 1525  
calendar month, the amount of the winnings from which each such 1526  
amount was withheld, the type of casino gaming that resulted in 1527  
such winnings, and any other information required by the tax 1528  
administrator. With this return, the casino operator shall remit 1529  
electronically to the municipal corporation all amounts deducted 1530  
and withheld during the preceding month. 1531

(2) Annually, on or before the thirty-first day of January, a 1532  
casino operator shall file an annual return electronically with 1533  
the tax administrator of the municipal corporation in which the 1534  
casino facility is located, indicating the total amount deducted 1535  
and withheld during the preceding calendar year. The casino 1536  
operator shall remit electronically with the annual return any 1537  
amount that was deducted and withheld and that was not previously 1538  
remitted. If the identity of a person and the amount deducted and 1539

withheld with respect to that person were omitted on a monthly 1540  
return for that reporting period, that information shall be 1541  
indicated on the annual return. 1542

(3) Annually, on or before the thirty-first day of January, a 1543  
casino operator shall issue an information return to each person 1544  
with respect to whom an amount has been deducted and withheld 1545  
during the preceding calendar year. The information return shall 1546  
show the total amount of municipal income tax deducted from the 1547  
person's winnings during the preceding year. The casino operator 1548  
shall provide to the tax administrator a copy of each information 1549  
return issued under this division. The administrator may require 1550  
that such copies be transmitted electronically. 1551

(4) A casino operator that fails to file a return and remit 1552  
the amounts deducted and withheld shall be personally liable for 1553  
the amount withheld and not remitted. Such personal liability 1554  
extends to any penalty and interest imposed for the late filing of 1555  
a return or the late payment of tax deducted and withheld. 1556

(5) If a casino operator sells the casino facility or 1557  
otherwise quits the casino business, the amounts deducted and 1558  
withheld along with any penalties and interest thereon are 1559  
immediately due and payable. The successor shall withhold an 1560  
amount of the purchase money that is sufficient to cover the 1561  
amounts deducted and withheld along with any penalties and 1562  
interest thereon until the predecessor casino operator produces 1563  
either of the following: 1564

(a) A receipt from the tax administrator showing that the 1565  
amounts deducted and withheld and penalties and interest thereon 1566  
have been paid; 1567

(b) A certificate from the tax administrator indicating that 1568  
no amounts are due. 1569

If the successor fails to withhold purchase money, the 1570

successor is personally liable for the payment of the amounts 1571  
deducted and withheld and penalties and interest thereon. 1572

(6) The failure of a casino operator to deduct and withhold 1573  
the required amount from a person's winnings does not relieve that 1574  
person from liability for the municipal income tax with respect to 1575  
those winnings. 1576

(D) If a person's prize award from a video lottery terminal 1577  
is an amount for which reporting to the internal revenue service 1578  
is required by section 6041 of the Internal Revenue Code, as 1579  
amended, the video lottery sales agent shall deduct and withhold 1580  
municipal income tax from the person's prize award at the rate of 1581  
the tax imposed by the municipal corporation in which the video 1582  
lottery terminal facility is located. 1583

(E) Amounts deducted and withheld by a video lottery sales 1584  
agent are held in trust for the benefit of the municipal 1585  
corporation to which the tax is owed. 1586

(1) The video lottery sales agent shall issue to a person 1587  
from whose prize award an amount has been deducted and withheld a 1588  
receipt for the amount deducted and withheld, and shall obtain 1589  
from the person receiving a prize award the person's name, 1590  
address, and social security number in order to facilitate the 1591  
preparation of returns required by this section. 1592

(2) On or before the tenth day of each month, the video 1593  
lottery sales agent shall file a return electronically with the 1594  
tax administrator of the municipal corporation identifying the 1595  
persons from whose prize awards amounts were deducted and 1596  
withheld, the amount of each such deduction and withholding during 1597  
the preceding calendar month, the amount of the prize award from 1598  
which each such amount was withheld, and any other information 1599  
required by the tax administrator. With the return, the video 1600  
lottery sales agent shall remit electronically to the tax 1601

administrator all amounts deducted and withheld during the 1602  
preceding month. 1603

(3) A video lottery sales agent shall maintain a record of 1604  
all receipts issued under division (E) of this section and shall 1605  
make those records available to the tax administrator upon 1606  
request. Such records shall be maintained in accordance with 1607  
section 5747.17 of the Revised Code and any rules adopted pursuant 1608  
thereto. 1609

(4) Annually, on or before the thirty-first day of January, 1610  
each video lottery terminal sales agent shall file an annual 1611  
return electronically with the tax administrator of the municipal 1612  
corporation in which the facility is located indicating the total 1613  
amount deducted and withheld during the preceding calendar year. 1614  
The video lottery sales agent shall remit electronically with the 1615  
annual return any amount that was deducted and withheld and that 1616  
was not previously remitted. If the identity of a person and the 1617  
amount deducted and withheld with respect to that person were 1618  
omitted on a monthly return for that reporting period, that 1619  
information shall be indicated on the annual return. 1620

(5) Annually, on or before the thirty-first day of January, a 1621  
video lottery sales agent shall issue an information return to 1622  
each person with respect to whom an amount has been deducted and 1623  
withheld during the preceding calendar year. The information 1624  
return shall show the total amount of municipal income tax 1625  
deducted and withheld from the person's prize award by the video 1626  
lottery sales agent during the preceding year. A video lottery 1627  
sales agent shall provide to the tax administrator of the 1628  
municipal corporation a copy of each information return issued 1629  
under this division. The tax administrator may require that such 1630  
copies be transmitted electronically. 1631

(6) A video lottery sales agent who fails to file a return 1632  
and remit the amounts deducted and withheld is personally liable 1633

for the amount deducted and withheld and not remitted. Such 1634  
personal liability extends to any penalty and interest imposed for 1635  
the late filing of a return or the late payment of tax deducted 1636  
and withheld. 1637

(F) If a video lottery sales agent ceases to operate video 1638  
lottery terminals, the amounts deducted and withheld along with 1639  
any penalties and interest thereon are immediately due and 1640  
payable. The successor of the video lottery sales agent that 1641  
purchases the video lottery terminals from the agent shall 1642  
withhold an amount from the purchase money that is sufficient to 1643  
cover the amounts deducted and withheld and any penalties and 1644  
interest thereon until the predecessor video lottery sales agent 1645  
operator produces either of the following: 1646

(1) A receipt from the tax administrator showing that the 1647  
amounts deducted and withheld and penalties and interest thereon 1648  
have been paid; 1649

(2) A certificate from the tax administrator indicating that 1650  
no amounts are due. 1651

If the successor fails to withhold purchase money, the 1652  
successor is personally liable for the payment of the amounts 1653  
deducted and withheld and penalties and interest thereon. 1654

(G) The failure of a video lottery sales agent to deduct and 1655  
withhold the required amount from a person's prize award does not 1656  
relieve that person from liability for the municipal income tax 1657  
with respect to that prize award. 1658

(H) The tax administrator of a municipal corporation may 1659  
impose a penalty of up to one thousand dollars if a casino 1660  
operator or video lottery sales agent files a return late, fails 1661  
to file a return, remits amounts deducted and withheld late, or 1662  
fails to remit amounts deducted and withheld as required under 1663  
this section. Interest shall accrue on past due amounts deducted 1664

and withheld at the rate prescribed in section 5703.47 of the 1665  
Revised Code. 1666

(I) Amounts deducted and withheld on behalf of a municipal 1667  
corporation shall be allowed as a credit against payment of the 1668  
tax imposed by the municipal corporation and shall be treated as 1669  
taxes paid for purposes of section 718.08 of the Revised Code. 1670  
This division applies only to the person for whom the amount is 1671  
deducted and withheld. 1672

(J) The tax administrator shall prescribe the forms of the 1673  
receipts and returns required under this section. 1674

**Sec. 718.04.** (A) A municipal corporation may levy a tax on 1675  
income only in accordance with the limitations specified in this 1676  
chapter. On or after January 1, 2015, the ordinance or resolution 1677  
levying the tax, as adopted or amended by the legislative 1678  
authority of the municipal corporation, shall include all of the 1679  
following: 1680

(1) A statement that the tax is an annual tax levied on the 1681  
income of every person residing in or earning or receiving income 1682  
in the municipal corporation and that the tax shall be measured by 1683  
municipal taxable income; 1684

(2) A statement that the municipal corporation is levying the 1685  
tax in accordance with the limitations specified in this chapter 1686  
and that the resolution or ordinance thereby incorporates the 1687  
provisions of this chapter; 1688

(3) The rate of the tax; 1689

(4) Whether, and the extent to which, a credit, as described 1690  
in division (D) of this section, will be allowed against the tax; 1691

(5) The purpose or purposes of the tax; 1692

(6) Any other provision necessary for the administration of 1693  
the tax, provided that the provision does not conflict with any 1694

provision of this chapter. 1695

(B) Any municipal corporation that, on or before the 1696  
effective date of the enactment of this section, levies an income 1697  
tax at a rate in excess of one per cent may continue to levy the 1698  
tax at the rate specified in the original ordinance or resolution, 1699  
provided that such rate continues in effect as specified in the 1700  
original ordinance or resolution. 1701

(C)(1) No municipal corporation shall tax income at other 1702  
than a uniform rate. 1703

(2) Except as provided in division (B) of this section, no 1704  
municipal corporation shall levy a tax on income at a rate in 1705  
excess of one per cent without having obtained the approval of the 1706  
excess by a majority of the electors of the municipality voting on 1707  
the question at a general, primary, or special election. The 1708  
legislative authority of the municipal corporation shall file with 1709  
the board of elections at least ninety days before the day of the 1710  
election a copy of the ordinance together with a resolution 1711  
specifying the date the election is to be held and directing the 1712  
board of elections to conduct the election. The ballot shall be in 1713  
the following form: "Shall the Ordinance providing for a ... per 1714  
cent levy on income for (Brief description of the purpose of the 1715  
proposed levy) be passed?" 1716

	<u>FOR THE INCOME TAX</u>	
	<u>AGAINST THE INCOME TAX</u>	"

In the event of an affirmative vote, the proceeds of the levy may 1721  
be used only for the specified purpose. 1722

(D) A municipal corporation may, by ordinance or resolution, 1723  
grant a credit to residents of the municipal corporation for all 1724  
or a portion of the taxes paid to other municipal corporations, in 1725



this state or elsewhere, by the resident or by a pass-through 1726  
entity owned, directly or indirectly, by a resident, on the 1727  
resident's distributive or proportionate share of the income of 1728  
the pass-through entity. A municipal corporation is not required 1729  
to refund taxes not paid to the municipal corporation. 1730

(E) Except as otherwise provided in this chapter, a municipal 1731  
corporation that levies an income tax in effect for taxable years 1732  
beginning before January 1, 2015, may continue to administer and 1733  
enforce the provisions of such tax for all taxable years beginning 1734  
before January 1, 2015, provided that the provisions of such tax 1735  
are consistent with this chapter as it existed prior to the 1736  
effective date of the enactment of this section. 1737

(F) Nothing in this chapter authorizes a municipal 1738  
corporation to levy a tax on income or net profit, or to 1739  
administer or collect such a tax or penalties or interest related 1740  
to such a tax, contrary to the limitations specified in this 1741  
chapter. 1742

**Sec. 718.05. An annual return with respect to the income tax** 1743  
levied by a municipal corporation shall be completed and filed by 1744  
every taxpayer for any taxable year for which the taxpayer is 1745  
liable for the tax. If the total credit allowed against the tax as 1746  
described in division (D) of section 718.04 of the Revised Code 1747  
for the year is equal to or exceeds the tax imposed by the 1748  
municipal corporation, no return shall be required unless the 1749  
municipal ordinance or resolution levying the tax requires the 1750  
filing of a return in such circumstances. 1751

(A) If an individual is deceased, any return or notice 1752  
required of that individual shall be completed and filed by that 1753  
decedent's executor, administrator, or other person charged with 1754  
the property of that decedent. 1755

(B) If an individual is unable to complete and file a return 1756

or notice required by a municipal corporation in accordance with 1757  
this chapter, the return or notice required of that individual 1758  
shall be completed and filed by the individual's duly authorized 1759  
agent, guardian, conservator, fiduciary, or other person charged 1760  
with the care of the person or property of that individual. 1761

(C) Returns or notices required of an estate or a trust shall 1762  
be completed and filed by the fiduciary of the estate or trust. 1763

(D) No municipal corporation shall deny spouses the ability 1764  
to file a joint return. 1765

(E)(1) Each return required to be filed under this section 1766  
shall contain the signature of the taxpayer or the taxpayer's duly 1767  
authorized agent and of the person who prepared the return for the 1768  
taxpayer, and shall include the taxpayer's social security number 1769  
or taxpayer identification number. Each return shall be verified 1770  
by a declaration under penalty of perjury. 1771

(2) A tax administrator may require any taxpayer who is an 1772  
individual to include, with each annual return, amended return, or 1773  
application for refund required under this section, complete 1774  
copies of any of the following that are applicable to the 1775  
taxpayer: all of the taxpayer's Internal Revenue Service form W-2, 1776  
"Wage and Tax Statements," including all information reported on 1777  
the taxpayer's federal W-2, as well as taxable wages reported or 1778  
withheld for any municipal corporation; any Internal Revenue 1779  
Service form 1099-MISC received by the taxpayer, schedule K1, form 1780  
2106, schedule C, schedule E, and schedule F; and pages one and 1781  
two of the taxpayer's Internal Revenue Service form 1040. An 1782  
individual taxpayer who files the annual return required by this 1783  
section electronically shall provide paper copies of any of the 1784  
foregoing to the tax administrator upon the tax administrator's 1785  
request. 1786

(3) A tax administrator may require any taxpayer that is not 1787

an individual to include, with each annual net profit return, 1788  
amended net profit return, or application for refund required 1789  
under this section, complete copies of any of the following that 1790  
are applicable to the taxpayer: the taxpayer's Internal Revenue 1791  
Service form 1041, form 1065, form 1120, form 1120-REIT, form 1792  
1120F, form 1120S, schedule D, schedule E, schedule M-3, form 1793  
1125-A, form 4562, form 8825, form 8903, and form 8949; supporting 1794  
statements for "other income," "taxes and licenses," "other 1795  
deductions," and "other costs" reported on the foregoing forms and 1796  
schedules; the method of accounting and allocation used to 1797  
determine the income allocable to the municipal corporation; and, 1798  
if the taxpayer is a pass-through entity, any Internal Revenue 1799  
Service K-1 schedules issued or received by the taxpayer or a 1800  
schedule summarizing the information contained on such K-1 1801  
schedules, Internal Revenue Service forms 1096, the taxpayer's 1802  
federal consolidated schedules if filing a consolidated return 1803  
pursuant to section 718.06 of the Revised Code, and the taxpayer's 1804  
net operating loss carry forward schedule providing for each year 1805  
in which the net operating loss was sustained, the method of 1806  
accounting and allocation used to determine the portion of net 1807  
operating loss allocable to the taxing municipal corporation, the 1808  
amount of net operating loss used as a deduction in prior years, 1809  
and the amount of net operating loss claimed as a deduction in the 1810  
current year. 1811

A taxpayer that is not an individual and that files an annual 1812  
net profit return electronically through the Ohio business gateway 1813  
or in some other manner shall either mail the documents required 1814  
under this division to the tax administrator at the time of filing 1815  
or, if electronic submission is available, submit the documents 1816  
electronically through the Ohio business gateway. The department 1817  
of taxation shall publish a method of electronically submitting 1818  
the documents required under this division through the Ohio 1819  
business gateway on or before January 1, 2015. The department 1820

shall transmit all documents submitted electronically under this 1821  
division to the appropriate tax administrator. 1822

(4) A tax administrator may require that each annual 1823  
withholding reconciliation return required to be filed under this 1824  
chapter include complete copies of any of the following that are 1825  
applicable: an information return for each employee from whom 1826  
municipal income tax has been withheld that specifies the 1827  
municipal corporation for which the tax is withheld and all 1828  
information required for federal income tax reporting purposes on 1829  
Internal Revenue Service form W-2 or its equivalent. 1830

(5) Pursuant to section 718.24 of the Revised Code, the tax 1831  
administrator may request, and the taxpayer shall provide, any 1832  
information, statements, or documents required by the municipal 1833  
corporation to determine and verify the taxpayer's municipal 1834  
income tax liability. The requirements imposed under division (E) 1835  
of this section apply regardless of whether the taxpayer files on 1836  
a generic form or on a form prescribed by the tax administrator. 1837

(F)(1) Except as otherwise provided in this chapter, each 1838  
return required to be filed under this section shall be completed 1839  
and filed as required by the tax administrator on or before the 1840  
date prescribed for the filing of federal individual income tax 1841  
returns and notices under section 6072(a) of the Internal Revenue 1842  
Code. The taxpayer shall complete and file the return or notice on 1843  
forms prescribed by the tax administrator or on generic forms, 1844  
together with remittance made payable to the municipal corporation 1845  
or tax administrator. No remittance is required if the amount 1846  
shown to be due is ten dollars or less. 1847

(2) Any taxpayer that has requested an extension for filing a 1848  
federal income tax return may request an extension for the filing 1849  
of a municipal income tax return. The taxpayer shall make the 1850  
request by filing a copy of the taxpayer's request for a federal 1851  
filing extension through the Ohio business gateway or directly 1852

with the tax administrator. The request for extension shall be 1853  
filed not later than the last day for filing the municipal income 1854  
tax return. The extended due date of the municipal income tax 1855  
return shall be the last day of the month following the month to 1856  
which the due date of the federal income tax return has been 1857  
extended. A municipal corporation may deny a taxpayer's request 1858  
for extension only if the taxpayer fails to timely file the 1859  
request, fails to file a copy of the request for the federal 1860  
extension, owes the municipal corporation any delinquent income 1861  
tax, penalty, or interest, or has failed to file any required 1862  
income tax return for a prior tax period. An extension of time to 1863  
file under this division is not an extension of the time to pay 1864  
any tax due unless the tax administrator grants an extension of 1865  
that date. 1866

(3) If a taxpayer does not request and obtain a federal 1867  
extension as described in division (F)(2) of this section, the 1868  
taxpayer may request an extension of time to file a municipal 1869  
income tax return by filing the request through the Ohio business 1870  
gateway or directly with the tax administrator of the municipal 1871  
corporation with which the return is required to be filed. The 1872  
request for extension shall be filed not later than the last day 1873  
for filing the municipal income tax return. The extended due date 1874  
of the municipal income tax return shall be the last day of the 1875  
month following the month to which the due date of the federal 1876  
income tax return has been extended. 1877

Upon good cause shown, the tax administrator may extend the 1878  
period for filing any notice or return. 1879

(4) In order to facilitate the filing of extension requests, 1880  
the tax commissioner and the Ohio business gateway steering 1881  
committee shall take all steps necessary to provide taxpayers with 1882  
the ability to file such requests through the Ohio business 1883  
gateway and to notify tax administrators when such requests are 1884

filed. 1885

(5) If the tax administrator considers it necessary in order 1886  
to ensure the payment of the tax imposed by the municipal 1887  
corporation in accordance with this chapter, the tax administrator 1888  
may require taxpayers to file returns and make payments otherwise 1889  
than as provided in this section, including taxpayers not 1890  
otherwise required to file annual returns. 1891

(6) To the extent that any provision in this division 1892  
conflicts with any provision in section 718.052 of the Revised 1893  
Code, the provision in that section prevails. 1894

(G)(1) For taxable years beginning after 2014, a municipal 1895  
corporation shall not require a taxpayer to remit tax with respect 1896  
to net profits if the amount due is less than ten dollars. 1897

(2) Any taxpayer not required to remit tax to a municipal 1898  
corporation for a taxable year pursuant to division (G)(1) of this 1899  
section shall file with the municipal corporation an annual net 1900  
profit return under division (E)(3) of this section. 1901

(H) This division shall not apply to payments required to be 1902  
made under division (B)(1)(a) or (2)(a) of section 718.03 of the 1903  
Revised Code. Except as provided in section 718.08 of the Revised 1904  
Code: 1905

(1) If any report, claim, statement, or other document 1906  
required to be filed, or any payment required to be made, within a 1907  
prescribed period or on or before a prescribed date under this 1908  
chapter is delivered after that period or that date by United 1909  
States mail to the tax administrator or other municipal official 1910  
with which the report, claim, statement, or other document is 1911  
required to be filed, or to which the payment is required to be 1912  
made, the date of the postmark stamped on the cover in which the 1913  
report, claim, statement, or other document, or payment is mailed 1914  
shall be deemed to be the date of delivery or the date of payment. 1915

"The date of postmark" means, in the event there is more than one date on the cover, the earliest date imprinted on the cover by the postal service. 1916  
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(2) If a payment is required to be made by electronic funds transfer, the payment is considered to be made when the payment is credited to an account designated by the tax administrator for the receipt of tax payments, except that, when a payment made by electronic funds transfer is delayed due to circumstances not under the control of the taxpayer, the payment is considered to be made when the taxpayer submitted the payment. 1919  
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(I) The amounts withheld by an employer, the agent of an employer, or an other payer as described in section 718.03 of the Revised Code shall be allowed to the recipient of the compensation as credits against payment of the tax imposed on the recipient by the municipal corporation, unless the amounts withheld were not remitted to the municipal corporation and the recipient colluded with the employer, agent, or other payer in connection with the failure to remit the amounts withheld. 1926  
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(J) Each return required by a municipal corporation to be filed in accordance with this section shall include a box that the taxpayer may check to authorize another person, including a tax return preparer who prepared the return, to communicate with the tax administrator about matters pertaining to the return. The return or instructions accompanying the return shall indicate that by checking the box the taxpayer authorizes the tax administrator to contact the preparer or other person concerning questions that arise during the examination or other review of the return and authorizes the preparer or other person only to provide the tax administrator with information that is missing from the return, to contact the tax administrator for information about the examination or other review of the return or the status of the taxpayer's refund or payments, and to respond to notices about 1934  
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mathematical errors, offsets, or return preparation that the taxpayer has received from the tax administrator and has shown to the preparer or other person. 1948  
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(K) The tax administrator of a municipal corporation shall accept for filing a generic form of any income tax return, report, or document required by the municipal corporation in accordance with this chapter, provided that the generic form, once completed and filed, contains all of the information required by ordinance, resolution, or rules adopted by the municipal corporation or tax administrator, and provided that the taxpayer or tax return preparer filing the generic form otherwise complies with the provisions of this chapter and of the municipal corporation ordinance or resolution governing the filing of returns, reports, or documents. 1951  
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(L) When income tax returns, reports, or other documents require the signature of a tax return preparer, the tax administrator shall accept a facsimile of such a signature in lieu of a manual signature. 1962  
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**Sec. 718.051.** ~~(A) As used in this section, "Ohio business gateway" means the online computer network system, initially created by the department of administrative services under section 125.30 of the Revised Code, that allows private businesses to electronically file business reply forms with state agencies and includes any successor electronic filing and payment system.~~ 1966  
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~~(B) Notwithstanding section 718.05 of the Revised Code, on and after January 1, 2005, any taxpayer that is subject to any municipal corporation's tax on the net profit from a business or profession and has received an extension to file the federal income tax return shall not be required to notify the municipal corporation of the federal extension and shall not be required to file any municipal income tax return until the last day of the~~ 1972  
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~~month to which the due date for filing the federal return has been~~ 1979  
~~extended, provided that, on or before the date for filing the~~ 1980  
~~municipal income tax return, the person notifies the tax~~ 1981  
~~commissioner of the federal extension through the Ohio business~~ 1982  
~~gateway. An extension of time to file is not an extension of the~~ 1983  
~~time to pay any tax due.~~ 1984

~~(C) For taxable years beginning on or after January 1, 2005,~~ 1985  
a Any taxpayer subject to any municipal corporation's tax on 1986  
income taxation with respect to the taxpayer's net profit from a 1987  
business or profession may file any municipal income tax return 1988  
or, estimated municipal income tax return, or extension for filing 1989  
a municipal income tax return, and may make payment of amounts 1990  
shown to be due on such returns, by using the Ohio business 1991  
gateway. 1992

~~(D)(1) As used in this division, "qualifying wages" has the~~ 1993  
~~same meaning as in section 718.03 of the Revised Code.~~ 1994

~~(2)(B) Any employer, agent of an employer, or other payer may~~ 1995  
report the amount of municipal income tax withheld from qualifying 1996  
wages ~~paid on or after January 1, 2007,~~ and may make remittance of 1997  
such amounts, by using the Ohio business gateway. 1998

~~(E)(C) Nothing in this section affects the due dates for~~ 1999  
filing employer withholding tax returns. 2000

~~(F)(D) No municipal corporation shall be required to pay any~~ 2001  
fee or charge for the operation or maintenance of the Ohio 2002  
business gateway. 2003

~~(G)(E) The use of the Ohio business gateway by municipal~~ 2004  
corporations, taxpayers, or other persons pursuant to this section 2005  
does not affect the legal rights of municipalities or taxpayers as 2006  
otherwise permitted by law. This state shall not be a party to the 2007  
administration of municipal income taxes or to an appeal of a 2008  
municipal income tax matter, except as otherwise specifically 2009

provided by law. 2010

~~(H)(F)~~(1) The tax commissioner shall adopt rules 2011  
establishing: 2012

(a) The format of documents to be used by taxpayers to file 2013  
returns and make payments through the Ohio business gateway; and 2014

(b) The information taxpayers must submit when filing 2015  
municipal income tax returns through the Ohio business gateway. 2016

The commissioner shall not adopt rules under this division 2017  
that conflict with the requirements of section 718.05 of the 2018  
Revised Code. 2019

(2) The commissioner shall consult with the Ohio business 2020  
gateway steering committee before adopting the rules described in 2021  
division ~~(H)(F)~~(1) of this section. 2022

~~(I)(G)~~ Nothing in this section shall be construed as limiting 2023  
or removing the ~~ability~~ authority of any municipal corporation to 2024  
administer, audit, and enforce the provisions of its municipal 2025  
income tax. 2026

(H) Within sixty days after a request by a tax administrator, 2027  
the tax commissioner shall provide to the tax administrator any 2028  
municipal income tax data the commissioner has acquired under 2029  
Chapter 5745. of the Revised Code. The tax commissioner may not 2030  
impose a fee or charge to defray the costs of providing such data, 2031  
including costs associated with the inspection, review, 2032  
production, photocopying, or transmission of that data. 2033

Sec. 718.052. (A) Each member of the national guard of any 2034  
state and each member of a reserve component of the armed forces 2035  
of the United States called to active duty pursuant to an 2036  
executive order issued by the president of the United States or an 2037  
act of the congress of the United States, and each civilian 2038  
serving as support personnel in a combat zone or contingency 2039

operation in support of the armed forces, may apply to the tax 2040  
administrator of a municipal corporation for both an extension of 2041  
time for filing of the return and an extension of time for payment 2042  
of taxes required by the municipal corporation in accordance with 2043  
this chapter during the period of the member's or civilian's duty 2044  
service and for one hundred eighty days thereafter. The 2045  
application shall be filed on or before the one hundred eightieth 2046  
day after the member's or civilian's duty terminates. An applicant 2047  
shall provide such evidence as the tax administrator considers 2048  
necessary to demonstrate eligibility for the extension. 2049

(B)(1) If the tax administrator ascertains that an applicant 2050  
is qualified for an extension under this section, the tax 2051  
administrator shall enter into a contract with the applicant for 2052  
the payment of the tax in installments that begin on the one 2053  
hundred eighty-first day after the applicant's active duty or 2054  
service terminates. Except as provided in division (B)(3) of this 2055  
section, the tax administrator may prescribe such contract terms 2056  
as the tax administrator considers appropriate. 2057

(2) If the tax administrator ascertains that an applicant is 2058  
qualified for an extension under this section, the applicant shall 2059  
neither be required to file any return, report, or other tax 2060  
document nor be required to pay any tax otherwise due to the 2061  
municipal corporation before the one hundred eighty-first day 2062  
after the applicant's active duty or service terminates. 2063

(3) Taxes paid pursuant to a contract entered into under 2064  
division (B)(1) of this section are not delinquent. The tax 2065  
administrator shall not require any payments of penalties or 2066  
interest in connection with those taxes for the extension period. 2067

(C)(1) Nothing in this division denies to any person 2068  
described in this division the application of divisions (A) and 2069  
(B) of this section. 2070

(2)(a) A qualifying taxpayer who is eligible for an extension 2071  
under the Internal Revenue Code shall receive both an extension of 2072  
time in which to file any return, report, or other tax document 2073  
and an extension of time in which to make any payment of taxes 2074  
required by a municipal corporation in accordance with this 2075  
chapter. The length of any extension granted under division 2076  
(C)(2)(a) of this section shall be equal to the length of the 2077  
corresponding extension that the taxpayer receives under the 2078  
Internal Revenue Code. As used in this section, "qualifying 2079  
taxpayer" means a member of the national guard, or a member of the 2080  
reserve component of the armed forces of the United States, who is 2081  
called to active duty pursuant to either an executive order issued 2082  
by the president of the United States or an act of the congress of 2083  
the United States. 2084

(b) Taxes whose payment is extended in accordance with 2085  
division (C)(2)(a) of this section are not delinquent during the 2086  
extension period. Such taxes become delinquent on the first day 2087  
after the expiration of the extension period if the taxes are not 2088  
paid prior to that date. The tax administrator shall not require 2089  
any payment of penalties or interest in connection with those 2090  
taxes for the extension period. The tax administrator shall not 2091  
include any period of extension granted under division (C)(2)(a) 2092  
of this section in calculating the penalty or interest due on any 2093  
unpaid tax. 2094

(D) For each taxable year to which division (A), (B), or (C) 2095  
of this section applies to a taxpayer, the provisions of divisions 2096  
(B)(2) and (3) or (C) of this section, as applicable, apply to the 2097  
spouse of that taxpayer if the filing status of the spouse and the 2098  
taxpayer is married filing jointly for that year. 2099

**Sec. 718.06. (A) As used in this section:** 2100

(1) "Affiliated group of corporations" means an affiliated 2101

group as defined in section 1504 of the Internal Revenue Code. 2102  
"Affiliated group of corporations" does not include an incumbent 2103  
local exchange carrier primarily engaged in the business of 2104  
providing local exchange telephone service in this state, or any 2105  
member of such a carrier's affiliated group that is an incumbent 2106  
local exchange carrier primarily engaged in the business of 2107  
providing local exchange telephone service, other than cellular 2108  
radio service, outside this state. 2109

(2) "Consolidated federal income tax return" means a 2110  
consolidated return filed for federal income tax purposes pursuant 2111  
to section 1501 of the Internal Revenue Code. 2112

(3) "Consolidated federal taxable income" means the 2113  
consolidated taxable income of an affiliated group of 2114  
corporations, as computed for the purposes of filing a 2115  
consolidated federal income tax return, before consideration of 2116  
net operating losses or special deductions. "Consolidated federal 2117  
taxable income" does not include income or loss of an incumbent 2118  
local exchange carrier primarily engaged in the business of 2119  
providing local exchange telephone service in this state, or 2120  
income or loss of any member of such a carrier's affiliated group 2121  
that is an incumbent local exchange carrier primarily engaged in 2122  
the business of providing local exchange telephone service, other 2123  
than cellular radio service, outside this state. 2124

(4) "Incumbent local exchange carrier" has the same meaning 2125  
as in section 4927.01 of the Revised Code. 2126

(5) "Local exchange telephone service" has the same meaning 2127  
as in section 5727.01 of the Revised Code. 2128

(B)(1) For taxable years beginning on or after January 1, 2129  
2015, a taxpayer that is a member of an affiliated group of 2130  
corporations may elect to file a consolidated municipal income tax 2131  
return for a taxable year if at least one member of the affiliated 2132

group of corporations is subject to the municipal income tax in 2133  
that taxable year and if the affiliated group of corporations 2134  
filed a consolidated federal income tax return with respect to 2135  
that taxable year. The election is binding for a five-year period 2136  
beginning with the first taxable year of the initial election 2137  
unless a change in the reporting method is required under federal 2138  
law. The election continues to be binding for each subsequent 2139  
five-year period unless the taxpayer elects to discontinue filing 2140  
consolidated municipal income tax returns under division (B)(2) of 2141  
this section or a taxpayer receives permission from the tax 2142  
administrator. The tax administrator shall approve such a request 2143  
for good cause shown. 2144

(2) An election to discontinue filing consolidated municipal 2145  
income tax returns under this section must be made in the first 2146  
year following the last year of a five-year consolidated municipal 2147  
income tax return election period in effect under division (B)(1) 2148  
of this section. The election to discontinue filing a consolidated 2149  
municipal income tax return is binding for a five-year period 2150  
beginning with the first taxable year of the election. 2151

(3) An election made under division (B)(1) or (2) of this 2152  
section is binding on all members of the affiliated group of 2153  
corporations subject to a municipal income tax. 2154

(C) A taxpayer that is a member of an affiliated group of 2155  
corporations that filed a consolidated federal income tax return 2156  
for a taxable year shall file a consolidated municipal income tax 2157  
return for that taxable year if the tax administrator determines, 2158  
by a preponderance of the evidence, that intercompany transactions 2159  
have not been conducted at arm's length or that there has been a 2160  
distortive shifting of income or expenses with regard to 2161  
allocation of net profits to the municipal corporation. A taxpayer 2162  
that is required to file a consolidated municipal income tax 2163  
return for a taxable year shall file a consolidated municipal 2164

income tax return for all subsequent taxable years unless the 2165  
taxpayer receives written permission from the tax administrator to 2166  
file a separate return or a taxpayer has experienced a change in 2167  
circumstances. 2168

(D) A taxpayer shall prepare a consolidated municipal income 2169  
tax return in the same manner as is required under the United 2170  
States department of treasury regulations that prescribe 2171  
procedures for the preparation of the consolidated federal income 2172  
tax return required to be filed by the common parent of the 2173  
affiliated group of which the taxpayer is a member. 2174

(E)(1) Except as otherwise provided in divisions (E)(2) and 2175  
(3) of this section, corporations that file a consolidated 2176  
municipal income tax return shall compute adjusted federal taxable 2177  
income, as defined in section 718.01 of the Revised Code, by 2178  
substituting "consolidated federal taxable income" for "federal 2179  
taxable income" wherever "federal taxable income" appears in that 2180  
division and by substituting "an affiliated group of 2181  
corporation's" for "a C corporation's" wherever "a C 2182  
corporation's" appears in that division. 2183

(2) No corporation filing a consolidated municipal income tax 2184  
return shall make any adjustment otherwise required under division 2185  
(E) of section 718.01 of the Revised Code to the extent that the 2186  
item of income or deduction otherwise subject to the adjustment 2187  
has been eliminated or consolidated in the computation of 2188  
consolidated federal taxable income. 2189

(3) If the net profit or loss of a pass-through entity is 2190  
included in an affiliated group of corporations' consolidated 2191  
federal taxable income for a taxable year, the corporation filing 2192  
a consolidated municipal income tax return shall do one of the 2193  
following with respect to that pass-through entity's net profit or 2194  
loss for that taxable year: 2195

(a) Exclude the pass-through entity's net profit or loss from the consolidated federal taxable income of the affiliated group and, for the purpose of making the computations required in section 718.02 of the Revised Code, exclude the property, payroll, and gross receipts of the pass-through entity in the computation of the affiliated group's net profit sitused to a municipal corporation. If the entity's net profit or loss is so excluded, the entity shall be subject to taxation as a separate taxpayer on the basis of the entity's net profits that would otherwise be included in the consolidated federal taxable income of the affiliated group.

(b) Include the pass-through entity's net profit or loss in the consolidated federal taxable income of the affiliated group and, for the purpose of making the computations required in section 718.02 of the Revised Code, include the property, payroll, and gross receipts of the pass-through entity in the computation of the affiliated group's net profit sitused to a municipal corporation. If the entity's net profit or loss is so included, the entity shall not be subject to taxation as a separate taxpayer on the basis of the entity's net profits that are included in the consolidated federal taxable income of the affiliated group.

(F) Corporations filing a consolidated municipal income tax return shall make the computations required under section 718.02 of the Revised Code by substituting "consolidated federal taxable income attributable to" for "net profit from" wherever "net profit from" appears in that section and by substituting "affiliated group of corporations" for "taxpayer" wherever "taxpayer" appears in that section.

(G) Each corporation filing a consolidated municipal income tax return is jointly and severally liable for any tax, interest, penalties, fines, charges, or other amounts imposed by a municipal corporation in accordance with this chapter on the corporation, an



affiliated group of which the corporation is a member for any 2228  
portion of the taxable year, or any one or more members of such an 2229  
affiliated group. 2230

(H) Corporations that made an election with a municipal 2231  
corporation before January 1, 2015, to file a consolidated tax 2232  
return with such municipal corporation in a manner similar to that 2233  
provided in division (B) of this section shall continue to file 2234  
consolidated tax returns in such manner for any taxable year 2235  
beginning before January 1, 2020, unless the corporations obtain 2236  
permission from the tax administrator to discontinue such filing. 2237

**Sec. 718.07.** ~~On and after January 1, 2002, each~~ The tax 2238  
administrator of a municipal corporation that imposes a tax on 2239  
income in accordance with this chapter shall make electronic 2240  
versions of any rules or ordinances governing the tax available to 2241  
the public through the internet, including, but not limited to, 2242  
ordinances or rules governing the rate of tax; payment and 2243  
withholding of taxes; filing any prescribed returns, reports, or 2244  
other documents; dates for filing or paying taxes, including 2245  
estimated taxes; penalties, interest, ~~assessment,~~ and other 2246  
collection remedies; rights of taxpayers to appeal; ~~and~~ procedures 2247  
for filing appeals; ~~and a summary of taxpayers' rights and~~ 2248  
~~responsibilities.~~ On and after that date, any municipal 2249  
~~corporation that requires taxpayers to file income tax returns,~~ 2250  
~~reports, or other documents~~ The tax administrator shall make 2251  
blanks of ~~such~~ any prescribed returns, reports, or documents, and 2252  
any instructions pertaining thereto, available to the public 2253  
electronically through the internet. Electronic versions of rules, 2254  
ordinances, blanks, and instructions shall be made available 2255  
~~either~~ by posting them on the electronic site established by the 2256  
tax commissioner under section 5703.49 of the Revised Code ~~or~~ and, 2257  
if the municipal corporation or tax administrator maintains an 2258  
electronic site for the posting of such documents that is 2259

accessible through the internet, by posting them on an that 2260  
electronic site established by the municipal corporation that is 2261  
accessible through the internet. If a municipal corporation or tax 2262  
administrator establishes such an electronic site, the municipal 2263  
corporation shall incorporate an electronic link between that site 2264  
and the site established pursuant to section 5703.49 of the 2265  
Revised Code, and shall provide to the tax commissioner the 2266  
uniform resource locator of the site established pursuant to this 2267  
division. 2268

Sec. 718.08. (A) As used in this section: 2269

(1) "Estimated taxes" means the amount that the taxpayer 2270  
reasonably estimates to be the taxpayer's tax liability for a 2271  
municipal corporation's income tax for the current taxable year. 2272

(2) "Tax liability" means the total taxes due to a municipal 2273  
corporation for the taxable year, after allowing any credit to 2274  
which the taxpayer is entitled, and after applying any estimated 2275  
tax payment, withholding payment, or credit from another taxable 2276  
year. 2277

(B)(1) Every taxpayer shall make a declaration of estimated 2278  
taxes for the current taxable year, on the form prescribed by the 2279  
tax administrator, if the amount payable as estimated taxes is 2280  
more than one hundred dollars. For the purposes of this section: 2281

(a) Taxes withheld from compensation shall be considered as 2282  
paid to the municipal corporation for which the taxes were 2283  
withheld in equal amounts on each payment date unless the taxpayer 2284  
establishes the dates on which all amounts were actually withheld, 2285  
in which case the amounts withheld shall be considered as paid on 2286  
the dates on which the amounts were actually withheld. 2287

(b) An overpayment of tax applied as a credit to a subsequent 2288  
taxable year is deemed to be paid on the date of the postmark 2289

stamped on the cover in which the payment is mailed or, if the 2290  
payment is made by electronic funds transfer, the date the payment 2291  
is submitted. As used in this division, "date of the postmark" 2292  
means, in the event there is more than one date on the cover, the 2293  
earliest date imprinted on the cover by the postal service. 2294

(c) Taxes withheld by a casino operator or by a lottery sales 2295  
agent under section 718.031 of the Revised Code are deemed to be 2296  
paid to the municipal corporation for which the taxes were 2297  
withheld on the date the taxes are withheld from the taxpayer's 2298  
winnings. 2299

(2) Taxpayers filing joint returns shall file joint 2300  
declarations of estimated taxes. A taxpayer may amend a 2301  
declaration under rules prescribed by the tax administrator. A 2302  
taxpayer having a taxable year of less than twelve months shall 2303  
make a declaration under rules prescribed by the tax 2304  
administrator. 2305

(3) The declaration of estimated taxes shall be filed on or 2306  
before the date prescribed for the filing of municipal income tax 2307  
returns under division (F) of section 718.05 of the Revised Code 2308  
or on or before the fifteenth day of the fourth month after the 2309  
taxpayer becomes subject to tax for the first time. 2310

(4) Taxpayers reporting on a fiscal year basis shall file a 2311  
declaration on or before the fifteenth day of the fourth month 2312  
after the beginning of each fiscal year or period. 2313

(5) The original declaration or any subsequent amendment may 2314  
be increased or decreased on or before any subsequent quarterly 2315  
payment day as provided in this section. 2316

(C)(1) The required portion of the tax liability for the 2317  
taxable year that shall be paid through estimated taxes made 2318  
payable to the municipal corporation or tax administrator, 2319  
including the application of tax refunds to estimated taxes and 2320

withholding on or before the applicable payment date, shall be as 2321  
follows: 2322

(a) On or before the fifteenth day of the fourth month after 2323  
the beginning of the taxable year, twenty-two and one-half per 2324  
cent of the tax liability for the taxable year; 2325

(b) On or before the fifteenth day of the sixth month after 2326  
the beginning of the taxable year, forty-five per cent of the tax 2327  
liability for the taxable year; 2328

(c) On or before the fifteenth day of the ninth month after 2329  
the beginning of the taxable year, sixty-seven and one-half per 2330  
cent of the tax liability for the taxable year; 2331

(d) On or before the fifteenth day of the twelfth month of 2332  
the taxable year, ninety per cent of the tax liability for the 2333  
taxable year. 2334

(2) When an amended declaration has been filed, the unpaid 2335  
balance shown due on the amended declaration shall be paid in 2336  
equal installments on or before the remaining payment dates. 2337

(3) On or before the fifteenth day of the fourth month of the 2338  
year following that for which the declaration or amended 2339  
declaration was filed, an annual return shall be filed and any 2340  
balance which may be due shall be paid with the return in 2341  
accordance with section 718.05 of the Revised Code. 2342

(D)(1) In the case of any underpayment of any portion of a 2343  
tax liability, penalty and interest shall be imposed pursuant to 2344  
section 718.27 of the Revised Code upon the amount of underpayment 2345  
for the period of underpayment, unless the underpayment is due to 2346  
reasonable cause as described in division (E) of this section. The 2347  
amount of the underpayment shall be determined as follows: 2348

(a) For the first payment of estimated taxes each year, 2349  
twenty-two and one-half per cent of the tax liability, less the 2350

amount of taxes paid by the date prescribed for that payment; 2351

(b) For the second payment of estimated taxes each year, 2352  
forty-five per cent of the tax liability, less the amount of taxes 2353  
paid by the date prescribed for that payment; 2354

(c) For the third payment of estimated taxes each year, 2355  
sixty-seven and one-half per cent of the tax liability, less the 2356  
amount of taxes paid by the date prescribed for that payment; 2357

(d) For the fourth payment of estimated taxes each year, 2358  
ninety per cent of the tax liability, less the amount of taxes 2359  
paid by the date prescribed for that payment. 2360

(2) The period of the underpayment shall run from the day the 2361  
estimated payment was required to be made to the date on which the 2362  
payment is made. For purposes of this section, a payment of 2363  
estimated taxes on or before any payment date shall be considered 2364  
a payment of any previous underpayment only to the extent the 2365  
payment of estimated taxes exceeds the amount of the payment 2366  
presently required to be paid to avoid any penalty. 2367

(E)(1) An underpayment of any portion of tax liability 2368  
determined under division (D) of this section shall be due to 2369  
reasonable cause and the penalty imposed by this section shall not 2370  
be added to the taxes for the taxable year if any of the following 2371  
apply: 2372

(a) The amount of estimated taxes that were paid equals at 2373  
least ninety per cent of the tax liability for the current taxable 2374  
year, determined by annualizing the income received during the 2375  
year up to the end of the month immediately preceding the month in 2376  
which the payment is due. 2377

(b) The amount of estimated taxes that were paid equals at 2378  
least one hundred per cent of the tax liability shown on the 2379  
return of the taxpayer for the preceding taxable year, provided 2380  
that the immediately preceding taxable year reflected a period of 2381

twelve months and the taxpayer filed a return with the municipal corporation under section 718.05 of the Revised Code for that year. 2382  
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(c) The taxpayer is an individual who resides in the municipal corporation but was not domiciled there on the first day of the taxable year. 2385  
2386  
2387

(2) The tax administrator may waive the requirement for filing a declaration of estimated taxes for any class of taxpayers after finding that the waiver is reasonable and proper in view of administrative costs and other factors. 2388  
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**Sec. 718.09.** (A) This section applies to either of the following: 2392  
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(1) A municipal corporation that shares the same territory as a city, local, or exempted village school district, to the extent that not more than five per cent of the territory of the municipal corporation is located outside the school district and not more than five per cent of the territory of the school district is located outside the municipal corporation; 2394  
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(2) A municipal corporation that shares the same territory as a city, local, or exempted village school district, to the extent that not more than five per cent of the territory of the municipal corporation is located outside the school district, more than five per cent but not more than ten per cent of the territory of the school district is located outside the municipal corporation, and that portion of the territory of the school district that is located outside the municipal corporation is located entirely within another municipal corporation having a population of four hundred thousand or more according to the federal decennial census most recently completed before the agreement is entered into under division (B) of this section. 2400  
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(B) The legislative authority of a municipal corporation to 2412  
which this section applies may propose to the electors an income 2413  
tax, one of the purposes of which shall be to provide financial 2414  
assistance to the school district through payment to the district 2415  
of not less than twenty-five per cent of the revenue generated by 2416  
the tax, except that the legislative authority may not propose to 2417  
levy the income tax on the incomes of nonresident individuals. 2418  
Prior to proposing the tax, the legislative authority shall 2419  
negotiate and enter into a written agreement with the board of 2420  
education of the school district specifying the tax rate, the 2421  
percentage of tax revenue to be paid to the school district, the 2422  
purpose for which the school district will use the money, the 2423  
first year the tax will be levied, which shall be the first year 2424  
after the year in which the levy is approved or any later year, 2425  
the date of the special election on the question of the tax, and 2426  
the method and schedule by which the municipal corporation will 2427  
make payments to the school district. The special election shall 2428  
be held on a day specified in division (D) of section 3501.01 of 2429  
the Revised Code, except that the special election may not be held 2430  
on the day for holding a primary election as authorized by the 2431  
municipal corporation's charter unless the municipal corporation 2432  
is to have a primary election on that day. 2433

After the legislative authority and board of education have 2434  
entered into the agreement, the legislative authority shall 2435  
provide for levying the tax by ordinance. The ordinance shall 2436  
include the provisions described in division (A) of section 718.04 2437  
of the Revised Code and shall state the tax rate, the percentage 2438  
of tax revenue to be paid to the school district, the purpose for 2439  
which the municipal corporation will use its share of the tax 2440  
revenue, the first year the tax will be levied, and that the 2441  
question of the income tax will be submitted to the electors of 2442  
the municipal corporation. The legislative authority also shall 2443  
adopt a resolution specifying the regular or special election date 2444

the election will be held and directing the board of elections to 2445  
conduct the election. At least ninety days before the date of the 2446  
election, the legislative authority shall file certified copies of 2447  
the ordinance and resolution with the board of elections. 2448

(C) The board of elections shall make the necessary 2449  
arrangements for the submission of the question to the electors of 2450  
the municipal corporation, and shall conduct the election in the 2451  
same manner as any other municipal income tax election. Notice of 2452  
the election shall be published in a newspaper of general 2453  
circulation in the municipal corporation once a week for four 2454  
consecutive weeks, or as provided in section 7.16 of the Revised 2455  
Code, prior to the election, and shall include statements of the 2456  
rate and municipal corporation and school district purposes of the 2457  
income tax, the percentage of tax revenue that will be paid to the 2458  
school district, and the first year the tax will be levied. The 2459  
ballot shall be in the following form: 2460

"Shall the ordinance providing for a ..... per cent levy on 2461  
income for (brief description of the municipal corporation and 2462  
school district purposes of the levy, including a statement of the 2463  
percentage of tax revenue that will be paid to the school 2464  
district) be passed? The income tax, if approved, will not be 2465  
levied on the incomes of individuals who do not reside in (the 2466  
name of the municipal corporation). 2467

	For the income tax	
	Against the income tax	"

(D) If the question is approved by a majority of the 2472  
electors, the municipal corporation shall impose the income tax 2473  
beginning ~~in~~ on the first day of January of the year specified in 2474  
the ordinance. The proceeds of the levy may be used only for the 2475



specified purposes, including payment of the specified percentage 2476  
to the school district. 2477

**Sec. 718.10.** (A) This section applies to a group of two or 2478  
more municipal corporations that, taken together, share the same 2479  
territory as a single city, local, or exempted village school 2480  
district, to the extent that not more than five per cent of the 2481  
territory of the municipal corporations as a group is located 2482  
outside the school district and not more than five per cent of the 2483  
territory of the school district is located outside the municipal 2484  
corporations as a group. 2485

(B) The legislative authorities of the municipal corporations 2486  
in a group of municipal corporations to which this section applies 2487  
each may propose to the electors an income tax, to be levied in 2488  
concert with income taxes in the other municipal corporations of 2489  
the group, except that a legislative authority may not propose to 2490  
levy the income tax on the incomes of individuals who do not 2491  
reside in the municipal corporation. One of the purposes of such a 2492  
tax shall be to provide financial assistance to the school 2493  
district through payment to the district of not less than 2494  
twenty-five per cent of the revenue generated by the tax. Prior to 2495  
proposing the taxes, the legislative authorities shall negotiate 2496  
and enter into a written agreement with each other and with the 2497  
board of education of the school district specifying the tax rate, 2498  
the percentage of the tax revenue to be paid to the school 2499  
district, the first year the tax will be levied, which shall be 2500  
the first year after the year in which the levy is approved or any 2501  
later year, and the date of the election on the question of the 2502  
tax, all of which shall be the same for each municipal 2503  
corporation. The agreement also shall state the purpose for which 2504  
the school district will use the money, and specify the method and 2505  
schedule by which each municipal corporation will make payments to 2506  
the school district. The special election shall be held on a day 2507

specified in division (D) of section 3501.01 of the Revised Code, 2508  
including a day on which all of the municipal corporations are to 2509  
have a primary election. 2510

After the legislative authorities and board of education have 2511  
entered into the agreement, each legislative authority shall 2512  
provide for levying its tax by ordinance. Each ordinance shall 2513  
include the provisions described in division (A) of section 718.04 2514  
of the Revised Code and shall state the rate of the tax, the 2515  
percentage of tax revenue to be paid to the school district, the 2516  
purpose for which the municipal corporation will use its share of 2517  
the tax revenue, and the first year the tax will be levied. Each 2518  
ordinance also shall state that the question of the income tax 2519  
will be submitted to the electors of the municipal corporation on 2520  
the same date as the submission of questions of an identical tax 2521  
to the electors of each of the other municipal corporations in the 2522  
group, and that unless the electors of all of the municipal 2523  
corporations in the group approve the tax in their respective 2524  
municipal corporations, none of the municipal corporations in the 2525  
group shall levy the tax. Each legislative authority also shall 2526  
adopt a resolution specifying the regular or special election date 2527  
the election will be held and directing the board of elections to 2528  
conduct the election. At least ninety days before the date of the 2529  
election, each legislative authority shall file certified copies 2530  
of the ordinance and resolution with the board of elections. 2531

(C) For each of the municipal corporations, the board of 2532  
elections shall make the necessary arrangements for the submission 2533  
of the question to the electors, and shall conduct the election in 2534  
the same manner as any other municipal income tax election. For 2535  
each of the municipal corporations, notice of the election shall 2536  
be published in a newspaper of general circulation in the 2537  
municipal corporation once a week for four consecutive weeks, or 2538  
as provided in section 7.16 of the Revised Code, prior to the 2539

election. The notice shall include a statement of the rate and 2540  
municipal corporation and school district purposes of the income 2541  
tax, the percentage of tax revenue that will be paid to the school 2542  
district, and the first year the tax will be levied, and an 2543  
explanation that the tax will not be levied unless an identical 2544  
tax is approved by the electors of each of the other municipal 2545  
corporations in the group. The ballot shall be in the following 2546  
form: 2547

"Shall the ordinance providing for a ... per cent levy on 2548  
income for (brief description of the municipal corporation and 2549  
school district purposes of the levy, including a statement of the 2550  
percentage of income tax revenue that will be paid to the school 2551  
district) be passed? The income tax, if approved, will not be 2552  
levied on the incomes of individuals who do not reside in (the 2553  
name of the municipal corporation). In order for the income tax to 2554  
be levied, the voters of (the other municipal corporations in the 2555  
group), which are also in the (name of the school district) school 2556  
district, must approve an identical income tax and agree to pay 2557  
the same percentage of the tax revenue to the school district. 2558

	For the income tax	
	Against the income tax	"

(D) If the question is approved by a majority of the electors 2563  
and identical taxes are approved by a majority of the electors in 2564  
each of the other municipal corporations in the group, the 2565  
municipal corporation shall impose the tax beginning ~~in~~ on the 2566  
first day of January of the year specified in the ordinance. The 2567  
proceeds of the levy may be used only for the specified purposes, 2568  
including payment of the specified percentage to the school 2569  
district. 2570

Sec. 718.11. (A)(1) The legislative authority of each 2571  
municipal corporation that imposes a tax on income in accordance 2572  
with this chapter shall maintain a local board of tax review to 2573  
hear appeals as provided in this section. The legislative 2574  
authority of any municipal corporation that does not impose a tax 2575  
on income on ~~the effective date of this amendment~~ June 26, 2003, 2576  
but that imposes such a tax after that date, shall establish such 2577  
a board by ordinance not later than one hundred eighty days after 2578  
the tax takes effect. 2579

(2) The local board of tax review shall consist of three 2580  
members. Two members shall be appointed by the legislative 2581  
authority of the municipal corporation, but such appointees may 2582  
not be employees, elected officials, or contractors with the 2583  
municipal corporation at any time during their term or in the five 2584  
years immediately preceding the date of appointment. One member 2585  
shall be appointed by the top administrative official of the 2586  
municipal corporation. This member may be an employee of the 2587  
municipal corporation, but may not be the director of finance or 2588  
equivalent officer, or the tax administrator or other similar 2589  
official or an employee directly involved in municipal tax 2590  
matters, or any direct subordinate thereof. 2591

(3) The term for members of the local board of tax review 2592  
appointed by the legislative authority of the municipal 2593  
corporation shall be two years. There is no limit on the number of 2594  
terms that a member may serve if the member is reappointed by the 2595  
legislative authority. The board member appointed by the top 2596  
administrative official of the municipal corporation shall serve 2597  
at the discretion of the administrative official. 2598

(4) Members of the board of tax review appointed by the 2599  
legislative authority may be removed by the legislative authority 2600  
by majority vote for malfeasance, misfeasance, or nonfeasance in 2601

office. To remove such a member, the legislative authority must 2602  
give the member a copy of the charges against the member and 2603  
afford the member an opportunity to be publicly heard in person or 2604  
by counsel in the member's own defense upon not less than ten 2605  
days' notice. The decision by the legislative authority on the 2606  
charges is final and not appealable. 2607

(5) A member of the board who, for any reason, ceases to meet 2608  
the qualifications for the position prescribed by this section 2609  
shall resign immediately by operation of law. 2610

(6) A vacancy in an unexpired term shall be filled in the 2611  
same manner as the original appointment within sixty days of when 2612  
the vacancy was created. Any member appointed to fill a vacancy 2613  
occurring prior to the expiration of the term for which the 2614  
member's predecessor was appointed shall hold office for the 2615  
remainder of such term. No vacancy on the board shall impair the 2616  
power and authority of the remaining members to exercise all the 2617  
powers of the board. 2618

(B) Whenever a written determination by the tax administrator 2619  
issues a decision regarding a municipal income tax obligation that 2620  
is subject to appeal as provided in this section or in an 2621  
ordinance or regulation of the municipal corporation is issued, 2622  
the tax administrator shall notify the taxpayer in writing at the 2623  
same time of the taxpayer's right to appeal the ~~decision and of~~ 2624  
written determination, the manner in which the taxpayer may appeal 2625  
the ~~decision~~ ruling, and the address to which the appeal should be 2626  
directed. 2627

(C) Any person who is aggrieved by a decision by the tax 2628  
administrator and who has filed with the municipal corporation the 2629  
required returns or other documents pertaining to the municipal 2630  
income tax obligation at issue in the decision has been issued a 2631  
written determination by the tax administrator may appeal the 2632  
~~decision~~ ruling to the board created pursuant to this section by 2633

filing a request with the board. The request shall be in writing, 2634  
shall ~~state~~ specify the reason or reasons why the ~~decision~~ ruling 2635  
should be deemed incorrect or unlawful, and shall be filed within 2636  
~~thirty~~ sixty days after the ~~tax administrator issues~~ taxpayer 2637  
receives the decision ~~complained of~~ ruling. 2638

(D) The local board of tax review shall schedule a hearing to 2639  
be held within ~~forty-five~~ sixty days after receiving ~~the request~~ 2640  
an appeal of a written determination by the tax administrator 2641  
under division (C) of this section, unless the taxpayer requests 2642  
additional time to prepare or waives a hearing. If the taxpayer 2643  
does not waive the hearing, the taxpayer may appear before the 2644  
board and may be represented by an attorney at law, certified 2645  
public accountant, or other representative. The board may allow a 2646  
hearing to be continued as jointly agreed to by the parties, but 2647  
the hearing must be completed within one hundred twenty days after 2648  
the first day of the hearing. 2649

(E) The board may affirm, reverse, or modify ~~the tax~~ 2650  
~~administrator's decision~~ a written determination by the tax 2651  
administrator or any part of that ~~decision~~ ruling. The board shall 2652  
issue a final decision on the appeal within ninety days after the 2653  
board's final hearing on the appeal, and send a copy of its final 2654  
decision by ordinary mail to all of the parties to the appeal 2655  
within fifteen days after issuing the decision. The taxpayer or 2656  
the tax administrator may appeal the board's decision as provided 2657  
in section 5717.011 of the Revised Code. 2658

~~Each~~ (F) The local board of appeal tax review created 2659  
pursuant to this section shall adopt rules governing its 2660  
procedures and shall keep a record of its transactions. Such 2661  
records are not public records available for inspection under 2662  
section 149.43 of the Revised Code. Hearings requested by a 2663  
taxpayer before a local board of appeal tax review created 2664  
pursuant to this section are not meetings of a public body subject 2665

to section 121.22 of the Revised Code. 2666

Sec. 718.12. (A)(1)(a) Civil actions to recover municipal 2667  
income taxes and penalties and interest on municipal income taxes 2668  
shall be brought within the later of: 2669

(i) Three years after the tax was due or the return was 2670  
filed, whichever is later; or 2671

(ii) One year after the conclusion of the qualifying deferral 2672  
period, if any. 2673

(b) The time limit described in division (A)(1)(a) of this 2674  
section may be extended at any time if both the tax administrator 2675  
and the employer, agent of the employer, other payer, or taxpayer 2676  
consent in writing to the extension. Any extension shall also 2677  
extend for the same period of time the time limit described in 2678  
division (C) of this section. 2679

(2) As used in this section, "qualifying deferral period" 2680  
means a period of time beginning and ending as follows: 2681

(a) Beginning on the date a person who is aggrieved by a 2682  
written determination by the tax administrator files with a local 2683  
board of tax review the request described in section 718.11 of the 2684  
Revised Code. That date shall not be affected by any subsequent 2685  
decision, finding, or holding by any administrative body or court 2686  
that the local board of tax review with which the aggrieved person 2687  
filed the request did not have jurisdiction to affirm, reverse, or 2688  
modify the written determination by the tax administrator or any 2689  
part of that determination. 2690

(b) Ending the later of the sixtieth day after the date on 2691  
which the decision of the local board of tax review becomes final 2692  
or, if any party appeals from the decision of the local board of 2693  
tax review, the sixtieth day after the date on which the decision 2694  
of the local board of tax review is either ultimately affirmed in 2695

whole or in part or ultimately reversed and no further appeal of 2696  
either that affirmation, in whole or in part, or that reversal is 2697  
available or taken. 2698

(B) Prosecutions for an offense made punishable under a 2699  
resolution or ordinance imposing an income tax shall be commenced 2700  
within three years after the commission of the offense, provided 2701  
that in the case of fraud, failure to file a return, or the 2702  
omission of twenty-five per cent or more of income required to be 2703  
reported, prosecutions may be commenced within six years after the 2704  
commission of the offense. 2705

(C) A claim for a refund of municipal income taxes shall be 2706  
brought within the time limitation provided in section 718.19 of 2707  
the Revised Code. 2708

(D) Interest shall be allowed and paid on any overpayment by 2709  
a taxpayer of any municipal income tax obligation from the date of 2710  
the overpayment until the date of the refund of the overpayment, 2711  
except that if any overpayment is refunded within ninety days 2712  
after the final filing date of the annual return or ninety days 2713  
after the completed return is filed, whichever is later, no 2714  
interest shall be allowed on the refund. For the purpose of 2715  
computing the payment of interest on amounts overpaid, no amount 2716  
of tax for any taxable year shall be considered to have been paid 2717  
before the date on which the return on which the tax is reported 2718  
is due, without regard to any extension of time for filing that 2719  
return. Interest shall be paid at the interest rate, as that term 2720  
is defined in section 718.27 of the Revised Code. 2721

(E) Within sixty days after the final determination of any 2722  
federal or state tax liability affecting the taxpayer's municipal 2723  
tax liability, that taxpayer shall make and file an amended 2724  
municipal return showing income subject to the municipal income 2725  
tax based upon such final determination of federal or state tax 2726  
liability, and pay any additional municipal income tax shown due 2727



thereon or make a claim for refund of any overpayment, unless the 2728  
tax or overpayment is less than ten dollars. 2729

(F)(1) Notwithstanding the fact that an appeal is pending, 2730  
the petitioner may pay all or a portion of the written 2731  
determination by the tax administrator that is the subject of the 2732  
appeal. The acceptance of a payment by the municipal corporation 2733  
does not prejudice any claim for refund upon final determination 2734  
of the appeal. 2735

(2) If upon final determination of the appeal an error in the 2736  
written determination by the tax administrator is corrected by the 2737  
tax administrator, upon an appeal so filed or pursuant to a 2738  
decision of the local board of tax review created under section 2739  
718.11 of the Revised Code, of the Ohio board of tax appeals, or 2740  
any court to which the decision of the Ohio board of tax appeals 2741  
has been appealed, so that the amount due from the party assessed 2742  
under the corrected written determination is less than the amount 2743  
paid, there shall be issued to the appellant or to the appellant's 2744  
assigns or legal representative a refund in the amount of the 2745  
overpayment as provided by section 718.19 of the Revised Code, 2746  
with interest on that amount as provided by division (D) of this 2747  
section. 2748

(G) No civil action to recover municipal income tax or 2749  
related penalties or interest shall be brought during either of 2750  
the following time periods: 2751

(1) The period during which a taxpayer has a right to appeal 2752  
the imposition of that tax or interest or those penalties; 2753

(2) The period during which an appeal related to the 2754  
imposition of that tax or interest or those penalties is pending. 2755

**Sec. 718.121.** (A) Except as provided in division (B) of this 2756  
section, if tax or withholding is paid to a municipal corporation 2757

on income or wages, and if a second municipal corporation imposes 2758  
or assesses a tax on that income or wages after the time period 2759  
allowed for a refund of the tax or withholding paid to the first 2760  
municipal corporation, the second municipal corporation shall 2761  
allow a nonrefundable credit, against the tax or withholding the 2762  
second municipality claims is due with respect to such income or 2763  
wages, equal to the tax or withholding paid to the first municipal 2764  
corporation with respect to such income or wages. 2765

(B) If the tax rate in the second municipal corporation is 2766  
less than the tax rate in the first municipal corporation, then 2767  
the credit described in division (A) of this section shall be 2768  
calculated using the tax rate in effect in the second municipal 2769  
corporation. 2770

(C) If the tax rate in the second municipal corporation is 2771  
greater than the tax rate in the first municipal corporation, the 2772  
tax due in excess of the credit afforded is to be paid to the 2773  
second municipal corporation, along with any interest accruing 2774  
thereto during the period of nonpayment. 2775

(D) Nothing in this section permits any credit carryforward. 2776

**Sec. 718.13.** (A) Any information gained as a result of 2777  
returns, investigations, hearings, or verifications required or 2778  
authorized by this chapter or by a charter or ordinance of a 2779  
municipal corporation levying an income tax pursuant to this 2780  
chapter is confidential, and no person shall access or disclose 2781  
such information except in accordance with a proper judicial order 2782  
or in connection with the performance of that person's official 2783  
duties or the official business of the municipal corporation as 2784  
authorized by this chapter or the charter or ordinance authorizing 2785  
the levy. The tax administrator of the municipal corporation or a 2786  
designee thereof may furnish copies of returns filed or otherwise 2787  
received under this chapter and other related tax information to 2788

the internal revenue service ~~and to~~, the tax commissioner, and tax 2789  
administrators of other municipal corporations. 2790

(B) This section does not prohibit ~~the legislative authority~~ 2791  
~~of a municipal corporation, by ordinance or resolution,~~ from 2792  
~~authorizing the tax administrator to publish~~ publishing or 2793  
disclosing statistics in a form that does not disclose information 2794  
with respect to particular taxpayers. 2795

Sec. 718.18. (A)(1) Subject to division (B) of this section, 2796  
a copy of each written determination by the tax administrator 2797  
shall be served upon the person affected thereby either by 2798  
personal service, by certified mail, or by a delivery service 2799  
authorized under section 5703.056 of the Revised Code. 2800

(2) With the permission of the person affected by a written 2801  
determination by the tax administrator, the tax administrator may 2802  
deliver the determination through alternative means as provided in 2803  
this section, including, but not limited to, delivery by secure 2804  
electronic mail. Delivery by such means satisfies the requirements 2805  
for delivery under this section. 2806

(B)(1)(a) If certified mail is returned because of an 2807  
undeliverable address, a tax administrator shall utilize 2808  
reasonable means to ascertain a new last known address, including 2809  
the use of a change of address service offered by the postal 2810  
service or an authorized delivery service under section 5703.056 2811  
of the Revised Code. If, after using reasonable means, the tax 2812  
administrator is unable to ascertain a new last known address, the 2813  
written determination by the tax administrator shall be sent by 2814  
ordinary mail and considered served. If the ordinary mail is 2815  
subsequently returned because of an undeliverable address, the 2816  
determination remains appealable within sixty days after the 2817  
determination's postmark. 2818

(b) Notwithstanding delivery for collection under division 2819

(B)(1)(a) of this section, once the tax administrator or other 2820  
municipal official, or the designee of either, serves a written 2821  
determination by the tax administrator on the person to whom the 2822  
determination is directed, the person may protest the ruling of 2823  
that determination by filing an appeal with the local board of tax 2824  
review within sixty days after the receipt of service. The 2825  
delivery of a written determination of the tax administrator under 2826  
division (B)(1)(a) of this section is prima facie evidence that 2827  
delivery is complete and that the determination is served. 2828

(2) If mailing of a written determination by a tax 2829  
administrator by certified mail is returned for some cause other 2830  
than an undeliverable address, the tax administrator shall resend 2831  
the written determination by ordinary mail. The written 2832  
determination shall show the date the tax administrator sends the 2833  
written determination and include the following statement: 2834

"This written determination by the tax administrator is 2835  
deemed to be served on the addressee under applicable law ten days 2836  
from the date this written determination was mailed by the tax 2837  
administrator as shown on the written determination, and all 2838  
periods within which an appeal may be filed apply from and after 2839  
that date." 2840

Unless the mailing is returned because of an undeliverable 2841  
address, the mailing of that information is prima facie evidence 2842  
that delivery of the written determination was completed ten days 2843  
after the tax administrator sent the written determination by 2844  
ordinary mail and that the written determination was served. 2845

If the ordinary mail is subsequently returned because of an 2846  
undeliverable address, the tax administrator shall proceed under 2847  
division (B)(1)(a) of this section. A person may challenge the 2848  
presumption of delivery and service under this division in 2849  
accordance with division (C) of this section. 2850

(C)(1) A person disputing the presumption of delivery and service under division (B) of this section bears the burden of proving by a preponderance of the evidence that the address to which the written determination by the tax administrator was sent was not an address with which the person was associated at the time the tax administrator originally mailed the written determination by certified mail. For the purposes of this section, a person is associated with an address at the time the tax administrator originally mailed the written determination if, at that time, the person was residing, receiving legal documents, or conducting business at the address; or if, before that time, the person had conducted business at the address and, when the written determination was mailed, the person's agent or the person's affiliate was conducting business at the address. For the purposes of this section, a person's affiliate is any other person that, at the time the written determination was mailed, owned or controlled at least twenty per cent, as determined by voting rights, of the addressee's business.

(2) If the person elects to appeal a written determination by the tax administrator that has otherwise become final and is subject to collection, the person must do so within sixty days after the initial contact by the official, or the official's designee, with the person. The official may enter into a compromise with the person if the person does not file an appeal with the local board of tax review.

(D) Nothing in this section prohibits the tax administrator or the tax administrator's designee from delivering a written determination by a tax administrator by personal service.

(E) Collection actions taken upon any written determination by the tax administrator being appealed under division (B)(1)(b) of this section shall be stayed upon the pendency of an appeal under this section. If an appeal is filed pursuant to this section

on a claim that has been delivered for collection, the collection 2883  
activities with respect to the written determination shall be 2884  
stayed. 2885

(F) As used in this section: 2886

(1) "Last known address" means the address the tax 2887  
administrator has at the time a document is originally sent by 2888  
certified mail, or any address the tax administrator can ascertain 2889  
using reasonable means such as the use of a change of address 2890  
service offered by the postal service or an authorized delivery 2891  
service under section 5703.056 of the Revised Code. 2892

(2) "Undeliverable address" means an address to which the 2893  
postal service or an authorized delivery service under section 2894  
5703.056 of the Revised Code is not able to deliver a written 2895  
determination of the tax administrator, except when the reason for 2896  
nondelivery is because the addressee fails to acknowledge or 2897  
accept the determination. 2898

**Sec. 718.19.** (A) Upon receipt of a refund application, the 2899  
tax administrator of a municipal corporation, in accordance with 2900  
this section, shall refund to employers, agents of employers, 2901  
other payers, or taxpayers, with respect to any income or 2902  
withholding tax levied by the municipal corporation: 2903

(1) Overpayments of more than ten dollars; 2904

(2) Amounts in excess of ten dollars paid erroneously. 2905

(B) Except as otherwise provided in this chapter, 2906  
applications for refund shall be filed with the tax administrator, 2907  
on the form prescribed by the tax administrator within three years 2908  
after the tax was due or paid, whichever is later. The tax 2909  
administrator may require an applicant to file with the 2910  
application any documentation that substantiates the applicant's 2911  
claim for a refund. 2912

On filing of the refund application, the tax administrator shall determine the amount of refund due and certify such amount to the appropriate municipal corporation official for payment. 2913  
2914  
2915

(C) An application for a refund that is received after the last day for filing specified in division (B) of this section shall be considered to have been filed in a timely manner if any of the following situations exist: 2916  
2917  
2918  
2919

(1) The application is delivered by the postal service, and the earliest postal service postmark on the cover in which the application is enclosed is not later than the last day for filing the application. 2920  
2921  
2922  
2923

(2) The application is delivered by the postal service, the only postmark on the cover in which the application is enclosed was affixed by a private postal meter, the date of that postmark is not later than the last day for filing the application, and the application is received within seven days of such last day. 2924  
2925  
2926  
2927  
2928

(3) The application is delivered by the postal service, no postmark date was affixed to the cover in which the application is enclosed or the date of the postmark so affixed is not legible, and the application is received within seven days of the last day for making the application. 2929  
2930  
2931  
2932  
2933

(D) As used in this section, "withholding tax" has the same meaning as in section 718.27 of the Revised Code. 2934  
2935

**Sec. 718.22.** (A) A tax administrator may, by rule, prescribe uniform requirements as to the keeping of records and other pertinent documents related to the liability of any person for a tax imposed by a municipal corporation in accordance with this chapter, and as to the filing of copies of federal income tax returns and determinations. Such records and other documents shall be open to the tax administrator's inspection during business 2936  
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hours and shall be preserved for a period of six years following 2943  
the end of the taxable year to which the records or documents 2944  
relate, unless the tax administrator, in writing, consents to 2945  
their destruction within that period, or by order requires that 2946  
they be kept longer. 2947

(B) In addition to any requirements prescribed pursuant to 2948  
division (A) of this section, the tax administrator of a municipal 2949  
corporation may require any person, by notice served on that 2950  
person, to keep such records as the tax administrator determines 2951  
necessary to show whether or not that person is liable, and the 2952  
extent of such liability, for the income tax levied by the 2953  
municipal corporation or for the withholding of such tax. 2954

**Sec. 718.23.** (A) A tax administrator, or any authorized agent 2955  
or employee thereof may examine the books, papers, records, and 2956  
federal and state income tax returns of any employer, taxpayer, or 2957  
other person that is subject to, or that the tax administrator 2958  
believes is subject to, the provisions of this chapter for the 2959  
purpose of verifying the accuracy of any return made or, if no 2960  
return was filed, to ascertain the tax due under this chapter. 2961  
Upon written request by the tax administrator or a duly authorized 2962  
agent or employee thereof, every employer, taxpayer, or other 2963  
person subject to this section is required to furnish the 2964  
opportunity for the tax administrator, authorized agent, or 2965  
employee to investigate and examine such books, papers, records, 2966  
and federal and state income tax returns at a reasonable time and 2967  
place designated in the request. 2968

(B) The tax administrator may examine under oath any person 2969  
that the tax administrator reasonably believes has knowledge 2970  
concerning any income that was or would have been returned for 2971  
taxation or any transaction tending to affect such income. The tax 2972  
administrator may, for this purpose, compel any such person to 2973



attend a hearing or examination and to produce any books, papers, records, and federal income tax returns in such person's possession or control. The person may be assisted or represented by an attorney, accountant, bookkeeper, or other tax practitioner at any such hearing or examination. This division does not authorize the practice of law by a person who is not an attorney.

No person issued written notice by the tax administrator compelling such attendance or production of books, papers, records, or federal income tax returns under this division shall fail to comply.

Sec. 718.24. Nothing in this chapter shall limit the authority of a tax administrator to perform any of the following duties or functions, unless the performance of such duties or functions is expressly limited by a provision of the Revised Code or the charter or ordinances of the municipal corporation:

(A) Exercise all powers whatsoever of an inquisitorial nature as provided by law, including, the right to inspect books, accounts, records, memorandums, and federal and state income tax returns, to examine persons under oath, to issue orders or subpoenas for the production of books, accounts, papers, records, documents, and testimony, to take depositions, to apply to a court for attachment proceedings as for contempt, to approve vouchers for the fees of officers and witnesses, and to administer oaths; provided that the powers referred to in this division of this section shall be exercised by the tax administrator only in connection with the performance of the duties respectively assigned to the tax administrator under a municipal corporation income tax ordinance or resolution adopted in accordance with this chapter;

(B) Appoint agents and prescribe their powers and duties;

(C) Confer and meet with officers of other municipal

corporations and states and officers of the United States on any 3005  
matters pertaining to their respective official duties as provided 3006  
by law; 3007

(D) Exercise the authority provided by law, including orders 3008  
from bankruptcy courts, relative to remitting or refunding taxes, 3009  
including penalties and interest thereon, illegally or erroneously 3010  
imposed or collected, or for any other reason overpaid, and, in 3011  
addition, the tax administrator may investigate any claim of 3012  
overpayment and make a written statement of the tax 3013  
administrator's findings, and, if the tax administrator finds that 3014  
there has been an overpayment, approve and issue a refund payable 3015  
to the taxpayer, the taxpayer's assigns, or legal representative 3016  
as provided in this chapter; 3017

(E) Exercise the authority provided by law relative to 3018  
consenting to the compromise and settlement of tax claims; 3019

(F) Exercise the authority provided by law relative to the 3020  
use of alternative apportionment methods by taxpayers in 3021  
accordance with section 718.02 of the Revised Code; 3022

(G) Make all tax findings, determinations, computations, and 3023  
orders the tax administrator is by law authorized and required to 3024  
make and, pursuant to time limitations provided by law, on the tax 3025  
administrator's own motion, review, redetermine, or correct any 3026  
tax findings, determinations, computations, or orders the tax 3027  
administrator has made, but the tax administrator shall not 3028  
review, redetermine, or correct any tax finding, determination, 3029  
computation, or order which the tax administrator has made as to 3030  
which an appeal has been filed with the local board of tax review 3031  
or other appropriate tribunal, unless such appeal or application 3032  
is withdrawn by the appellant or applicant, is dismissed, or is 3033  
otherwise final; 3034

(H) Destroy any or all returns or other tax documents in the 3035

manner authorized by law; 3036

(I) Enter into an agreement with a taxpayer to simplify the 3037  
withholding obligations described in section 718.03 of the Revised 3038  
Code. 3039

**Sec. 718.25.** A person may round to the nearest whole dollar 3040  
all amounts the person is required to enter on any return, report, 3041  
voucher, or other document required under this chapter. Any 3042  
fractional part of a dollar that equals or exceeds fifty cents 3043  
shall be rounded to the next whole dollar, and any fractional part 3044  
of a dollar that is less than fifty cents shall be dropped. If a 3045  
person chooses to round amounts entered on a document, the person 3046  
shall round all amounts entered on the document. 3047

**Sec. 718.26.** (A) Nothing in this chapter prohibits a tax 3048  
administrator from requiring any person filing a tax document with 3049  
the tax administrator to provide identifying information, which 3050  
may include the person's social security number, federal employer 3051  
identification number, or other identification number requested by 3052  
the tax administrator. A person required by the tax administrator 3053  
to provide identifying information that has experienced any change 3054  
with respect to that information shall notify the tax 3055  
administrator of the change before, or upon, filing the next tax 3056  
document requiring the identifying information. 3057

(B) When transmitting or otherwise making use of a tax 3058  
document that contains a person's social security number, the tax 3059  
administrator shall take all reasonable measures necessary to 3060  
ensure that the number is not capable of being viewed by the 3061  
general public, including, when necessary, masking the number so 3062  
that it is not readily discernible by the general public. The tax 3063  
administrator shall not put a person's social security number on 3064  
the outside of any material mailed to the person. 3065

(C)(1) If the tax administrator makes a request for identifying information and the tax administrator does not receive valid identifying information within thirty days of making the request, nothing in this chapter prohibits the tax administrator from imposing a penalty upon the person to whom the request was directed pursuant to section 718.27 of the Revised Code, in addition to any applicable penalty described in section 718.99 of the Revised Code. 3066  
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(2) If a person required by the tax administrator to provide identifying information does not notify the tax administrator of a change with respect to that information as required under division (A) of this section within thirty days after filing the next tax document requiring such identifying information, nothing in this chapter prohibits the tax administrator from imposing a penalty pursuant to section 718.27 of the Revised Code. 3074  
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(3) The penalties provided for under divisions (C)(1) and (2) of this section may be billed and imposed in the same manner as the tax or fee with respect to which the identifying information is sought and are in addition to any applicable criminal penalties described in section 718.99 of the Revised Code for a violation of section 718.35 of the Revised Code and any other penalties that may be imposed by the tax administrator by law. 3081  
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**Sec. 718.27. (A) As used in this section:** 3088

(1) "Applicable law" means this chapter, the resolutions, ordinances, codes, directives, instructions, and rules adopted by a municipal corporation provided such resolutions, ordinances, codes, directives, instructions, and rules impose or directly or indirectly address the levy, payment, remittance, or filing requirements of a municipal income tax. 3089  
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(2) "Income tax," "estimated income tax," and "withholding tax" means any income tax, estimated income tax, and withholding 3095  
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tax imposed by a municipal corporation pursuant to applicable law, 3097  
including at any time before January 1, 2015. 3098

(3) A "return" includes any tax return, report, 3099  
reconciliation, schedule, and other document required to be filed 3100  
with a tax administrator or municipal corporation by a taxpayer, 3101  
employer, any agent of the employer, or any other payer pursuant 3102  
to applicable law, including at any time before January 1, 2015. 3103

(4) "Federal short-term rate" means the rate of the average 3104  
market yield on outstanding marketable obligations of the United 3105  
States with remaining periods to maturity of three years or less, 3106  
as determined under section 1274 of the Internal Revenue Code, for 3107  
July of the current year. 3108

(5) "Interest rate as described in division (A) of this 3109  
section" means the federal short-term rate, rounded to the nearest 3110  
whole number per cent, plus five per cent. The rate shall apply 3111  
for the calendar year next following the July of the year in which 3112  
the federal short-term rate is determined in accordance with 3113  
division (A)(4) of this section. 3114

(6) "Unpaid estimated income tax" means estimated income tax 3115  
due but not paid by the date the tax is required to be paid under 3116  
applicable law. 3117

(7) "Unpaid income tax" means income tax due but not paid by 3118  
the date the income tax is required to be paid under applicable 3119  
law. 3120

(8) "Unpaid withholding tax" means withholding tax due but 3121  
not paid by the date the withholding tax is required to be paid 3122  
under applicable law. 3123

(9) "Withholding tax" includes amounts an employer, any agent 3124  
of an employer, or any other payer did not withhold in whole or in 3125  
part from an employee's qualifying wages, but that, under 3126  
applicable law, the employer, agent, or other payer is required to 3127

withhold from an employee's qualifying wages. 3128

(B)(1) This section applies to the following: 3129

(a) Any return required to be filed under applicable law for 3130  
taxable years beginning on or after January 1, 2015; 3131

(b) Income tax, estimated income tax, and withholding tax 3132  
required to be paid or remitted to the municipal corporation on or 3133  
after January 1, 2015; 3134

(c) Income tax, estimated income tax, and withholding tax 3135  
required to be paid or remitted to the municipal corporation any 3136  
time before January 1, 2015, if the income tax, estimated income 3137  
tax, or withholding tax has not been paid or remitted on or before 3138  
June 30, 2015. 3139

(2) This section does not apply to returns required to be 3140  
filed or payments required to be made before January 1, 2015, 3141  
regardless of the filing or payment date. Returns required to be 3142  
filed or payments required to be made before January 1, 2015, but 3143  
filed or paid after that date shall be subject to the ordinances 3144  
or rules, as adopted before January 1, 2015, of the municipal 3145  
corporation to which the return is to be filed or the payment is 3146  
to be made. 3147

(C) Each municipal corporation levying a tax on income shall 3148  
impose on a taxpayer, employer, any agent of the employer, and any 3149  
other payer, and must attempt to collect, the interest amounts and 3150  
penalties prescribed under division (C) of this section when the 3151  
taxpayer, employer, any agent of the employer, or any other payer 3152  
for any reason fails, in whole or in part, to make to the 3153  
municipal corporation timely and full payment or remittance of 3154  
income tax, estimated income tax, or withholding tax or to file 3155  
timely with the municipal corporation any return required to be 3156  
filed. 3157

(1) Interest shall be imposed at the rate described in 3158

division (A) of this section, per annum, on all unpaid income tax, 3159  
unpaid estimated income tax, and unpaid withholding tax. 3160

(2)(a) With respect to unpaid income tax and unpaid estimated 3161  
income tax, a municipal corporation shall impose a penalty equal 3162  
to fifteen per cent of the amount not timely paid. 3163

(b) With respect to any unpaid withholding tax, a municipal 3164  
corporation shall impose a penalty equal to fifty per cent of the 3165  
amount not timely paid. 3166

(3)(a) With respect to annual income tax returns for 3167  
individuals, a municipal corporation shall impose a penalty of 3168  
twenty-five dollars for each failure to timely file each return, 3169  
regardless of the liability shown thereon. 3170

(b) With respect to returns other than annual income tax 3171  
returns for individuals and estimated income tax returns, a 3172  
municipal corporation shall impose a penalty of twenty-five 3173  
dollars for each failure to timely file each return, regardless of 3174  
the liability shown thereon for each month, or any fraction 3175  
thereof, during which the return remains unfiled regardless of the 3176  
liability shown thereon. The penalty shall not exceed one hundred 3177  
fifty dollars for each failure. 3178

(D)(1) With respect to the income taxes, estimated income 3179  
taxes, withholding taxes, and returns, no municipal corporation 3180  
shall impose, seek to collect, or collect any penalty, amount of 3181  
interest, charges, or additional fees not described in this 3182  
section. 3183

(2) With respect to the income taxes, estimated income taxes, 3184  
withholding taxes, and returns not described in division (A) of 3185  
this section, nothing in this section requires a municipal 3186  
corporation to refund or credit any penalty, amount of interest, 3187  
charges, or additional fees that the municipal corporation has 3188  
properly imposed or collected before January 1, 2015. 3189

(E) Nothing in this section limits the authority of a 3190  
municipal corporation to abate or partially abate penalties or 3191  
interest imposed under this section when the tax administrator 3192  
determines, in the tax administrator's sole discretion, that such 3193  
abatement is appropriate. 3194

(F) By the thirty-first day of October of each year the 3195  
municipal corporation shall publish the rate described in division 3196  
(A) of this section applicable to the next succeeding calendar 3197  
year. 3198

(G) The municipal corporation may impose on the taxpayer, 3199  
employer, any agent of the employer, or any other payer the 3200  
municipal corporation's post-judgment collection costs and fees, 3201  
including attorney's fees. 3202

**Sec. 718.28.** (A) As used in this section, "claim" means a 3203  
claim for an amount payable to a municipal corporation that arises 3204  
pursuant to the municipal income tax imposed in accordance with 3205  
this chapter. 3206

(B) Nothing in this chapter prohibits a tax administrator 3207  
from doing either of the following if such action is in the best 3208  
interests of the municipal corporation: 3209

(1) Compromise a claim; 3210

(2) Extend for a reasonable period the time for payment of a 3211  
claim by agreeing to accept monthly or other periodic payments. 3212

(C) The tax administrator may consider the following 3213  
standards when ascertaining with respect to a claim whether a 3214  
compromise or payment-over-time agreement is in the best interests 3215  
of the municipal corporation: 3216

(1) There exists a doubt as to whether the claim can be 3217  
collected. 3218

(2) There exists an economic hardship such that a compromise 3219



or agreement would facilitate effective tax administration. 3220

(3) There exists a joint liability among spouses, one of whom is an innocent spouse, provided that any relief under this standard shall only affect the claim as to the innocent spouse. A spouse granted relief under section 6015 of the Internal Revenue Code with regard to any income item is rebuttably presumed to be an innocent spouse with regard to that income item to the extent that income item is included in or otherwise affects the computation of a municipal income tax or any penalty or interest on that tax. 3221  
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(4) Any other reasonable standard that the tax administrator establishes. 3230  
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(D) The tax administrator's rejection of a compromise or payment-over-time agreement proposed by a person with respect to a claim shall not be appealable. 3232  
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(E) A compromise or payment-over-time agreement with respect to a claim shall be binding upon and shall inure to the benefit of only the parties to the compromise or agreement, and shall not extinguish or otherwise affect the liability of any other person. 3235  
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(F) A compromise or payment-over-time agreement with respect to a claim shall be void if the taxpayer defaults under the compromise or agreement or if the compromise or agreement was obtained by fraud or by misrepresentation of a material fact. Any amount that was due before the compromise or agreement and that is unpaid shall remain due, and any penalties or interest that would have accrued in the absence of the compromise or agreement shall continue to accrue and be due. 3239  
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**Sec. 718.30.** Nothing in this chapter prohibits the legislative authority of a municipal corporation, or a tax administrator pursuant to authority granted to the administrator 3247  
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by resolution or ordinance, to adopt rules to administer an income 3250  
tax imposed by the municipal corporation in accordance with this 3251  
chapter. Such rules shall not conflict with or be inconsistent 3252  
with any provision of this chapter. All rules adopted under this 3253  
section shall be published and posted on the internet as described 3254  
in section 718.07 of the Revised Code. 3255

**Sec. 718.31.** (A) To carry out the purposes of laws that a tax 3256  
administrator is required to administer, the tax administrator or 3257  
any person employed by the tax administrator for that purpose, 3258  
upon demand, may inspect the books, accounts, records, memoranda, 3259  
and federal and state income tax returns of any person subject to 3260  
those laws, and may examine under oath any officer, agent, or 3261  
employee of that person. Any person other than the tax 3262  
administrator who makes a demand pursuant to this section shall 3263  
produce the person's authority to make the inspection. 3264

(B) If a person receives at least ten days' written notice of 3265  
a demand made under division (A) of this section and refuses to 3266  
comply with that demand, the tax administrator may impose a 3267  
penalty on the person pursuant to section 718.27 of the Revised 3268  
Code. 3269

(C) No person hired or retained by a tax administrator to 3270  
examine or inspect a taxpayer's books shall be paid on a 3271  
contingency basis. 3272

**Sec. 718.35.** No person shall knowingly make, present, aid, or 3273  
assist in the preparation or presentation of a false or fraudulent 3274  
report, return, schedule, statement, claim, or document authorized 3275  
or required by municipal corporation ordinance or state law to be 3276  
filed with a tax administrator, or knowingly procure, counsel, or 3277  
advise the preparation or presentation of such report, return, 3278  
schedule, statement, claim, or document, or knowingly change, 3279

alter, or amend, or knowingly procure, counsel or advise such 3280  
change, alteration, or amendment of the records upon which such 3281  
report, return, schedule, statement, claim, or document is based 3282  
with intent to defraud the municipal corporation or a tax 3283  
administrator. 3284

**Sec. 718.38.** (A) An "opinion of the tax administrator" means 3285  
an opinion issued under this section with respect to prospective 3286  
municipal income tax liability. It does not include ordinary 3287  
correspondence of the tax administrator. 3288

(B) A taxpayer may submit a written request for an opinion of 3289  
the tax administrator as to whether or how certain income, source 3290  
of income, or a certain activity or transaction will be taxed. The 3291  
written response of the tax administrator shall be an "opinion of 3292  
the tax administrator" and shall bind the tax administrator, in 3293  
accordance with divisions (C), (G), and (H) of this section, 3294  
provided all of the following conditions are satisfied: 3295

(1) The taxpayer's request fully and accurately describes the 3296  
specific facts or circumstances relevant to a determination of the 3297  
taxability of the income, source of income, activity, or 3298  
transaction, and, if an activity or transaction, all parties 3299  
involved in the activity or transaction are clearly identified by 3300  
name, location, or other pertinent facts. 3301

(2) The request relates to a tax imposed by the municipal 3302  
corporation in accordance with this chapter. 3303

(3) The tax administrator's response is signed by the tax 3304  
administrator and designated as an "opinion of the tax 3305  
administrator." 3306

(C) An opinion of the tax administrator shall remain in 3307  
effect and shall protect the taxpayer for whom the opinion was 3308  
prepared and who reasonably relies on it from liability for any 3309

taxes, penalty, or interest otherwise chargeable on the activity 3310  
or transaction specifically held by the tax administrator's 3311  
opinion to be taxable in a particular manner or not to be subject 3312  
to taxation for any taxable years that may be specified in the 3313  
opinion, or until the earliest of the following dates: 3314

(1) The effective date of a written revocation by the tax 3315  
administrator sent to the taxpayer by certified mail, return 3316  
receipt requested. The effective date of the revocation shall be 3317  
the taxpayer's date of receipt or one year after the issuance of 3318  
the opinion, whichever is later; 3319

(2) The effective date of any amendment or enactment of a 3320  
relevant section of the Revised Code, uncodified state law, or the 3321  
municipal corporation's income tax ordinance that would 3322  
substantially change the analysis and conclusion of the opinion of 3323  
the tax administrator; 3324

(3) The date on which a court issues an opinion establishing 3325  
or changing relevant case law with respect to the Revised Code, 3326  
uncodified state law, or the municipal corporation's income tax 3327  
ordinance; 3328

(4) If the opinion of the tax administrator was based on the 3329  
interpretation of federal law, the effective date of any change in 3330  
the relevant federal statutes or regulations, or the date on which 3331  
a court issues an opinion establishing or changing relevant case 3332  
law with respect to federal statutes or regulations; 3333

(5) The effective date of any change in the taxpayer's 3334  
material facts or circumstances; 3335

(6) The effective date of the expiration of the opinion, if 3336  
specified in the opinion. 3337

(D) A taxpayer is not relieved of tax liability for any 3338  
activity or transaction related to a request for an opinion that 3339  
contained any misrepresentation or omission of one or more 3340

material facts. 3341

(E) If a tax administrator provides written advice under this section, the opinion shall include a statement that: 3342  
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(1) The tax consequences stated in the opinion may be subject to change for any of the reasons stated in division (C) of this section; 3344  
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(2) It is the duty of the taxpayer to be aware of such changes. 3347  
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(F) A tax administrator may refuse to offer an opinion on any request received under this section. 3349  
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(G) This section binds a tax administrator only with respect to opinions of the tax administrator issued on or after January 1, 2015. 3351  
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(H) An opinion of a tax administrator binds that tax administrator only with respect to the taxpayer for whom the opinion was prepared and does not bind the tax administrator of any other municipal corporation. 3354  
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(I) A tax administrator shall make available the text of all opinions issued under this section, except those opinions prepared for a taxpayer who has requested that the text of the opinion remain confidential. In no event shall the text of an opinion be made available until the tax administrator has removed all information that identifies the taxpayer and any other parties involved in the activity or transaction. 3358  
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(J) An opinion of the tax administrator issued under this section may not be appealed. 3365  
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**Sec. 718.41.** (A) A taxpayer shall file an amended return with the tax administrator in such form as the tax administrator requires if any of the facts, figures, computations, or attachments required in the taxpayer's annual return to determine 3367  
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the tax due levied by the municipal corporation in accordance with 3371  
this chapter must be altered as the result of an adjustment to the 3372  
taxpayer's federal income tax return, whether initiated by the 3373  
taxpayer or the internal revenue service, and such alteration 3374  
affects the taxpayer's tax liability under this chapter. If a 3375  
taxpayer intends to file an amended consolidated municipal income 3376  
tax return, the taxpayer shall notify the tax administrator before 3377  
filing the amended return. 3378

(B)(1) In the case of an underpayment, the amended return 3379  
shall be accompanied by payment of any combined additional tax due 3380  
together with interest thereon. If the combined tax shown to be 3381  
due is ten dollars or less, such amount need not accompany the 3382  
amended return. Except as provided under division (B)(2) of this 3383  
section, the amended return shall not reopen those facts, figures, 3384  
computations, or attachments from a previously filed return that 3385  
are not affected, either directly or indirectly, by the adjustment 3386  
to the taxpayer's federal or state income tax return unless the 3387  
applicable statute of limitations for civil actions or 3388  
prosecutions under section 718.12 of the Revised Code has not 3389  
expired for a previously filed return. 3390

(2) The additional tax to be paid shall not exceed the amount 3391  
of tax that would be due if all facts, figures, computations, and 3392  
attachments were reopened. 3393

(C)(1) In the case of an overpayment, an application for 3394  
refund may be filed under this division within the period 3395  
prescribed by section 718.12 of the Revised Code for filing the 3396  
amended return even if it is filed beyond the period prescribed in 3397  
section 718.19 of the Revised Code if it otherwise conforms to the 3398  
requirements of that section. If the amount of the refund is ten 3399  
dollars or less, no refund need be paid by the municipal 3400  
corporation to the taxpayer. Except as set forth in division 3401

(C)(2) of this section, an application filed under this division 3402  
shall claim refund of overpayments resulting from alterations to 3403  
only those facts, figures, computations, or attachments required 3404  
in the taxpayer's annual return that are affected, either directly 3405  
or indirectly, by the adjustment to the taxpayer's federal or 3406  
state income tax return unless it is also filed within the time 3407  
prescribed in section 718.19 of the Revised Code. Except as set 3408  
forth in division (C)(2) of this section, the application shall 3409  
not reopen those facts, figures, computations, or attachments that 3410  
are not affected, either directly or indirectly, by the adjustment 3411  
to the taxpayer's federal or state income tax return. 3412

(2) The amount to be refunded shall not exceed the amount of 3413  
refund that would be due if all facts, figures, computations, and 3414  
attachments were reopened. 3415

**Sec. ~~718.04~~ 718.50.** (A) No municipal corporation other than 3416  
the municipal corporation of residence shall levy a tax on the 3417  
income of any member or employee of the Ohio general assembly 3418  
including the lieutenant governor which income is received as a 3419  
result of services rendered as such member or employee and is paid 3420  
from appropriated funds of this state. 3421

(B) No municipal corporation other than the municipal 3422  
corporation of residence and the city of Columbus shall levy a tax 3423  
on the income of the chief justice or a justice of the supreme 3424  
court received as a result of services rendered as the chief 3425  
justice or justice. No municipal corporation other than the 3426  
municipal corporation of residence shall levy a tax on the income 3427  
of a judge sitting by assignment of the chief justice or on the 3428  
income of a district court of appeals judge sitting in multiple 3429  
locations within the district, received as a result of services 3430  
rendered as a judge. 3431

Sec. 718.99. (A) Except as provided in division (B) of this section, whoever violates section 718.35 of the Revised Code, division (A) of section 718.13 of the Revised Code, or section 718.03 of the Revised Code by failing to remit municipal income taxes deducted and withheld from an employee, shall be guilty of a misdemeanor of the first degree and shall be subject to a fine of one thousand dollars or imprisonment for a term of up to six months, or both, unless the violation is punishable by a municipal ordinance or resolution imposing a greater penalty or requiring dismissal from office or discharge from employment, or both, in which case the municipal ordinance or resolution shall govern.

(B) Any person who discloses information received from the Internal Revenue Service in violation of division (A) of section 718.13 of the Revised Code shall be guilty of a felony of the fifth degree and shall be subject to a fine of not more than five thousand dollars plus the costs of prosecution, or imprisonment for a term not exceeding five years, or both, unless the violation is punishable by a municipal ordinance imposing a greater penalty or requiring dismissal from office or discharge from employment, or both, in which case the municipal ordinance shall govern.

(C) Each instance of access or disclosure in violation of division (A) of section 718.13 of the Revised Code constitutes a separate offense.

(D) Nothing in this chapter prohibits a municipal corporation from prosecuting offenses which are made punishable under a municipal ordinance or resolution levying an income tax and for which no other penalty is provided under this chapter.

**Sec. 5703.059.** (A) The tax commissioner may adopt rules requiring returns, including any accompanying schedule or statement, for any of the following taxes to be filed



electronically using the Ohio business gateway as defined in	3462
section <del>718.051</del> <u>718.01</u> of the Revised Code, filed telephonically	3463
using the system known as the Ohio telefile system, or filed by	3464
any other electronic means prescribed by the commissioner:	3465
(1) Employer income tax withholding under Chapter 5747. of	3466
the Revised Code;	3467
(2) Motor fuel tax under Chapter 5735. of the Revised Code;	3468
(3) Cigarette and tobacco product tax under Chapter 5743. of	3469
the Revised Code;	3470
(4) Severance tax under Chapter 5749. of the Revised Code;	3471
(5) Use tax under Chapter 5741. of the Revised Code;	3472
(6) Commercial activity tax under Chapter 5751. of the	3473
Revised Code;	3474
(7) Financial institutions tax under Chapter 5726. of the	3475
Revised Code;	3476
(8) Motor fuel receipts tax under Chapter 5736. of the	3477
Revised Code;	3478
(9) Horse-racing taxes under Chapter 3769. of the Revised	3479
Code.	3480
(B) The tax commissioner may adopt rules requiring any	3481
payment of tax shown on such a return to be due to be made	3482
electronically in a manner approved by the commissioner.	3483
(C) A rule adopted under this section does not apply to	3484
returns or reports filed or payments made before six months after	3485
the effective date of the rule. The commissioner shall publicize	3486
any new electronic filing requirement on the department's web	3487
site. The commissioner shall educate the public of the requirement	3488
through seminars, workshops, conferences, or other outreach	3489
activities.	3490

(D) Any person required to file returns and make payments 3491  
electronically under rules adopted under this section may apply to 3492  
the commissioner, on a form prescribed by the commissioner, to be 3493  
excused from that requirement. For good cause shown, the 3494  
commissioner may excuse the applicant from the requirement and 3495  
permit the applicant to file the returns or reports or make the 3496  
payments required under this section by nonelectronic means. 3497

**Sec. 5703.57.** (A) As used in this section, "Ohio business 3498  
gateway" has the same meaning as in section 718.051 of the Revised 3499  
Code. 3500

(B) There is hereby created the Ohio business gateway 3501  
steering committee to direct the continuing development of the 3502  
Ohio business gateway and to oversee its operations. The committee 3503  
shall provide general oversight regarding operation of the Ohio 3504  
business gateway and shall recommend to the department of 3505  
administrative services enhancements that will improve the Ohio 3506  
business gateway. The committee shall consider all banking, 3507  
technological, administrative, and other issues associated with 3508  
the Ohio business gateway and shall make recommendations regarding 3509  
the type of reporting forms or other tax documents to be filed 3510  
through the Ohio business gateway. 3511

(C) The committee shall consist of: 3512

(1) The following members, appointed by the governor with the 3513  
advice and consent of the senate: 3514

(a) Not more than four representatives of the business 3515  
community; 3516

(b) Not more than ~~one representative~~ three representatives of 3517  
municipal tax administrators selected from a list of candidates 3518  
provided by the Ohio municipal league; and 3519

(c) Not more than two tax practitioners. 3520

(2) The following ex officio members:	3521
(a) The director or other highest officer of each state	3522
agency that has tax reporting forms or other tax documents filed	3523
with it through the Ohio business gateway or the director's	3524
designee;	3525
(b) The secretary of state or the secretary of state's	3526
designee;	3527
(c) The treasurer of state or the treasurer of state's	3528
designee;	3529
(d) The director of budget and management or the director's	3530
designee;	3531
(e) The state chief information officer or the officer's	3532
designee;	3533
(f) The tax commissioner or the tax commissioner's designee;	3534
and	3535
(g) The director of development or the director's designee.	3536
An appointed member shall serve until the member resigns or	3537
is removed by the governor. Vacancies shall be filled in the same	3538
manner as original appointments.	3539
(D) A vacancy on the committee does not impair the right of	3540
the other members to exercise all the functions of the committee.	3541
The presence of a majority of the members of the committee	3542
constitutes a quorum for the conduct of business of the committee.	3543
The concurrence of at least a majority of the members of the	3544
committee is necessary for any action to be taken by the	3545
committee. On request, each member of the committee shall be	3546
reimbursed for the actual and necessary expenses incurred in the	3547
discharge of the member's duties.	3548
(E) The committee is a part of the department of taxation for	3549
administrative purposes.	3550

(F) Each year, the governor shall select a member of the committee to serve as chairperson. The chairperson shall appoint an official or employee of the department of taxation to act as the committee's secretary. The secretary shall keep minutes of the committee's meetings and a journal of all meetings, proceedings, findings, and determinations of the committee.

(G) The committee may hire professional, technical, and clerical staff needed to support its activities.

(H) The committee shall meet as often as necessary to perform its duties.

**Sec. 5717.011.** (A) As used in this chapter, "tax administrator" has the same meaning as in section 718.01 of the Revised Code.

(B) Appeals from a ~~municipal~~ decision of a local board of ~~appeal~~ tax review created under section 718.11 of the Revised Code may be taken by the taxpayer or the tax administrator to the board of tax appeals or may be taken by the taxpayer or the tax administrator to a court of common pleas as otherwise provided by law. If the taxpayer or the tax administrator elects to make an appeal to the board of tax appeals or court of common pleas, and subject to section 5703.021 of the Revised Code with respect to appeals assigned to the small claims docket, the appeal shall be taken by the filing of a notice of appeal with the board of tax appeals or court of common pleas, the ~~municipal~~ local board of ~~appeal~~ tax review, and the opposing party. The notice of appeal shall be filed within sixty days after the day the appellant receives notice of the decision issued under section 718.11 of the Revised Code. An appeal filed with a court of common pleas is governed by the Rules of Civil Procedure and other rules of practice and procedure applicable to civil actions. For an appeal filed with the board of tax appeals, the notice of appeal may be

filed in person or by certified mail, express mail, facsimile 3582  
transmission, electronic transmission, or by authorized delivery 3583  
service as provided in section 5703.056 of the Revised Code. If 3584  
the notice of appeal is filed by certified mail, express mail, or 3585  
authorized delivery service as provided in section 5703.056 of the 3586  
Revised Code, the date of the United States postmark placed on the 3587  
sender's receipt by the postal service or the date of receipt 3588  
recorded by the authorized delivery service shall be treated as 3589  
the date of filing with the board. If notice of appeal is filed by 3590  
facsimile transmission or electronic transmission, the date and 3591  
time the notice is received by the board shall be the date and 3592  
time reflected on a timestamp provided by the board's electronic 3593  
system, and the appeal shall be considered filed with the board on 3594  
the date reflected on that timestamp. Any timestamp provided by 3595  
another computer system or electronic submission device shall not 3596  
affect the time and date the notice is received by the board. The 3597  
notice of appeal shall have attached thereto and incorporated 3598  
therein by reference a true copy of the decision issued under 3599  
section 718.11 of the Revised Code, but failure to attach a copy 3600  
of such notice and incorporate it by reference in the notice of 3601  
appeal does not invalidate the appeal. 3602

(C) A notice of appeal for an appeal filed with the board of 3603  
tax appeals shall contain a short and plain statement of the 3604  
claimed errors in the decision of the ~~municipal~~ local board of 3605  
~~appeal~~ tax review showing that the appellant is entitled to relief 3606  
and a demand for the relief to which the appellant claims to be 3607  
entitled. An appellant may amend the notice of appeal once as a 3608  
matter of course within sixty days after the certification of the 3609  
transcript. Otherwise, an appellant may amend the notice of appeal 3610  
only after receiving leave of the board or the written consent of 3611  
each adverse party. Leave of the board shall be freely given when 3612  
justice so requires. 3613

(D) Upon the filing of a notice of appeal with the board of 3614  
tax appeals, the ~~municipal local~~ board of ~~appeal tax review~~ shall 3615  
certify to the board of tax appeals a transcript of the record of 3616  
the proceedings before it, together with all evidence considered 3617  
by it in connection therewith. Such appeals may be heard by the 3618  
board at its office in Columbus or in the county where the 3619  
appellant resides, or it may cause its examiners to conduct such 3620  
hearings and to report to it their findings for affirmation or 3621  
rejection. The board may order the appeal to be heard upon the 3622  
record and the evidence certified to it by the tax administrator, 3623  
but upon the application of any interested party the board shall 3624  
order the hearing of additional evidence, and the board may make 3625  
such investigation concerning the appeal as it considers proper. 3626  
An appeal may proceed pursuant to section 5703.021 of the Revised 3627  
Code on the small claims docket if the appeals qualifies under 3628  
that section. 3629

(E) If an issue being appealed under this section is 3630  
addressed in a municipal corporation's ordinance or regulation, 3631  
the tax administrator, upon the request of the board of tax 3632  
appeals, shall provide a copy of the ordinance or regulation to 3633  
the board of tax appeals. 3634

**Sec. 5717.03.** (A) A decision of the board of tax appeals on 3635  
an appeal filed with it pursuant to section 5717.01, 5717.011, or 3636  
5717.02 of the Revised Code shall be entered of record on the 3637  
journal together with the date when the order is filed with the 3638  
secretary for journalization. 3639

(B) In case of an appeal from a decision of a county board of 3640  
revision, the board of tax appeals shall determine the taxable 3641  
value of the property whose valuation or assessment by the county 3642  
board of revision is complained of, or in the event the complaint 3643  
and appeal is against a discriminatory valuation, shall determine 3644

a valuation which shall correct such discrimination, and shall 3645  
determine the liability of the property for taxation, if that 3646  
question is in issue, and the board of tax appeals' decision and 3647  
the date when it was filed with the secretary for journalization 3648  
shall be sent by the board to all persons who were parties to the 3649  
appeal before the board, to the person in whose name the property 3650  
is listed, or sought to be listed, if such person is not a party 3651  
to the appeal, to the county auditor of the county in which the 3652  
property involved in the appeal is located, and to the tax 3653  
commissioner. 3654

In correcting a discriminatory valuation, the board of tax 3655  
appeals shall increase or decrease the value of the property whose 3656  
valuation or assessment by the county board of revision is 3657  
complained of by a per cent or amount which will cause such 3658  
property to be listed and valued for taxation by an equal and 3659  
uniform rule. 3660

(C) In the case of an appeal from a review, redetermination, 3661  
or correction of a tax assessment, valuation, determination, 3662  
finding, computation, or order of the tax commissioner, the order 3663  
of the board of tax appeals and the date of the entry thereof upon 3664  
its journal shall be sent by the board to all persons who were 3665  
parties to the appeal before the board, the person in whose name 3666  
the property is listed or sought to be listed, if the decision 3667  
determines the valuation or liability of property for taxation and 3668  
if such person is not a party to the appeal, the taxpayer or other 3669  
person to whom notice of the tax assessment, valuation, 3670  
determination, finding, computation, or order, or correction or 3671  
redetermination thereof, by the tax commissioner was by law 3672  
required to be given, the director of budget and management, if 3673  
the revenues affected by such decision would accrue primarily to 3674  
the state treasury, and the county auditors of the counties to the 3675  
undivided general tax funds of which the revenues affected by such 3676

decision would primarily accrue. 3677

(D) In the case of an appeal from a ~~municipal~~ decision of a 3678  
local board of ~~appeal~~ tax review created under section 718.11 of 3679  
the Revised Code, the order of the board of tax appeals and the 3680  
date of the entry thereof upon the board's journal shall be sent 3681  
by the board to all persons who were parties to the appeal before 3682  
the board. 3683

(E) In the case of all other appeals or applications filed 3684  
with and determined by the board, the board's order and the date 3685  
when the order was filed by the secretary for journalization shall 3686  
be sent by the board to the person who is a party to such appeal 3687  
or application, to such persons as the law requires, and to such 3688  
other persons as the board deems proper. 3689

(F) The orders of the board may affirm, reverse, vacate, 3690  
modify, or remand the tax assessments, valuations, determinations, 3691  
findings, computations, or orders complained of in the appeals 3692  
determined by the board, and the board's decision shall become 3693  
final and conclusive for the current year unless reversed, 3694  
vacated, or modified as provided in section 5717.04 of the Revised 3695  
Code. When an order of the board becomes final the tax 3696  
commissioner and all officers to whom such decision has been sent 3697  
shall make the changes in their tax lists or other records which 3698  
the decision requires. 3699

(G) If the board finds that issues not raised on the appeal 3700  
are important to a determination of a controversy, the board may 3701  
remand the cause for an administrative determination and the 3702  
issuance of a new tax assessment, valuation, determination, 3703  
finding, computation, or order, unless the parties stipulate to 3704  
the determination of such other issues without remand. An order 3705  
remanding the cause is a final order. If the order relates to any 3706  
issue other than a municipal income tax matter appealed under 3707  
sections 718.11 and 5717.011 of the Revised Code, the order may be 3708



appealed to the court of appeals in Franklin county. If the order 3709  
relates to a municipal income tax matter appealed under sections 3710  
718.11 and 5717.011 of the Revised Code, the order may be appealed 3711  
to the court of appeals for the county in which the municipal 3712  
corporation in which the dispute arose is primarily situated. 3713

(H) At the request of any person that filed an appeal subject 3714  
to this section, the decision or order of the board of tax appeals 3715  
issued pursuant to division (B), (C), (D), or (E) of this section 3716  
shall be sent by certified mail at the requestor's expense. 3717

**Sec. 5739.12.** (A)(1) Each person who has or is required to 3718  
have a vendor's license, on or before the twenty-third day of each 3719  
month, shall make and file a return for the preceding month in the 3720  
form prescribed by the tax commissioner, and shall pay the tax 3721  
shown on the return to be due. The return shall be filed 3722  
electronically using the Ohio business gateway, as defined in 3723  
section ~~718.051~~ 718.01 of the Revised Code, the Ohio telefile 3724  
system, or any other electronic means prescribed by the 3725  
commissioner. Payment of the tax shown on the return to be due 3726  
shall be made electronically in a manner approved by the 3727  
commissioner. The commissioner may require a vendor that operates 3728  
from multiple locations or has multiple vendor's licenses to 3729  
report all tax liabilities on one consolidated return. The return 3730  
shall show the amount of tax due from the vendor to the state for 3731  
the period covered by the return and such other information as the 3732  
commissioner deems necessary for the proper administration of this 3733  
chapter. The commissioner may extend the time for making and 3734  
filing returns and paying the tax, and may require that the return 3735  
for the last month of any annual or semiannual period, as 3736  
determined by the commissioner, be a reconciliation return 3737  
detailing the vendor's sales activity for the preceding annual or 3738  
semiannual period. The reconciliation return shall be filed by the 3739  
last day of the month following the last month of the annual or 3740

semiannual period. The commissioner may remit all or any part of 3741  
amounts or penalties that may become due under this chapter and 3742  
may adopt rules relating thereto. Such return shall be filed 3743  
electronically as directed by the tax commissioner, and payment of 3744  
the amount of tax shown to be due thereon, after deduction of any 3745  
discount provided for under this section, shall be made 3746  
electronically in a manner approved by the tax commissioner. 3747

(2) Any person required to file returns and make payments 3748  
electronically under division (A)(1) of this section may apply to 3749  
the tax commissioner on a form prescribed by the commissioner to 3750  
be excused from that requirement. For good cause shown, the 3751  
commissioner may excuse the person from that requirement and may 3752  
permit the person to file the returns and make the payments 3753  
required by this section by nonelectronic means. 3754

(B)(1) If the return is filed and the amount of tax shown 3755  
thereon to be due is paid on or before the date such return is 3756  
required to be filed, the vendor shall be entitled to a discount 3757  
of three-fourths of one per cent of the amount shown to be due on 3758  
the return. 3759

(2) A vendor that has selected a certified service provider 3760  
as its agent shall not be entitled to the discount if the 3761  
certified service provider receives a monetary allowance pursuant 3762  
to section 5739.06 of the Revised Code for performing the vendor's 3763  
sales and use tax functions in this state. Amounts paid to the 3764  
clerk of courts pursuant to section 4505.06 of the Revised Code 3765  
shall be subject to the applicable discount. The discount shall be 3766  
in consideration for prompt payment to the clerk of courts and for 3767  
other services performed by the vendor in the collection of the 3768  
tax. 3769

(C)(1) Upon application to the tax commissioner, a vendor who 3770  
is required to file monthly returns may be relieved of the 3771  
requirement to report and pay the actual tax due, provided that 3772

the vendor agrees to remit to the commissioner payment of not less 3773  
than an amount determined by the commissioner to be the average 3774  
monthly tax liability of the vendor, based upon a review of the 3775  
returns or other information pertaining to such vendor for a 3776  
period of not less than six months nor more than two years 3777  
immediately preceding the filing of the application. Vendors who 3778  
agree to the above conditions shall make and file an annual or 3779  
semiannual reconciliation return, as prescribed by the 3780  
commissioner. The reconciliation return shall be filed 3781  
electronically as directed by the tax commissioner, and payment of 3782  
the amount of tax shown to be due thereon, after deduction of any 3783  
discount provided in this section, shall be made electronically in 3784  
a manner approved by the commissioner. Failure of a vendor to 3785  
comply with any of the above conditions may result in immediate 3786  
reinstatement of the requirement of reporting and paying the 3787  
actual tax liability on each monthly return, and the commissioner 3788  
may at the commissioner's discretion deny the vendor the right to 3789  
report and pay based upon the average monthly liability for a 3790  
period not to exceed two years. The amount ascertained by the 3791  
commissioner to be the average monthly tax liability of a vendor 3792  
may be adjusted, based upon a review of the returns or other 3793  
information pertaining to the vendor for a period of not less than 3794  
six months nor more than two years preceding such adjustment. 3795

(2) The commissioner may authorize vendors whose tax 3796  
liability is not such as to merit monthly returns, as ascertained 3797  
by the commissioner upon the basis of administrative costs to the 3798  
state, to make and file returns at less frequent intervals. When 3799  
returns are filed at less frequent intervals in accordance with 3800  
such authorization, the vendor shall be allowed the discount 3801  
provided in this section in consideration for prompt payment with 3802  
the return, provided the return is filed and payment is made of 3803  
the amount of tax shown to be due thereon, at the time specified 3804  
by the commissioner, but a vendor that has selected a certified 3805

service provider as its agent shall not be entitled to the 3806  
discount. 3807

(D) Any vendor who fails to file a return or to pay the full 3808  
amount of the tax shown on the return to be due in the manner 3809  
prescribed under this section and the rules of the commissioner 3810  
may, for each such return, be required to forfeit and pay into the 3811  
state treasury an additional charge not exceeding fifty dollars or 3812  
ten per cent of the tax required to be paid for the reporting 3813  
period, whichever is greater, as revenue arising from the tax 3814  
imposed by this chapter, and such sum may be collected by 3815  
assessment in the manner provided in section 5739.13 of the 3816  
Revised Code. The commissioner may remit all or a portion of the 3817  
additional charge and may adopt rules relating to the imposition 3818  
and remission of the additional charge. 3819

(E) If the amount required to be collected by a vendor from 3820  
consumers is in excess of the applicable percentage of the 3821  
vendor's receipts from sales that are taxable under section 3822  
5739.02 of the Revised Code, or in the case of sales subject to a 3823  
tax levied pursuant to section 5739.021, 5739.023, or 5739.026 of 3824  
the Revised Code, in excess of the percentage equal to the 3825  
aggregate rate of such taxes and the tax levied by section 5739.02 3826  
of the Revised Code, such excess shall be remitted along with the 3827  
remittance of the amount of tax due under section 5739.10 of the 3828  
Revised Code. 3829

(F) The commissioner, if the commissioner deems it necessary 3830  
in order to insure the payment of the tax imposed by this chapter, 3831  
may require returns and payments to be made for other than monthly 3832  
periods. 3833

(G) Any vendor required to file a return and pay the tax 3834  
under this section whose total payment for a year equals or 3835  
exceeds the amount shown in division (A) of section 5739.122 of 3836  
the Revised Code is subject to the accelerated tax payment 3837

requirements in divisions (B) and (C) of that section. For a 3838  
vendor that operates from multiple locations or has multiple 3839  
vendor's licenses, in determining whether the vendor's total 3840  
payment equals or exceeds the amount shown in division (A) of that 3841  
section, the vendor's total payment amount shall be the amount of 3842  
the vendor's total tax liability for the previous calendar year 3843  
for all of the vendor's locations or licenses. 3844

**Sec. 5739.124.** (A) If required by the tax commissioner, a 3845  
permit holder required to make payments under section 5739.032 of 3846  
the Revised Code shall file all returns and reports 3847  
electronically. The commissioner may require the permit holder to 3848  
use the Ohio business gateway, as defined in section ~~718.051~~ 3849  
718.01 of the Revised Code, or any other electronic means approved 3850  
by the commissioner, to file the returns and reports, or to remit 3851  
the tax, in lieu of the manner prescribed under section 5739.032 3852  
of the Revised Code. 3853

(B) A person required under this section to file reports and 3854  
returns electronically may apply to the tax commissioner to be 3855  
excused from that requirement. Applications shall be made on a 3856  
form prescribed by the commissioner. The commissioner may approve 3857  
the application for good cause. 3858

(C)(1) If a person required to file a report or return 3859  
electronically under this section fails to do so, the tax 3860  
commissioner may impose an additional charge not to exceed the 3861  
following: 3862

(a) For each of the first two failures, five per cent of the 3863  
amount required to be reported on the report or return; 3864

(b) For the third and any subsequent failure, ten per cent of 3865  
the amount required to be reported on the report or return. 3866

(2) The charges authorized under division (C)(1) of this 3867

section are in addition to any other charge or penalty authorized 3868  
under this chapter, and shall be considered as revenue arising 3869  
from taxes imposed under this chapter. An additional charge may be 3870  
collected by assessment in the manner prescribed by section 3871  
5739.13 of the Revised Code. The commissioner may waive all or a 3872  
portion of such a charge and may adopt rules governing such 3873  
waiver. 3874

**Sec. 5741.122.** (A) If required by the tax commissioner, a 3875  
person required to make payments under section 5741.121 of the 3876  
Revised Code shall file all returns and reports electronically. 3877  
The commissioner may require the person to use the Ohio business 3878  
gateway, as defined in section ~~718.051~~ 718.01 of the Revised Code, 3879  
or any other electronic means approved by the commissioner, to 3880  
file the returns and reports, or to remit the tax, in lieu of the 3881  
manner prescribed under section 5741.121 of the Revised Code. 3882

(B) A person required under this section to file reports and 3883  
returns electronically may apply to the tax commissioner to be 3884  
excused from that requirement. Applications shall be made on a 3885  
form prescribed by the commissioner. The commissioner may approve 3886  
the application for good cause. 3887

(C)(1) If a person required to file a report or return 3888  
electronically under this section fails to do so, the tax 3889  
commissioner may impose an additional charge not to exceed the 3890  
following: 3891

(a) For each of the first two failures, five per cent of the 3892  
amount required to be reported on the report or return; 3893

(b) For the third and any subsequent failure, ten per cent of 3894  
the amount required to be reported on the report or return. 3895

(2) The charges authorized under division (C)(1) of this 3896  
section are in addition to any other charge or penalty authorized 3897

under this chapter, and shall be considered as revenue arising 3898  
from taxes imposed under this chapter. An additional charge may be 3899  
collected by assessment in the manner prescribed by section 3900  
5741.13 of the Revised Code. The commissioner may waive all or a 3901  
portion of such a charge and may adopt rules governing such 3902  
waiver. 3903

**Sec. 5747.063.** (A)(1) If a person's winnings at a casino 3904  
facility are an amount for which reporting to the internal revenue 3905  
service of the amount is required by section 6041 of the Internal 3906  
Revenue Code, as amended, the casino operator shall deduct and 3907  
withhold Ohio income tax from the person's winnings at a rate of 3908  
four per cent of the amount won ~~and shall deduct and withhold~~ 3909  
~~municipal income tax from the person's winnings at the rate of tax~~ 3910  
~~of the municipal corporation in which the casino facility is~~ 3911  
~~located.~~ A person's amount of winnings shall be determined each 3912  
time the person exchanges amounts won in tokens, chips, casino 3913  
credit, or other prepaid representations of value for cash or a 3914  
cash equivalent. The casino operator shall issue, to a person from 3915  
whose winnings an amount has been deducted and withheld, a receipt 3916  
for the amount deducted and withheld, and also shall obtain from 3917  
the person additional information that will be necessary for the 3918  
casino operator to prepare the returns required by this section. 3919

(2) If a person's winnings at a casino facility require 3920  
reporting to the internal revenue service under division (A)(1) of 3921  
this section, the casino operator also shall require the person to 3922  
state in writing, under penalty of falsification, whether the 3923  
person is in default under a support order. 3924

(B) Amounts deducted and withheld by a casino operator are 3925  
held in trust for the benefit of the state ~~and municipal~~ 3926  
~~corporations, as applicable.~~ 3927

(1) On or before the tenth day of each month, the casino 3928

operator shall file a return electronically with the tax 3929  
commissioner ~~and the tax administrator of the municipal~~ 3930  
~~corporation, as applicable,~~ identifying the persons from whose 3931  
winnings amounts were deducted and withheld, the amount of each 3932  
such deduction and withholding during the preceding calendar 3933  
month, the amount of the winnings from which each such amount was 3934  
withheld, the type of casino gaming that resulted in such 3935  
winnings, and any other information required by the tax 3936  
commissioner. With the return, the casino operator shall remit 3937  
electronically to the commissioner ~~and the tax administrator of~~ 3938  
~~the municipal corporation, as applicable,~~ all the amounts deducted 3939  
and withheld during the preceding month. 3940

(2)(a) A casino operator shall maintain a record of each 3941  
written statement provided under division (A)(2) of this section 3942  
in which a person admits to being in default under a support 3943  
order. The casino operator shall make these records available to 3944  
the director of job and family services upon request. 3945

(b) A casino operator shall maintain copies of receipts 3946  
issued under division (A)(1) of this section and of written 3947  
statements provided under division (A)(2) of this section and 3948  
shall make these copies available to the tax commissioner upon 3949  
request. 3950

(c) A casino operator shall maintain the information 3951  
described in divisions (B)(2)(a) and (b) of this section in 3952  
accordance with section 5747.17 of the Revised Code and any rules 3953  
adopted pursuant thereto. 3954

(3) Annually, on or before the thirty-first day of January, a 3955  
casino operator shall file an annual return electronically with 3956  
the tax commissioner ~~and the tax administrator of the municipal~~ 3957  
~~corporation, as applicable,~~ indicating the total amount deducted 3958  
and withheld during the preceding calendar year. The casino 3959  
operator shall remit electronically with the annual return any 3960



amount that was deducted and withheld and that was not previously 3961  
remitted. If the identity of a person and the amount deducted and 3962  
withheld with respect to that person were omitted on a monthly 3963  
return, that information shall be indicated on the annual return. 3964

(4)(a) A casino operator who fails to file a return and remit 3965  
the amounts deducted and withheld is personally liable for the 3966  
amount deducted and withheld and not remitted. The commissioner 3967  
~~and the tax administrator of the municipal corporation, as~~ 3968  
~~applicable,~~ may impose a penalty up to one thousand dollars if a 3969  
return is filed late, if amounts deducted and withheld are 3970  
remitted late, if a return is not filed, or if amounts deducted 3971  
and withheld are not remitted. Interest accrues on past due 3972  
amounts deducted and withheld at the rate prescribed in section 3973  
5703.47 of the Revised Code. The commissioner ~~and the tax~~ 3974  
~~administrator of the municipal corporation, as applicable,~~ may 3975  
collect past due amounts deducted and withheld and penalties and 3976  
interest thereon by assessment under section 5747.13 of the 3977  
Revised Code as if they were income taxes collected by an 3978  
employer. 3979

(b) If a casino operator sells the casino facility or 3980  
otherwise quits the casino business, the amounts deducted and 3981  
withheld and any penalties and interest thereon are immediately 3982  
due and payable. The successor shall withhold an amount of the 3983  
purchase money that is sufficient to cover the amounts deducted 3984  
and withheld and penalties and interest thereon until the 3985  
predecessor casino operator produces either a receipt from the 3986  
commissioner ~~and the tax administrator of the municipal~~ 3987  
~~corporation, as applicable,~~ showing that the amounts deducted and 3988  
withheld and penalties and interest thereon have been paid or a 3989  
certificate from the commissioner ~~and the tax administrator of the~~ 3990  
~~municipal corporation, as applicable,~~ indicating that no amounts 3991  
deducted and withheld or penalties and interest thereon are due. 3992

If the successor fails to withhold purchase money, the successor 3993  
is personally liable for payment of the amounts deducted and 3994  
withheld and penalties and interest thereon, up to the amount of 3995  
the purchase money. 3996

(C)(1) Annually, on or before the thirty-first day of 3997  
January, a casino operator shall issue an information return to 3998  
each person with respect to whom an amount has been deducted and 3999  
withheld during the preceding calendar year. The information 4000  
return shall show the total amount deducted from the person's 4001  
winnings by the casino operator during the preceding calendar 4002  
year. 4003

(2) Annually, on or before the thirty-first day of January, a 4004  
casino operator shall provide to the commissioner a copy of each 4005  
information return issued under division (C)(1) of this section 4006  
for the preceding calendar year. The commissioner may require that 4007  
the copies be transmitted electronically. 4008

(D) Amounts deducted and withheld shall be allowed as a 4009  
credit against payment of the tax imposed by section 5747.02 of 4010  
the Revised Code and shall be treated as taxes paid for purposes 4011  
of section 5747.09 of the Revised Code. This division applies only 4012  
to the person for whom the amount is deducted and withheld. 4013

(E) The failure of a casino operator to deduct and withhold 4014  
the required amount from a person's winnings does not relieve the 4015  
person from liability for the tax imposed by section 5747.02 of 4016  
the Revised Code with respect to those winnings. And compliance 4017  
with this section does not relieve a casino operator or a person 4018  
who has winnings at a casino facility from compliance with 4019  
relevant provisions of federal tax laws. 4020

(F) ~~The commissioner and the tax administrator of the~~ 4021  
~~municipal corporation, as applicable,~~ shall prescribe the form of 4022  
the receipt and returns required by this section. The director of 4023

job and family services shall prescribe the form of the statement 4024  
required by this section. 4025

(G) The requirements imposed under this section are in 4026  
addition to the municipal income tax withholding requirements 4027  
under section 718.031 of the Revised Code. 4028

(H) The commissioner may adopt rules that are necessary to 4029  
administer this section. 4030

**Sec. 5747.064.** (A) As used in this section, "video lottery 4031  
terminal" has the same meaning as in section 3770.21 of the 4032  
Revised Code. 4033

(B) If a person's prize award from a video lottery terminal 4034  
is an amount for which reporting to the internal revenue service 4035  
of the amount is required by section 6041 of the Internal Revenue 4036  
Code, as amended, the lottery sales agent shall deduct and 4037  
withhold Ohio income tax from the person's prize award at a rate 4038  
of four per cent of the amount won ~~and shall deduct and withhold~~ 4039  
~~municipal income tax from the person's winnings at the rate of tax~~ 4040  
~~of the municipal corporation in which the video lottery terminal~~ 4041  
~~facility is located.~~ The lottery sales agent shall issue, to a 4042  
person from whose prize award an amount has been deducted or 4043  
withheld, a receipt for the amount deducted and withheld, and also 4044  
shall obtain from the person additional information that will be 4045  
necessary for the lottery sales agent to prepare the returns 4046  
required by this section. 4047

(C) Amounts deducted and withheld by a lottery sales agent 4048  
are held in trust for the benefit of the state ~~and municipal~~ 4049  
~~corporations, as applicable.~~ 4050

(1) On or before the tenth day of each month, the lottery 4051  
sales agent shall file a return electronically with the tax 4052  
commissioner ~~and the tax administrator of the municipal~~ 4053

~~corporation, as applicable,~~ identifying the persons from whose 4054  
prize awards amounts were deducted and withheld, the amount of 4055  
each such deduction and withholding during the preceding month, 4056  
the amount of the prize award from which each such amount was 4057  
withheld, and any other information required by the commissioner 4058  
~~and the tax administrator of the municipal corporation, as~~ 4059  
~~applicable.~~ With the return, the lottery sales agent shall remit 4060  
electronically to the commissioner ~~and the tax administrator of~~ 4061  
~~the municipal corporation, as applicable,~~ all the amounts deducted 4062  
and withheld during the preceding month. 4063

(2) A lottery sales agent shall maintain a record of all 4064  
receipts issued under division (B) of this section and shall make 4065  
those records available to the commissioner ~~and the tax~~ 4066  
~~administrator of the municipal corporation, as applicable,~~ upon 4067  
request. Such records shall be maintained in accordance with 4068  
section 5747.17 of the Revised Code and any rules adopted pursuant 4069  
thereto. 4070

(3) Annually, on or before the thirty-first day of January, a 4071  
lottery sales agent shall file an annual return electronically 4072  
with the tax commissioner ~~and the tax administrator of the~~ 4073  
~~municipal corporation, as applicable,~~ indicating the total amount 4074  
deducted and withheld during the preceding calendar year. The 4075  
lottery sales agent shall remit electronically with the annual 4076  
return any amount that was deducted and withheld and that was not 4077  
previously remitted. If the identity of a person and the amount 4078  
deducted and withheld with respect to that person were omitted on 4079  
a monthly return, that information shall be indicated on the 4080  
annual return. 4081

(4)(a) A lottery sales agent who fails to file a return and 4082  
remit the amounts deducted and withheld is personally liable for 4083  
the amount deducted and withheld and not remitted. The 4084  
commissioner ~~and the tax administrator of the municipal~~ 4085

~~corporation, as applicable,~~ may impose a penalty of up to one 4086  
thousand dollars if a return is filed late, if amounts deducted 4087  
and withheld are remitted late, if a return is not filed, or if 4088  
amounts deducted and withheld are not remitted. Interest accrues 4089  
on past due amounts deducted and withheld at the rate prescribed 4090  
in section 5703.47 of the Revised Code. The commissioner ~~and the~~ 4091  
~~tax administrator of the municipal corporation, as applicable,~~ may 4092  
collect past due amounts deducted and withheld and penalties and 4093  
interest thereon by assessment under section 5747.13 of the 4094  
Revised Code as if they were income taxes collected by an 4095  
employer. 4096

(b) If a lottery sales agent ceases to operate video lottery 4097  
terminals, the amounts deducted and withheld and any penalties and 4098  
interest thereon are immediately due and payable. A successor of 4099  
the lottery sales agent that purchases the video lottery terminals 4100  
from the agent shall withhold an amount of the purchase money that 4101  
is sufficient to cover the amounts deducted and withheld and 4102  
penalties and interest thereon until the predecessor lottery sales 4103  
agent produces either a receipt from the tax commissioner ~~and the~~ 4104  
~~tax administrator of the municipal corporation, as applicable,~~ 4105  
showing that the amounts deducted and withheld and penalties and 4106  
interest thereon have been paid or a certificate from the 4107  
commissioner ~~and the tax administrator of the municipal~~ 4108  
~~corporation, as applicable,~~ indicating that no amounts deducted 4109  
and withheld or penalties and interest thereon are due. If the 4110  
successor fails to withhold purchase money, the successor is 4111  
personally liable for payment of the amounts deducted and withheld 4112  
and penalties and interest thereon, up to the amount of the 4113  
purchase money. 4114

(D)(1) Annually, on or before the thirty-first day of 4115  
January, a lottery sales agent shall issue an information return 4116  
to each person with respect to whom an amount has been deducted 4117

and withheld during the preceding calendar year. The information 4118  
return shall show the total amount deducted from the person's 4119  
prize award by the lottery sales agent during the preceding year. 4120

(2) Annually, on or before the thirty-first day of January, a 4121  
lottery sales agent shall provide to the tax commissioner ~~and the~~ 4122  
~~tax administrator of the municipal corporation, as applicable,~~ a 4123  
copy of each information return issued under division (D)(1) of 4124  
this section for the preceding calendar year. The commissioner ~~and~~ 4125  
~~the tax administrator of the municipal corporation, as applicable,~~ 4126  
may require that such copies be transmitted electronically. 4127

(E) Amounts deducted and withheld shall be allowed as a 4128  
credit against payment of the tax imposed by section 5747.02 of 4129  
the Revised Code and shall be treated as taxes paid for purposes 4130  
of section 5747.09 of the Revised Code. This division applies only 4131  
to the person for whom the amount is deducted and withheld. 4132

(F) The failure of a lottery sales agent to deduct and 4133  
withhold the required amount from a person's prize award does not 4134  
relieve the person from liability for the tax imposed by section 4135  
5747.02 of the Revised Code with respect to that income. 4136  
Compliance with this section does not relieve a lottery sales 4137  
agent or a person who has a prize award from compliance with 4138  
relevant provisions of federal tax laws. 4139

(G) The commissioner ~~and the tax administrator of the~~ 4140  
~~municipal corporation, as applicable,~~ shall prescribe the form of 4141  
the receipt and returns required by this section and ~~the~~ 4142  
~~commissioner~~ may promulgate any rules necessary to administer the 4143  
section. 4144

(H) The requirements imposed under this section are in 4145  
addition to the municipal income tax withholding requirements 4146  
under section 718.031 of the Revised Code. 4147

Sec. 5747.50. (A) As used in this section:	4148
(1) "County's proportionate share of the calendar year 2007 LGF and LGRAF distributions" means the percentage computed for the county under division (B)(1)(a) of section 5747.501 of the Revised Code.	4149 4150 4151 4152
(2) "County's proportionate share of the total amount of the local government fund additional revenue formula" means each county's proportionate share of the state's population as determined for and certified to the county for distributions to be made during the current calendar year under division (B)(2)(a) of section 5747.501 of the Revised Code. If prior to the first day of January of the current calendar year the federal government has issued a revision to the population figures reflected in the estimate produced pursuant to division (B)(2)(a) of section 5747.501 of the Revised Code, such revised population figures shall be used for making the distributions during the current calendar year.	4153 4154 4155 4156 4157 4158 4159 4160 4161 4162 4163 4164
(3) "2007 LGF and LGRAF county distribution base available in that month" means the lesser of the amounts described in division (A)(3)(a) and (b) of this section, provided that the amount shall not be less than zero:	4165 4166 4167 4168
(a) The total amount available for distribution to counties from the local government fund during the current month.	4169 4170
(b) The total amount distributed to counties from the local government fund and the local government revenue assistance fund to counties in calendar year 2007 less the total amount distributed to counties under division (B)(1) of this section during previous months of the current calendar year.	4171 4172 4173 4174 4175
(4) "Local government fund additional revenue distribution base available during that month" means the total amount available	4176 4177

for distribution to counties during the month from the local 4178  
government fund, less any amounts to be distributed in that month 4179  
from the local government fund under division (B)(1) of this 4180  
section, provided that the local government fund additional 4181  
revenue distribution base available during that month shall not be 4182  
less than zero. 4183

(5) "Total amount available for distribution to counties" 4184  
means the total amount available for distribution from the local 4185  
government fund during the current month less the total amount 4186  
available for distribution to municipal corporations during the 4187  
current month under division (C) of this section. 4188

(B) On or before the tenth day of each month, the tax 4189  
commissioner shall provide for payment to each county an amount 4190  
equal to the sum of: 4191

(1) The county's proportionate share of the calendar year 4192  
2007 LGF and LGRAAF distributions multiplied by the 2007 LGF and 4193  
LGRAAF county distribution base available in that month, provided 4194  
that if the 2007 LGF and LGRAAF county distribution base available 4195  
in that month is zero, no payment shall be made under division 4196  
(B)(1) of this section for the month or the remainder of the 4197  
calendar year; and 4198

(2) The county's proportionate share of the total amount of 4199  
the local government fund additional revenue formula multiplied by 4200  
the local government fund additional revenue distribution base 4201  
available during that month. 4202

Money received into the treasury of a county under this 4203  
division shall be credited to the undivided local government fund 4204  
in the treasury of the county on or before the fifteenth day of 4205  
each month. On or before the twentieth day of each month, the 4206  
county auditor shall issue warrants against all of the undivided 4207  
local government fund in the county treasury in the respective 4208



amounts allowed as provided in section 5747.51 of the Revised Code, and the treasurer shall distribute and pay such sums to the subdivision therein.

(C)(1) As used in division (C) of this section:

(a) "Total amount available for distribution to municipalities during the current month" means the product obtained by multiplying the total amount available for distribution from the local government fund during the current month by the aggregate municipal share.

(b) "Aggregate municipal share" means the quotient obtained by dividing the total amount distributed directly from the local government fund to municipal corporations during calendar year 2007 by the total distributions from the local government fund and local government revenue assistance fund during calendar year 2007.

(2) On or before the tenth day of each month, the tax commissioner shall provide for payment from the local government fund to each municipal corporation an amount equal to the product derived by multiplying the municipal corporation's percentage of the total amount distributed to all such municipal corporations under this division during calendar year 2007 by the total amount available for distribution to municipal corporations during the current month.

(3) Payments received by a municipal corporation under this division shall be paid into its general fund and may be used for any lawful purpose.

(4) The amount distributed to municipal corporations under this division during any calendar year shall not exceed the amount distributed directly from the local government fund to municipal corporations during calendar year 2007. If that maximum amount is reached during any month, distributions to municipal corporations

in that month shall be as provided in divisions (C)(1) and (2) of 4240  
this section, but no further distributions shall be made to 4241  
municipal corporations under division (C) of this section during 4242  
the remainder of the calendar year. 4243

(5) Upon being informed of a municipal corporation's 4244  
dissolution, the tax commissioner shall cease providing for 4245  
payments to that municipal corporation under division (C) of this 4246  
section. The proportionate shares of the total amount available 4247  
for distribution to each of the remaining municipal corporations 4248  
under this division shall be increased on a pro rata basis. 4249

(D) Each municipal corporation which has in effect a tax 4250  
imposed under Chapter 718. of the Revised Code shall, no later 4251  
than the thirty-first day of August of each year, certify to the 4252  
tax commissioner, on a form prescribed by the commissioner, the 4253  
~~total~~ amount of income ~~taxes~~ tax revenue collected and refunded by 4254  
such municipal corporation pursuant to such chapter during the 4255  
preceding calendar year, arranged by the type of income from which 4256  
the revenue was collected or the refund was issued. The municipal 4257  
corporation shall also report the amount of income tax revenue 4258  
collected and refunded on behalf of a joint economic development 4259  
district or a joint economic development zone that levies an 4260  
income tax administered by the municipal corporation and the 4261  
amount of such revenue distributed to contracting parties during 4262  
the preceding calendar year. The tax commissioner may withhold 4263  
payment of local government fund moneys pursuant to division (C) 4264  
of this section from any municipal corporation for failure to 4265  
comply with this reporting requirement. 4266

**Sec. 5751.07.** (A) Any person required to file returns under 4267  
this chapter shall remit each tax payment, and, if required by the 4268  
tax commissioner, file the tax return or the annual report, 4269  
electronically. The commissioner may require taxpayers to use the 4270

Ohio business gateway as defined in section ~~718.051~~ 718.01 of the 4271  
Revised Code to file returns and remit the tax, or may provide 4272  
another means for taxpayers to file and remit the tax 4273  
electronically. 4274

(B) A person required by this section to remit taxes or file 4275  
returns electronically may apply to the tax commissioner, on the 4276  
form prescribed by the commissioner, to be excused from that 4277  
requirement. The commissioner may excuse a person from the 4278  
requirements of this division for good cause. 4279

(C)(1) If a person required to remit taxes or file a return 4280  
electronically under this section fails to do so, the commissioner 4281  
may impose a penalty not to exceed the following: 4282

(a) For either of the first two tax periods the person so 4283  
fails, the greater of twenty-five dollars or five per cent of the 4284  
amount of the payment that was required to be remitted; 4285

(b) For the third and any subsequent tax periods the person 4286  
so fails, the greater of fifty dollars or ten per cent of the 4287  
amount of the payment that was required to be remitted. 4288

(2) The penalty imposed under division (C)(1) of this section 4289  
is in addition to any other penalty imposed under this chapter and 4290  
shall be considered as revenue arising from the tax imposed under 4291  
this chapter. A penalty may be collected by assessment in the 4292  
manner prescribed by section 5751.09 of the Revised Code. The tax 4293  
commissioner may abate all or a portion of such a penalty. 4294

(D) The tax commissioner may adopt rules necessary to 4295  
administer this section. 4296

**Section 2.** That existing sections 709.023, 718.02, 718.03, 4297  
718.04, 718.051, 718.07, 718.09, 718.10, 718.11, 718.121, 718.13, 4298  
5703.059, 5703.57, 5717.011, 5717.03, 5739.12, 5739.124, 5741.122, 4299  
5747.063, 5747.064, 5747.50, and 5751.07 and sections 718.01, 4300

718.011, 718.041, 718.05, 718.06, 718.08, 718.12, and 718.14 of 4301  
the Revised Code are hereby repealed. 4302

**Section 3.** That the version of section 5703.02 of the Revised 4303  
Code that is scheduled to take effect January 1, 2015, be amended 4304  
to read as follows: 4305

**Sec. 5703.02.** There is hereby created the board of tax 4306  
appeals, which shall exercise the following powers and perform the 4307  
following duties: 4308

(A) Exercise the authority provided by law to hear and 4309  
determine all appeals of questions of law and fact arising under 4310  
the tax laws of this state in appeals from decisions, orders, 4311  
determinations, or actions of any tax administrative agency 4312  
established by the law of this state, including but not limited to 4313  
appeals from: 4314

(1) Actions of county budget commissions; 4315

(2) Decisions of county boards of revision; 4316

(3) Actions of any assessing officer or other public official 4317  
under the tax laws of this state; 4318

(4) Final determinations by the tax commissioner of any 4319  
preliminary, amended, or final tax assessments, reassessments, 4320  
valuations, determinations, findings, computations, or orders made 4321  
by the tax commissioner; 4322

(5) Adoption and promulgation of rules of the tax 4323  
commissioner. 4324

(B) Appoint a secretary of the board of tax appeals, who 4325  
shall serve in the unclassified civil service at the pleasure of 4326  
the board, and any other employees as are necessary in the 4327  
exercise of the powers and the performance of the duties and 4328  
functions that the board is by law authorized and required to 4329

exercise, and prescribe the duties of all employees, and to fix 4330  
their compensation as provided by law; 4331

(C) Maintain a journal, which shall be open to public 4332  
inspection and in which the secretary shall keep a record of all 4333  
of the proceedings and the vote of each of its members upon every 4334  
action taken by it; 4335

(D) Adopt and promulgate, in the manner provided by section 4336  
5703.14 of the Revised Code, and enforce all rules relating to the 4337  
procedure of the board in hearing appeals it has the authority or 4338  
duty to hear, and to the procedure of officers or employees whom 4339  
the board may appoint; provided that section 5703.13 of the 4340  
Revised Code shall apply to and govern the procedure of the board. 4341  
Such rules shall include, but need not be limited to, the 4342  
following: 4343

(1) Rules governing the creation and implementation of a 4344  
mediation program, including procedures for requesting, requiring 4345  
participation in, objecting to, and conducting a mediation; 4346

(2) Rules requiring the tax commissioner, county boards of 4347  
revision, and ~~municipal~~ local boards of ~~appeal~~ tax review created 4348  
under section 718.11 of the Revised Code to electronically file 4349  
any transcript required to be filed with the board of tax appeals, 4350  
and instructions and procedures for the electronic filing of such 4351  
transcripts. 4352

(3) Rules establishing procedures to control and manage 4353  
appeals filed with the board. The procedures shall include, but 4354  
not be limited to, the establishment of a case management schedule 4355  
that shall include expected dates related to discovery deadlines, 4356  
disclosure of evidence, pre-hearing motions, and the hearing, and 4357  
other case management issues considered appropriate. 4358

**Section 4.** That the existing version of section 5703.02 of 4359

the Revised Code that is scheduled to take effect January 1, 2015, 4360  
is hereby repealed. 4361

**Section 5.** Sections 3 and 4 of this act take effect on 4362  
January 1, 2015. 4363

**Section 6.** This act applies to municipal taxable years 4364  
beginning on or after January 1, 2015. For municipal taxable years 4365  
beginning before January 1, 2015, tax administrators may continue 4366  
to administer, audit, and enforce the income tax of a municipal 4367  
corporation under Chapter 718. and ordinances and resolutions of 4368  
the municipal corporation as that chapter and those ordinances and 4369  
resolutions existed before January 1, 2015. 4370

**Section 7.** (A) There is hereby created the Municipal Income 4371  
Tax Net Operating Loss Review Committee for the purpose of 4372  
evaluating and quantifying the potential fiscal impact to 4373  
municipal corporations levying an income tax requiring such 4374  
municipal corporations to allow taxpayers to carry forward net 4375  
operating losses for five years. The Committee is a public body 4376  
for the purposes of section 121.22 of the Revised Code. 4377

(B) The Committee shall be composed of the following members: 4378

(1) Two members of the House of Representatives who are not 4379  
of the same political party, appointed by the Speaker of the House 4380  
of Representatives; 4381

(2) Two members of the Senate who are not of the same 4382  
political party, appointed by the President of the Senate; 4383

(3) Three members representing municipal income taxpayers, 4384  
appointed by the Speaker of the House of Representatives; 4385

(4) Three members representing municipal corporations that 4386  
levy an income tax in calendar year 2015, appointed by the 4387  
President of the Senate; 4388

(5) One member appointed by the Governor, who shall serve as 4389  
the chairperson of the Committee. 4390

The appointing authorities shall appoint members of the 4391  
Committee not later than March 1, 2014. An appointed member shall 4392  
serve until the member resigns or is removed by the member's 4393  
appointing authority. Vacancies shall be filled in the same manner 4394  
as original appointments. A vacancy on the committee does not 4395  
impair the right of the other members to exercise all the 4396  
functions of the Committee. 4397

The Committee shall meet for the first time on or before 4398  
March 1, 2014. Thereafter, the Committee shall meet at the call of 4399  
the chairperson. The presence of a majority of the members of the 4400  
Committee constitutes a quorum for the conduct of business of the 4401  
Committee. The concurrence of at least a majority of the members 4402  
of the Committee is necessary to approve the report issued by the 4403  
Committee under division (E) of this section. Members of the 4404  
Committee shall not be compensated or reimbursed for members' 4405  
expenses. 4406

(C) On or before July 1, 2014, the Committee shall prescribe 4407  
a method that municipal corporations shall use to estimate the 4408  
difference between the municipal corporation's actual or projected 4409  
municipal income tax revenue in 2012, 2013, 2014, 2015, 2016, 4410  
2017, and 2018 and the actual or projected municipal income tax 4411  
revenue that would have resulted in each of those years if the 4412  
municipal corporation allowed net operating loss to be carried 4413  
forward for five years for losses incurred in 2011, 2012, and 4414  
2013. 4415

(D) On or before December 31, 2014, each municipal 4416  
corporation that levies an income tax in 2011, 2012, or 2013 shall 4417  
report to the Municipal Income Tax Net Operating Loss Review 4418  
Committee the difference between the municipal corporation's 4419  
actual or projected municipal income tax revenue in 2012, 2013, 4420

2014, 2015, 2016, 2017, and 2018 and the actual or projected 4421  
municipal income tax revenue that would have resulted in each of 4422  
those years if the municipal corporation allowed net operating 4423  
loss to be carried forward for five years for losses incurred in 4424  
2011, 2012, and 2013, as estimated by the method prescribed by the 4425  
Committee under division (C) of this section. 4426

(E) If the Municipal Income Tax Net Operating Loss Review 4427  
Committee receives reports from a representative sample, then the 4428  
Committee shall review the information reported by municipal 4429  
corporations under division (D) of this section and calculate the 4430  
total of the revenue effects reported by such municipal 4431  
corporations. On or before May 1, 2015, the Committee shall issue 4432  
a written report to the Speaker and Minority Leader of the House 4433  
of Representatives and the President and Minority Leader of the 4434  
Senate reporting the Committee's findings and estimated revenue 4435  
impact of requiring municipal corporations levying an income tax 4436  
to allow net operating loss to be carried forward for five years. 4437  
The report shall contain recommendations to address revenue 4438  
shortfalls, which may include, but which shall not be limited to, 4439  
the use of supplemental funds from the Local Government Fund to 4440  
mitigate those shortfalls. 4441

(F) Nothing in this section delays or otherwise affects the 4442  
taxable years to which division (E)(8) of section 718.01 of the 4443  
Revised Code, as enacted by this act, apply as prescribed in that 4444  
division. 4445

(G) The Municipal Income Tax Net Operating Loss Review 4446  
Committee shall cease to exist on May 1, 2015. 4447

(H) As used in this section, "representative sample" includes 4448  
the cities of Cleveland and Columbus, five cities or villages with 4449  
a higher ratio of business taxpayers to resident individual 4450  
taxpayers relative to the state average, and five cities or 4451  
villages with a higher ratio of resident individual taxpayers to 4452



business taxpayers relative to the state average.

4453