

**As Re-referred to the Senate Ways and Means Committee**

**130th General Assembly**

**Regular Session**

**2013-2014**

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

**Representatives Grossman, Henne**

**Cosponsors: Representatives Amstutz, Beck, Adams, J., Blair, Brenner,  
Buchy, DeVitis, Hagan, C., Hood, Maag, Retherford, Roegner, Ruhl, Scherer,  
Sears, Terhar, Thompson, Young Speaker Batchelder**

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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 52  
board on the petition. Within five days after the filing of the 53  
petition, the agent for the petitioners shall notify in the manner 54  
and form specified in this division the clerk of the legislative 55  
authority of the municipal corporation to which annexation is 56  
proposed, the fiscal officer of each township any portion of which 57  
is included within the territory proposed for annexation, the 58  
clerk of the board of county commissioners of each county in which 59  
the territory proposed for annexation is located other than the 60  
county in which the petition is filed, and the owners of property 61  
adjacent to the territory proposed for annexation or adjacent to a 62  
road that is adjacent to that territory and located directly 63  
across that road from that territory. The notice shall refer to 64  
the time and date when the petition was filed and the county in 65  
which it was filed and shall have attached or shall be accompanied 66  
by a copy of the petition and any attachments or documents 67  
accompanying the petition as filed. 68

Notice to a property owner is sufficient if sent by regular 69  
United States mail to the tax mailing address listed on the county 70  
auditor's records. Notice to the appropriate government officer 71  
shall be given by certified mail, return receipt requested, or by 72  
causing the notice to be personally served on the officer, with 73  
proof of service by affidavit of the person who delivered the 74  
notice. Proof of service of the notice on each appropriate 75  
government officer shall be filed with the board of county 76  
commissioners with which the petition was filed. 77

(C) Within twenty days after the date that the petition is 78  
filed, the legislative authority of the municipal corporation to 79  
which annexation is proposed shall adopt an ordinance or 80  
resolution stating what services the municipal corporation will 81

provide, and an approximate date by which it will provide them, to 82  
the territory proposed for annexation, upon annexation. The 83  
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 147  
boundary with the municipal corporation to which annexation is 148  
proposed for a continuous length of at least five per cent of the 149  
perimeter of the territory proposed for annexation. 150

(5) The annexation will not create an unincorporated area of 151  
the township that is completely surrounded by the territory 152  
proposed for annexation. 153

(6) The municipal corporation to which annexation is proposed 154  
has agreed to provide to the territory proposed for annexation the 155  
services specified in the relevant ordinance or resolution adopted 156  
under division (C) of this section. 157

(7) If a street or highway will be divided or segmented by 158  
the boundary line between the township and the municipal 159  
corporation as to create a road maintenance problem, the municipal 160  
corporation to which annexation is proposed has agreed as a 161  
condition of the annexation to assume the maintenance of that 162  
street or highway or to otherwise correct the problem. As used in 163  
this section, "street" or "highway" has the same meaning as in 164  
section 4511.01 of the Revised Code. 165

(F) Not less than thirty or more than forty-five days after 166  
the date that the petition is filed, if the petition is not 167  
granted under division (D) of this section, the board of county 168  
commissioners, if it finds that each of the conditions specified 169  
in division (E) of this section has been met, shall enter upon its 170  
journal a resolution granting the annexation. If the board of 171  
county commissioners finds that one or more of the conditions 172  
specified in division (E) of this section have not been met, it 173  
shall enter upon its journal a resolution that states which of 174  
those conditions the board finds have not been met and that denies 175

the petition. 176

(G) If a petition is granted under division (D) or (F) of 177  
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)~~ (C)(18) of section 718.01 of the Revised 204  
Code applies to the compensation paid to persons performing 205  
personal services for a political subdivision on property owned by 206  
the 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 situated 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

<u>municipal corporation.</u>	270
<u>(B) "Income" means the following:</u>	271
<u>(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.</u>	272 273 274 275 276
<u>(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.</u>	277 278 279 280 281 282 283 284
<u>(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.</u>	285 286 287 288 289 290
<u>(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.</u>	291 292 293 294 295 296 297 298
<u>(3) For taxpayers that are not individuals, net profit of the taxpayer;</u>	299 300

(4) Lottery, sweepstakes, gambling and sports winnings, winnings from games of chance, and prizes and awards. If the taxpayer is a professional gambler for federal income tax purposes, the taxpayer may deduct related wagering losses and expenses to the extent authorized under the Internal Revenue Code and claimed against such winnings. 301  
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(C) "Exempt income" means all of the following: 307

(1) The military pay or allowances of members of the armed forces of the United States or members of their reserve components, including the national guard of any state; 308  
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(2)(a) Except as provided in division (C)(2)(b) of this section, intangible income; 311  
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(b) A municipal corporation that taxed any type of intangible income on March 29, 1988, pursuant to Section 3 of S.B. 238 of the 116th general assembly, may continue to tax that type of income if a majority of the electors of the municipal corporation voting on the question of whether to permit the taxation of that type of intangible income after 1988 voted in favor thereof at an election held on November 8, 1988. 313  
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(3) Social security benefits, railroad retirement benefits, unemployment compensation, pensions, retirement benefit payments, payments from annuities, and similar payments made to an employee or to the beneficiary of an employee under a retirement program or plan, disability payments received from private industry or local, state, or federal governments or from charitable, religious or educational organizations, and the proceeds of sickness, accident, or liability insurance policies. As used in division (C)(3) of this section, "unemployment compensation" does not include supplemental unemployment compensation described in section 3402(o)(2) of the Internal Revenue Code. 320  
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(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

<u>(12) Employee compensation that is not qualifying wages;</u>	363
<u>(13) Compensation paid to a person employed within the</u>	364
<u>boundaries of a United States air force base under the</u>	365
<u>jurisdiction of the United States air force that is used for the</u>	366
<u>housing of members of the United States air force and is a center</u>	367
<u>for air force operations, unless the person is subject to taxation</u>	368
<u>because of residence or domicile. If the compensation is subject</u>	369
<u>to taxation because of residence or domicile, tax on such income</u>	370
<u>shall be payable only to the municipal corporation of residence or</u>	371
<u>domicile.</u>	372
<u>(14)(a) Except as provided in division (C)(14)(b) or (c) of</u>	373
<u>this section, an S corporation shareholder's distributive share of</u>	374
<u>net profits of the S corporation, other than any part of the</u>	375
<u>distributive share of net profits that represents wages as defined</u>	376
<u>in section 3121(a) of the Internal Revenue Code or net earnings</u>	377
<u>from self-employment as defined in section 1402(a) of the Internal</u>	378
<u>Revenue Code.</u>	379
<u>(b) If, pursuant to division (H) of former section 718.01 of</u>	380
<u>the Revised Code as it existed before March 11, 2004, a majority</u>	381
<u>of the electors of a municipal corporation voted in favor of the</u>	382
<u>question at an election held on November 4, 2003, the municipal</u>	383
<u>corporation may continue after 2002 to tax an S corporation</u>	384
<u>shareholder's distributive share of net profits of an S</u>	385
<u>corporation.</u>	386
<u>(c) If, on December 6, 2002, a municipal corporation was</u>	387
<u>imposing, assessing, and collecting a tax on an S corporation</u>	388
<u>shareholder's distributive share of net profits of the S</u>	389
<u>corporation to the extent the distributive share would be</u>	390
<u>allocated or apportioned to this state under divisions (B)(1) and</u>	391
<u>(2) of section 5733.05 of the Revised Code if the S corporation</u>	392
<u>were a corporation subject to taxes imposed under Chapter 5733. of</u>	393
<u>the Revised Code, the municipal corporation may continue to impose</u>	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) Compensation paid to a person for personal services performed for a political subdivision on property owned by the political subdivision, regardless of whether the compensation is received by an employee of the subdivision or another person performing services for the subdivision under a contract with the subdivision, if the property on which services are performed is annexed to a municipal corporation pursuant to section 709.023 of the Revised Code on or after March 27, 2013, unless the person is subject to such taxation because of residence. If the compensation 449  
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is subject to taxation because of residence, municipal income tax 458  
shall be payable only to the municipal corporation of residence. 459

(19) Income the taxation of which is prohibited by the 460  
constitution or laws of the United States. 461

Any item of income that is exempt income of a pass-through 462  
entity under division (C) of this section is exempt income of each 463  
owner of the pass-through entity to the extent of that owner's 464  
distributive or proportionate share of that item of the entity's 465  
income. 466

(D)(1) "Net profit" for a person other than an individual 467  
means adjusted federal taxable income. 468

(2) "Net profit" for a person who is an individual means the 469  
individual's net profit required to be reported on schedule C, 470  
schedule E, or schedule F reduced by any net operating loss 471  
carried forward. For the purposes of division (D)(2) of this 472  
section, the net operating loss carried forward shall be 473  
calculated and deducted in the same manner as provided in division 474  
(E)(8) of this section. 475

(3) For the purposes of this chapter, and notwithstanding 476  
division (D)(1) of this section, net profit of a disregarded 477  
entity shall not be taxable as against that disregarded entity, 478  
but shall instead be included in the net profit of the owner of 479  
the disregarded entity. 480

(E) "Adjusted federal taxable income," for a person required 481  
to file as a C corporation means a C corporation's federal taxable 482  
income before net operating losses and special deductions as 483  
determined under the Internal Revenue Code, adjusted as follows: 484

(1) Deduct intangible income to the extent included in 485  
federal taxable income. The deduction shall be allowed regardless 486  
of whether the intangible income relates to assets used in a trade 487  
or business or assets held for the production of income. 488



(2) Add an amount equal to five per cent of intangible income 489  
deducted under division (E)(1) of this section, but excluding that 490  
portion of intangible income directly related to the sale, 491  
exchange, or other disposition of property described in section 492  
1221 of the Internal Revenue Code; 493

(3) Add any losses allowed as a deduction in the computation 494  
of federal taxable income if the losses directly relate to the 495  
sale, exchange, or other disposition of an asset described in 496  
section 1221 or 1231 of the Internal Revenue Code; 497

(4)(a) Except as provided in division (E)(4)(b) of this 498  
section, deduct income and gain included in federal taxable income 499  
to the extent the income and gain directly relate to the sale, 500  
exchange, or other disposition of an asset described in section 501  
1221 or 1231 of the Internal Revenue Code; 502

(b) Division (E)(4)(a) of this section does not apply to the 503  
extent the income or gain is income or gain described in section 504  
1245 or 1250 of the Internal Revenue Code. 505

(5) Add taxes on or measured by net income allowed as a 506  
deduction in the computation of federal taxable income; 507

(6) In the case of a real estate investment trust or 508  
regulated investment company, add all amounts with respect to 509  
dividends to, distributions to, or amounts set aside for or 510  
credited to the benefit of investors and allowed as a deduction in 511  
the computation of federal taxable income; 512

(7) Deduct, to the extent not otherwise deducted or excluded 513  
in computing federal taxable income, any income derived from a 514  
transfer agreement or from the enterprise transferred under that 515  
agreement under section 4313.02 of the Revised Code; 516

(8)(a) Except as limited by divisions (E)(8)(b), (c), and (d) 517  
of this section, deduct the following: 518

(i) For a municipal corporation that levies an income tax before January 1, 2015, any net operating loss incurred by the person in taxable years beginning after 2015. 519  
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(ii) For a municipal corporation that does not levy an income tax before January 1, 2015, any net operating loss incurred by the person in taxable years beginning on or after the effective date of the income tax. 522  
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For any municipal corporation, the amount of the net operating loss shall be deducted from net profit reduced by exempt income to the extent necessary to reduce municipal taxable income to zero, with any remaining unused portion of the net operating loss carried forward to not more than five consecutive taxable years following the taxable year in which the loss was incurred, but in no case for more years than necessary for the deduction to be fully utilized. 526  
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(b) No person shall use the deduction allowed by division (E)(8) of this section to offset qualifying wages. 534  
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(c)(i) For taxable years beginning in 2017, 2018, 2019, 2020, or 2021, a person may not deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2015, more than fifty per cent of the amount of the deduction otherwise allowed by division (E)(8)(a) of this section. 536  
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(ii) For taxable years beginning in 2022 or thereafter, a person may deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2015, the full amount allowed by division (E)(8)(a) of this section. 541  
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(d) Any pre-2016 net operating loss carryforward deduction that is available must be utilized before a taxpayer may deduct any amount pursuant to division (E)(8) of this section. 546  
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(e) Nothing in divisions (E)(8)(c)(i) and (ii) of this 549

section precludes a person from carrying forward, for the period 550  
otherwise permitted under division (E)(8)(a) of this section, any 551  
amount of net operating loss that was not fully utilized by 552  
operation of divisions (E)(8)(c)(i) and (ii) of this section. 553

(9) Deduct any net profit of a pass-through entity owned 554  
directly or indirectly by the taxpayer and included in the 555  
taxpayer's federal taxable income unless an affiliated group of 556  
corporations includes that net profit in the group's federal 557  
taxable income in accordance with division (E)(3)(b) of section 558  
718.06 of the Revised Code. 559

(10) Add any loss incurred by a pass-through entity owned 560  
directly or indirectly by the taxpayer and included in the 561  
taxpayer's federal taxable income unless an affiliated group of 562  
corporations includes that loss in the group's federal taxable 563  
income in accordance with division (E)(3)(b) of section 718.06 of 564  
the Revised Code. 565

If the taxpayer is not a C corporation, is not a disregarded 566  
entity, and is not an individual, the taxpayer shall compute 567  
adjusted federal taxable income under this section as if the 568  
taxpayer were a C corporation, except guaranteed payments and 569  
other similar amounts paid or accrued to a partner, former 570  
partner, shareholder, former shareholder, member, or former member 571  
shall not be allowed as a deductible expense unless such payments 572  
are in consideration for the use of capital and treated as payment 573  
of interest under section 469 of the Internal Revenue Code or 574  
United States treasury regulations. Amounts paid or accrued to a 575  
qualified self-employed retirement plan with respect to a partner, 576  
former partner, shareholder, former shareholder, member, or former 577  
member of the taxpayer, amounts paid or accrued to or for health 578  
insurance for a partner, former partner, shareholder, former 579  
shareholder, member, or former member, and amounts paid or accrued 580  
to or for life insurance for a partner, former partner, 581

shareholder, former shareholder, member, or former member shall 582  
not be allowed as a deduction. 583

Nothing in division (E) of this section shall be construed as 584  
allowing the taxpayer to add or deduct any amount more than once 585  
or shall be construed as allowing any taxpayer to deduct any 586  
amount paid to or accrued for purposes of federal self-employment 587  
tax. 588

(F) "Schedule C" means internal revenue service schedule C 589  
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 590  
Code. 591

(G) "Schedule E" means internal revenue service schedule E 592  
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 593  
Code. 594

(H) "Schedule F" means internal revenue service schedule F 595  
(form 1040) filed by a taxpayer pursuant to the Internal Revenue 596  
Code. 597

(I) "Internal Revenue Code" has the same meaning as in 598  
section 5747.01 of the Revised Code. 599

(J) "Resident" means an individual who is domiciled in the 600  
municipal corporation as determined under section 718.012 of the 601  
Revised Code. 602

(K) "Nonresident" means an individual that is not a resident. 603

(L)(1) "Taxpayer" means a person subject to a tax levied on 604  
income by a municipal corporation in accordance with this chapter. 605  
"Taxpayer" does not include a grantor trust or, except as provided 606  
in division (L)(2)(a) of this section, a disregarded entity. 607

(2)(a) A single member limited liability company that is a 608  
disregarded entity for federal tax purposes may be a separate 609  
taxpayer from its single member in all Ohio municipal corporations 610  
in which it either filed as a separate taxpayer or did not file 611

for its taxable year ending in 2003, if all of the following 612  
conditions are met: 613

(i) The limited liability company's single member is also a 614  
limited liability company. 615

(ii) The limited liability company and its single member were 616  
formed and doing business in one or more Ohio municipal 617  
corporations for at least five years before January 1, 2004. 618

(iii) Not later than December 31, 2004, the limited liability 619  
company and its single member each made an election to be treated 620  
as a separate taxpayer under division (L) of this section as this 621  
section existed on December 31, 2004. 622

(iv) The limited liability company was not formed for the 623  
purpose of evading or reducing Ohio municipal corporation income 624  
tax liability of the limited liability company or its single 625  
member. 626

(v) The Ohio municipal corporation that was the primary place 627  
of business of the sole member of the limited liability company 628  
consented to the election. 629

(b) For purposes of division (L)(2)(a)(v) of this section, a 630  
municipal corporation was the primary place of business of a 631  
limited liability company if, for the limited liability company's 632  
taxable year ending in 2003, its income tax liability was greater 633  
in that municipal corporation than in any other municipal 634  
corporation in Ohio, and that tax liability to that municipal 635  
corporation for its taxable year ending in 2003 was at least four 636  
hundred thousand dollars. 637

(M) "Person" includes individuals, firms, companies, joint 638  
stock companies, business trusts, estates, trusts, partnerships, 639  
limited liability partnerships, limited liability companies, 640  
associations, C corporations, S corporations, governmental 641  
entities, and any other entity. 642

(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. 643  
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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 Revenue Code for its taxable year. 652  
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(P) "Single member limited liability company" means a limited liability company that has one direct member. 655  
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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. 657  
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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: 660  
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(1) Deduct the following amounts: 663

(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. 664  
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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. 667  
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(c) Any amount attributable to a nonqualified deferred compensation plan or program described in section 3121(v)(2)(C) of 671  
672

the Internal Revenue Code if the compensation is included in wages 673  
and the municipal corporation has, by resolution or ordinance 674  
adopted before January 1, 2015, exempted the amount from 675  
withholding and tax. 676

(d) Any amount included in wages if the amount arises from 677  
the sale, exchange, or other disposition of a stock option, the 678  
exercise of a stock option, or the sale, exchange, or other 679  
disposition of stock purchased under a stock option and the 680  
municipal corporation has, by resolution or ordinance adopted 681  
before January 1, 2015, exempted the amount from withholding and 682  
tax. 683

(e) Any amount that is exempt income. 684

(2) Add the following amounts: 685

(a) Any amount not included in wages solely because the 686  
employee was employed by the employer before April 1, 1986. 687

(b) Any amount not included in wages because the amount 688  
arises from the sale, exchange, or other disposition of a stock 689  
option, the exercise of a stock option, or the sale, exchange, or 690  
other disposition of stock purchased under a stock option and the 691  
municipal corporation has not, by resolution or ordinance, 692  
exempted the amount from withholding and tax adopted before 693  
January 1, 2015. Division (R)(2)(b) of this section applies only 694  
to those amounts constituting ordinary income. 695

(c) Any amount not included in wages if the amount is an 696  
amount described in section 401(k), 403(b), or 457 of the Internal 697  
Revenue Code. Division (R)(2)(c) of this section applies only to 698  
employee contributions and employee deferrals. 699

(d) Any amount that is supplemental unemployment compensation 700  
benefits described in section 3402(o)(2) of the Internal Revenue 701  
Code and not included in wages. 702

(e) Any amount received that is treated as self-employment 703  
income for federal tax purposes in accordance with section 704  
1402(a)(8) of the Internal Revenue Code. 705

(f) Any amount not included in wages if all of the following 706  
apply: 707

(i) For the taxable year the amount is employee compensation 708  
that is included in the taxpayer's gross income for federal income 709  
tax purposes; 710

(ii) For no preceding taxable year did the amount constitute 711  
wages as defined in section 3121(a) of the Internal Revenue Code; 712

(iii) For no succeeding taxable year will the amount 713  
constitute wages; and 714

(iv) For any taxable year the amount has not otherwise been 715  
added to wages pursuant to either division (R)(2) of this section 716  
or section 718.03 of the Revised Code, as that section existed 717  
before the effective date of H.B. 5 of the 130th general assembly. 718

(S) "Intangible income" means income of any of the following 719  
types: income yield, interest, capital gains, dividends, or other 720  
income arising from the ownership, sale, exchange, or other 721  
disposition of intangible property including, but not limited to, 722  
investments, deposits, money, or credits as those terms are 723  
defined in Chapter 5701. of the Revised Code, and patents, 724  
copyrights, trademarks, tradenames, investments in real estate 725  
investment trusts, investments in regulated investment companies, 726  
and appreciation on deferred compensation. "Intangible income" 727  
does not include prizes, awards, or other income associated with 728  
any lottery winnings, gambling winnings, or other similar games of 729  
chance. 730

(T) "Taxable year" means the corresponding tax reporting 731  
period as prescribed for the taxpayer under the Internal Revenue 732  
Code. 733



(U) "Tax administrator" means the individual charged with 734  
direct responsibility for administration of an income tax levied 735  
by a municipal corporation in accordance with this chapter, and 736  
also includes the following: 737

(1) A municipal corporation acting as the agent of another 738  
municipal corporation; 739

(2) A person retained by a municipal corporation to 740  
administer a tax levied by the municipal corporation, but only if 741  
the municipal corporation does not compensate the person in whole 742  
or in part on a contingency basis; 743

(3) The central collection agency or the regional income tax 744  
agency or their successors in interest, or another entity 745  
organized to perform functions similar to those performed by the 746  
central collection agency and the regional income tax agency. 747

(V) "Employer" means a person that is an employer for federal 748  
income tax purposes. 749

(W) "Employee" means an individual who is an employee for 750  
federal income tax purposes. 751

(X) "Other payer" means any person, other than an 752  
individual's employer or the employer's agent, that pays an 753  
individual any amount included in the federal gross income of the 754  
individual. "Other payer" includes casino operators and video 755  
lottery terminal sales agents. 756

(Y) "Calendar quarter" means the three-month period ending on 757  
the last day of March, June, September, or December. 758

(Z) "Form 2106" means internal revenue service form 2106 759  
filed by a taxpayer pursuant to the Internal Revenue Code. 760

(AA) "Municipal corporation" includes a joint economic 761  
development district or joint economic development zone that 762  
levies an income tax under section 715.691, 715.70, 715.71, or 763

715.74 of the Revised Code. 764

(BB) "Disregarded entity" means a single member limited liability company, a qualifying subchapter S subsidiary, or another entity if the company, subsidiary, or entity is a disregarded entity for federal income tax purposes. 765  
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(CC) "Generic form" means an electronic or paper form designed for reporting taxes withheld by an employer, agent of an employer, or other payer, estimated municipal income taxes, or annual municipal income tax liability or for filing a refund claim. 769  
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(DD) "Tax return preparer" means any individual described in section 7701(a)(36) of the Internal Revenue Code and 26 C.F.R. 301.7701-15. 774  
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(EE) "Ohio business gateway" means the online computer network system, created under section 125.30 of the Revised Code, that allows persons to electronically file business reply forms with state agencies and includes any successor electronic filing and payment system. 777  
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(FF) "Local board of tax review" and "board of tax review" mean the entity created under section 718.11 of the Revised Code. 782  
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(GG) "Net operating loss" means a loss incurred by a person in the operation of a trade or business. "Net operating loss" does not include unutilized losses resulting from basis limitations, at-risk limitations, or passive activity loss limitations. 784  
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(HH) "Casino operator" and "casino facility" have the same meanings as in section 3772.01 of the Revised Code. 788  
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(II) "Video lottery terminal" has the same meaning as in section 3770.21 of the Revised Code. 790  
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(JJ) "Video lottery terminal sales agent" means a lottery sales agent licensed under Chapter 3770. of the Revised Code to 792  
793

conduct video lottery terminals on behalf of the state pursuant to 794  
section 3770.21 of the Revised Code. 795

(KK) "Postal service" means the United States postal service. 796

(LL) "Certified mail," "express mail," "United States mail," 797  
"postal service," and similar terms include any delivery service 798  
authorized pursuant to section 5703.056 of the Revised Code. 799

(MM) "Postmark date," "date of postmark," and similar terms 800  
include the date recorded and marked in the manner described in 801  
division (B)(3) of section 5703.056 of the Revised Code. 802

(NN) "Related member" means a person that, with respect to 803  
the taxpayer during all or any portion of the taxable year, is 804  
either a related entity, a component member as defined in section 805  
1563(b) of the Internal Revenue Code, or a person to or from whom 806  
there is attribution of stock ownership in accordance with section 807  
1563(e) of the Internal Revenue Code except, for purposes of 808  
determining whether a person is a related member under this 809  
division, "twenty per cent" shall be substituted for "5 percent" 810  
wherever "5 percent" appears in section 1563(e) of the Internal 811  
Revenue Code. 812

(OO) "Related entity" means any of the following: 813

(1) An individual stockholder, or a member of the 814  
stockholder's family enumerated in section 318 of the Internal 815  
Revenue Code, if the stockholder and the members of the 816  
stockholder's family own directly, indirectly, beneficially, or 817  
constructively, in the aggregate, at least fifty per cent of the 818  
value of the taxpayer's outstanding stock; 819

(2) A stockholder, or a stockholder's partnership, estate, 820  
trust, or corporation, if the stockholder and the stockholder's 821  
partnerships, estates, trusts, or corporations own directly, 822  
indirectly, beneficially, or constructively, in the aggregate, at 823  
least fifty per cent of the value of the taxpayer's outstanding 824

stock; 825

(3) A corporation, or a party related to the corporation in a 826  
manner that would require an attribution of stock from the 827  
corporation to the party or from the party to the corporation 828  
under division (00)(4) of this section, provided the taxpayer owns 829  
directly, indirectly, beneficially, or constructively, at least 830  
fifty per cent of the value of the corporation's outstanding 831  
stock; 832

(4) The attribution rules described in section 318 of the 833  
Internal Revenue Code apply for the purpose of determining whether 834  
the ownership requirements in divisions (00)(1) to (3) of this 835  
section have been met. 836

(PP)(1) "Written determination by the tax administrator" 837  
means a written ruling by a tax administrator in response to a 838  
written request by a taxpayer regarding the taxpayer's municipal 839  
income tax liability, including tax, penalty, interest, or any 840  
combination thereof, to the municipal corporation that commences 841  
the person's time limitation for making an appeal to the local 842  
board of tax review pursuant to section 718.11 of the Revised Code 843  
and that has "written determination" printed in all capital 844  
letters in a font size no smaller than eighteen point at the top 845  
of the first page of the written ruling. 846

(2) "Written determination by the tax administrator" does not 847  
include a denial, in whole or in part, of a taxpayer's refund 848  
claim based on an originally filed annual tax return, a billing 849  
statement notifying a taxpayer of current or past-due balances 850  
owed to the municipal corporation, a tax administrator's request 851  
for additional information, a notification to the taxpayer of 852  
mathematical errors, or a tax administrator's other written 853  
correspondence to a person or taxpayer. 854

(00) "Taxpayer rights and responsibilities" means the rights 855

provided to taxpayers in sections 718.11, 718.12, 718.18, 718.19, 856  
718.23, 718.38, 5717.011, and 5717.03 of the Revised Code and the 857  
responsibilities of taxpayers to file, report, withhold, remit, 858  
and pay municipal income tax and otherwise comply with Chapter 859  
718. of the Revised Code and resolutions, ordinances, and rules 860  
adopted by a municipal corporation for the imposition and 861  
administration of a municipal income tax. 862

(RR) "Qualified municipal corporation" means a municipal 863  
corporation that, by resolution or ordinance adopted on or before 864  
December 31, 2011, adopted Ohio adjusted gross income, as defined 865  
by section 5747.01 of the Revised Code, as the income subject to 866  
tax for the purposes of imposing a municipal income tax. 867

(SS)(1) "Pre-2016 net operating loss carryforward" means any 868  
net operating loss incurred in a taxable year beginning before 869  
January 1, 2016, to the extent such loss was permitted, by a 870  
resolution or ordinance of the municipal corporation that was 871  
adopted by the municipal corporation before January 1, 2016, to be 872  
carried forward and utilized to offset income or net profit 873  
generated in such municipal corporation in future taxable years. 874

(2) For the purpose of calculating municipal taxable income, 875  
any pre-2016 net operating loss carryforward may be carried 876  
forward to any taxable year, including taxable years beginning in 877  
2016 or thereafter, for the number of taxable years provided in 878  
the resolution or ordinance or until fully utilized, whichever is 879  
earlier. 880

**Sec. 718.011.** (A) As used in this section: 881

(1) "Employer" includes a person that is a related member to 882  
or of an employer. 883

(2) "Professional athlete" means an athlete who performs 884  
services in a professional athletic event for wages or other 885

remuneration. 886

(3) "Professional entertainer" means a person who performs 887  
services in the professional performing arts for wages or other 888  
remuneration on a per-event basis. 889

(4) "Public figure" means a person of prominence who performs 890  
services at discrete events, such as speeches, public appearances, 891  
or similar events, for wages or other remuneration on a per-event 892  
basis. 893

(5) "Fixed location" means a permanent place of doing 894  
business in this state, such as an office, warehouse, storefront, 895  
or similar location owned or controlled by an employer. 896

(6) "Worksite location" means a construction site or other 897  
temporary worksite in this state at which the employer provides 898  
services for more than twenty days during the calendar year. 899  
"Worksite location" does not include the home of an employee. 900

(7) "Principal place of work" means the fixed location to 901  
which an employee is required to report for employment duties on a 902  
regular and ordinary basis. If the employee is not required to 903  
report for employment duties on a regular and ordinary basis to a 904  
fixed location, "principal place of work" means the worksite 905  
location to which the employee is required to report for 906  
employment duties on a regular and ordinary basis. If the employee 907  
is not required to report for employment duties on a regular and 908  
ordinary basis to a fixed location or worksite location, 909  
"principal place of work" means the location in this state at 910  
which the employee spends the greatest number of days in a 911  
calendar year performing services for or on behalf of the 912  
employee's employer. For the purposes of this division, the 913  
location at which an employee spends a particular day shall be 914  
determined in accordance with division (B)(2) of this section, 915  
except that "location" shall be substituted for "municipal 916

corporation" wherever "municipal corporation" appears in that 917  
division. 918

(B)(1) Subject to divisions (C), (E), and (F) of this 919  
section, an employer is not required to withhold municipal income 920  
tax on qualifying wages paid to an employee for the performance of 921  
personal services in a municipal corporation that imposes such a 922  
tax if the employee performed such services in the municipal 923  
corporation on twenty or fewer days in a calendar year, unless one 924  
of the following conditions applies: 925

(a) The employee's principal place of work is located in the 926  
municipal corporation. 927

(b) The employee is a resident of the municipal corporation 928  
and has requested that the employer withhold tax from the 929  
employee's qualifying wages as provided in section 718.03 of the 930  
Revised Code. 931

(c) The employee is a professional athlete, professional 932  
entertainer, or public figure, and the qualifying wages are paid 933  
for the performance of services in the employee's capacity as a 934  
professional athlete, professional entertainer, or public figure. 935

(2) For the purposes of division (B)(1) of this section, an 936  
employee shall be considered to have spent a day performing 937  
services in a municipal corporation only if the employee spent 938  
more time performing services for or on behalf of the employer in 939  
that municipal corporation than in any other municipal corporation 940  
on that day. For the purposes of determining the amount of time an 941  
employee spent in a particular location, the time spent performing 942  
one or more of the following activities shall be considered to 943  
have been spent at the employee's principal place of work: 944

(a) Traveling to the location at which the employee will 945  
first perform services for the employer for the day; 946

(b) Traveling from a location at which the employee was 947

performing services for the employer to any other location; 948

(c) Traveling from any location to another location in order 949  
to pick up or load, for the purpose of transportation or delivery, 950  
property that has been purchased, sold, assembled, fabricated, 951  
repaired, refurbished, processed, remanufactured, or improved by 952  
the employee's employer; 953

(d) Transporting or delivering property described in division 954  
(B)(2)(c) of this section, provided that, upon delivery of the 955  
property, the employee does not temporarily or permanently affix 956  
the property to real estate owned, used, or controlled by a person 957  
other than the employee's employer; 958

(e) Traveling from the location at which the employee makes 959  
the employee's final delivery or pick-up for the day to either the 960  
employee's principal place of work or a location at which the 961  
employee will not perform services for the employer. 962

(C) If the principal place of work of an employee is located 963  
in a municipal corporation that imposes an income tax in 964  
accordance with this chapter, the exception from withholding 965  
requirements described in division (B)(1) of this section shall 966  
apply only if, with respect to the employee's qualifying wages 967  
described in that division, the employer withholds and remits tax 968  
on such qualifying wages to the municipal corporation in which the 969  
employee's principal place of work is located. 970

(D)(1) Except as provided in division (D)(2) of this section, 971  
if, during a calendar year, the number of days an employee spends 972  
performing personal services in a municipal corporation exceeds 973  
the twenty-day threshold described in division (B)(1) of this 974  
section, the employer shall withhold and remit tax to that 975  
municipal corporation for any subsequent days in that calendar 976  
year on which the employer pays qualifying wages to the employee 977  
for personal services performed in that municipal corporation. 978



(2) An employer required to begin withholding tax for a 979  
municipal corporation under division (D)(1) of this section may 980  
elect to withhold tax for that municipal corporation for the first 981  
twenty days on which the employer paid qualifying wages to the 982  
employee for personal services performed in that municipal 983  
corporation. The employer shall make the election on the annual 984  
tax return the employer files with the municipal corporation under 985  
section 718.05 or 718.06 of the Revised Code. Taxes withheld and 986  
paid by such an employer during those first twenty days to the 987  
municipal corporation in which the employee's principal place of 988  
work is located are refundable to the employee. 989

(E) Without regard to the number of days in a calendar year 990  
on which an employee performs personal services in any municipal 991  
corporation, an employer shall withhold municipal income tax on 992  
all of the employee's qualifying wages for a taxable year and 993  
remit that tax only to the municipal corporation in which the 994  
employer's fixed location is located if the total gross receipts 995  
of the employer for the preceding taxable year were less than five 996  
hundred thousand dollars. 997

To determine whether an employer meets the requirements of 998  
division (E) of this section for a taxable year, a tax 999  
administrator may require the employer to provide the tax 1000  
administrator with the employer's federal income tax return for 1001  
the preceding taxable year. 1002

(F) Divisions (B)(1) and (D) of this section shall not apply 1003  
to the extent that a tax administrator and an employer enter into 1004  
an agreement regarding the manner in which the employer shall 1005  
comply with the requirements of section 718.03 of the Revised 1006  
Code. 1007

**Sec. 718.012.** (A)(1) As used in this chapter, "domicile" 1008  
means the principal residence that an individual intends to use 1009

for an indefinite period of time and to which, whenever absent, 1010  
the individual intends to return. An individual is domiciled in a 1011  
municipal corporation for all or part of a taxable year if, based 1012  
on the factors described in division (B) of this section and any 1013  
other factor the tax administrator considers relevant or which 1014  
demonstrates an intent to return, the tax administrator reasonably 1015  
concludes that the individual is domiciled in the municipal 1016  
corporation for all or part of the taxable year. 1017

(2) An individual may rebut the conclusion of domicile 1018  
described in division (A)(1) of this section only if, based on the 1019  
factors described in division (B) of this section and any other 1020  
factor the individual considers relevant, the individual 1021  
establishes by a preponderance of the evidence that the individual 1022  
was not domiciled in the municipal corporation for all or part of 1023  
the taxable year. 1024

(B) The factors that a tax administrator may consider when 1025  
determining whether an individual is domiciled in a municipal 1026  
corporation for all or part of a taxable year include, but are not 1027  
limited to, the following: 1028

(1) The location of law firms, accounting firms, health care 1029  
providers, and similar professionals utilized by the individual or 1030  
the individual's spouse; 1031

(2) The location of organizations described in section 501(c) 1032  
of the Internal Revenue Code to which the individual or the 1033  
individual's spouse make contributions or other payments or in 1034  
which they participate as a congregant, member, board member, 1035  
committee member, adviser, or consultant; 1036

(3) The location, place of business, or place of organization 1037  
or incorporation of a corporation, partnership, limited liability 1038  
company, or other business venture or entity in which the 1039  
individual or the individual's spouse is a shareholder or limited 1040

partner or for which the individual or individual's spouse is a 1041  
member of the board of directors; 1042

(4) The location of the individual's friends, dependents as 1043  
defined in section 152 of the Internal Revenue Code, and family 1044  
members other than the individual's spouse; 1045

(5) The location of educational institutions that are 1046  
attended by the individual's dependents as defined in section 152 1047  
of the Internal Revenue Code or from which the individual or the 1048  
individual's spouse or dependents claimed the benefit of in-state 1049  
tuition rates available only to individuals domiciled in the 1050  
state; 1051

(6) The location of all businesses at which the individual or 1052  
the individual's spouse makes purchases of tangible personal 1053  
property; 1054

(7) Whether the individual is registered to vote, or has 1055  
voted, in the municipal corporation during the taxable year; 1056

(8) The location at which the individual acquired or renewed 1057  
the individual's Ohio driver's license, or the location at which 1058  
the individual's vehicle is registered, for the taxable year; 1059

(9) The place of employment of the individual or the 1060  
individual's spouse. 1061

(10) The location of any real property owned or leased by the 1062  
individual or the individual's spouse. 1063

(11) The address used by the individual or the individual's 1064  
spouse on federal or state tax returns, bills, invoices, credit 1065  
card statements, utility bills, and other mailings for the taxable 1066  
year. 1067

(C) A taxpayer has only one domicile. A domicile once 1068  
acquired is presumed to continue until it is shown to have been 1069  
changed. When a taxpayer alleges a change of domicile, the 1070

taxpayer bears the burden of proof of demonstrating the change as 1071  
provided in division (A)(2) of this section. 1072

**Sec. 718.02.** ~~This section does not apply to taxpayers that~~ 1073  
~~are subject to and required to file reports under Chapter 5745. of~~ 1074  
~~the Revised Code.~~ applies to any taxpayer engaged in a business or 1075  
profession in a municipal corporation that imposes an income tax 1076  
in accordance with this chapter, unless the taxpayer is an 1077  
individual who resides in the municipal corporation or the 1078  
taxpayer is an electric company, combined company, or telephone 1079  
company that is subject to and required to file reports under 1080  
Chapter 5745. of the Revised Code. 1081

(A) Except as otherwise provided in division ~~(D)~~(B) of this 1082  
section, net profit from a business or profession conducted both 1083  
within and without the boundaries of a municipal corporation shall 1084  
be considered as having a taxable situs in ~~such~~ the municipal 1085  
corporation for purposes of municipal income taxation in the same 1086  
proportion as the average ratio of the following: 1087

(1) The average original cost of the real and tangible 1088  
personal property owned or used by the taxpayer in the business or 1089  
profession in ~~such~~ the municipal corporation during the taxable 1090  
period to the average original cost of all of the real and 1091  
tangible personal property owned or used by the taxpayer in the 1092  
business or profession during the same period, wherever situated. 1093

As used in the preceding paragraph, tangible personal or real 1094  
property shall include property rented or leased by the taxpayer 1095  
and the value of such property shall be determined by multiplying 1096  
the annual rental thereon by eight; 1097

(2) Wages, salaries, and other compensation paid during the 1098  
taxable period to ~~persons~~ individuals employed in the business or 1099  
profession for services performed in ~~such~~ the municipal 1100  
corporation to wages, salaries, and other compensation paid during 1101

the same period to ~~persons~~ individuals employed in the business or 1102  
profession, wherever ~~their~~ the individual's services are 1103  
performed, excluding compensation ~~that is not taxable by the~~ 1104  
~~municipal corporation under section 718.011 from which taxes are~~ 1105  
~~not required to be withheld under section 718.011 of the Revised~~ 1106  
Code; 1107

(3) ~~Gross~~ Total gross receipts of the business or profession 1108  
from sales and rentals made and services performed during the 1109  
taxable period in ~~such~~ the municipal corporation to total gross 1110  
receipts of the business or profession during the same period from 1111  
sales, rentals, and services, wherever made or performed. 1112

~~If the foregoing apportionment formula does not produce an~~ 1113  
~~equitable result, another basis may be substituted, under uniform~~ 1114  
~~regulations, so as to produce an equitable result.~~ 1115

~~(B) As used in division (A) of this section, "sales made in a~~ 1116  
~~municipal corporation" mean:~~ 1117

~~(1) All sales of tangible personal property delivered within~~ 1118  
~~such municipal corporation regardless of where title passes if~~ 1119  
~~shipped or delivered from a stock of goods within such municipal~~ 1120  
~~corporation;~~ 1121

~~(2) All sales of tangible personal property delivered within~~ 1122  
~~such municipal corporation regardless of where title passes even~~ 1123  
~~though transported from a point outside such municipal corporation~~ 1124  
~~if the taxpayer is regularly engaged through its own employees in~~ 1125  
~~the solicitation or promotion of sales within such municipal~~ 1126  
~~corporation and the sales result from such solicitation or~~ 1127  
~~promotion;~~ 1128

~~(3) All sales of tangible personal property shipped from a~~ 1129  
~~place within such municipal corporation to purchasers outside such~~ 1130  
~~municipal corporation regardless of where title passes if the~~ 1131  
~~taxpayer is not, through its own employees, regularly engaged in~~ 1132

~~the solicitation or promotion of sales at the place where delivery~~ 1133  
~~is made.~~ 1134

~~(C) Except as otherwise provided in division (D) of this~~ 1135  
~~section, net (B)(1) If it is determined by a preponderance of the~~ 1136  
~~evidence that the apportionment factors described in division (A)~~ 1137  
~~of this section do not fairly represent the extent of a taxpayer's~~ 1138  
~~business activity in a municipal corporation, the tax~~ 1139  
~~administrator of the municipal corporation may require the~~ 1140  
~~taxpayer to use, with respect to all or any portion of the income~~ 1141  
~~of the taxpayer, an alternative apportionment method involving one~~ 1142  
~~or more of the following:~~ 1143

(a) Separate accounting; 1144

(b) The exclusion of one or more of the factors; 1145

(c) The inclusion of one or more additional factors that 1146  
would provide for a more fair apportionment of the income of the 1147  
taxpayer to the municipal corporation; 1148

(d) A modification of one or more of the factors. 1149

(2) A taxpayer may use an alternative apportionment method on 1150  
the taxpayer's tax return, provided the taxpayer notifies the tax 1151  
administrator before filing the return. A taxpayer may not use an 1152  
alternative apportionment method, an alternative method of 1153  
accounting, or an alternative method of filing on a timely filed 1154  
amended tax return without notifying the tax administrator before 1155  
filing the return. An alternative apportionment method shall apply 1156  
only to the taxable years included in the taxpayer's notification 1157  
to the tax administrator. 1158

(C) As used in division (A)(2) of this section, "wages, 1159  
salaries, and other compensation" includes only wages, salaries, 1160  
or other compensation paid to an employee for services performed 1161  
at any of the following locations: 1162

<u>(1) A location that is owned, controlled, or used by, rented</u>	1163
<u>to, or under the possession of one of the following:</u>	1164
<u>(a) The employer;</u>	1165
<u>(b) A vendor, customer, client, or patient of the employer,</u>	1166
<u>or a related member of such a vendor, customer, client, or</u>	1167
<u>patient;</u>	1168
<u>(c) A vendor, customer, client, or patient of a person</u>	1169
<u>described in division (C)(1)(b) of this section, or a related</u>	1170
<u>member of such a vendor, customer, client, or patient.</u>	1171
<u>(2) Any location at which a trial, appeal, hearing,</u>	1172
<u>investigation, inquiry, review, court-martial, or similar</u>	1173
<u>administrative, judicial, or legislative matter or proceeding is</u>	1174
<u>being conducted, provided that the compensation is paid for</u>	1175
<u>services performed for, or on behalf of, the employer or that the</u>	1176
<u>employee's presence at the location directly or indirectly</u>	1177
<u>benefits the employer;</u>	1178
<u>(3) Any other location, if the tax administrator determines</u>	1179
<u>that the employer directed the employee to perform the services at</u>	1180
<u>the other location in lieu of a location described in division</u>	1181
<u>(C)(1) or (2) of this section solely in order to avoid or reduce</u>	1182
<u>the employer's municipal income tax liability. If a tax</u>	1183
<u>administrator makes such a determination, the employer may dispute</u>	1184
<u>the determination by establishing, by a preponderance of the</u>	1185
<u>evidence, that the tax administrator's determination was</u>	1186
<u>unreasonable.</u>	1187
<u>(D) For the purposes of division (A)(3) of this section,</u>	1188
<u>receipts from sales and rentals made and services performed shall</u>	1189
<u>be sitused to a municipal corporation as follows:</u>	1190
<u>(1) Gross receipts from the sale of tangible personal</u>	1191
<u>property shall be sitused to the municipal corporation in which</u>	1192
<u>the sale originated. For the purposes of this division, a sale of</u>	1193

property originates in a municipal corporation if, regardless of 1194  
where title passes, the property meets any of the following 1195  
criteria: 1196

(a) The property is shipped to or delivered within the 1197  
municipal corporation from a stock of goods located within the 1198  
municipal corporation. 1199

(b) The property is delivered within the municipal 1200  
corporation from a location outside the municipal corporation, 1201  
provided the taxpayer is regularly engaged through its own 1202  
employees in the solicitation or promotion of sales within such 1203  
municipal corporation and the sales result from such solicitation 1204  
or promotion. 1205

(c) The property is shipped from a place within the municipal 1206  
corporation to purchasers outside the municipal corporation, 1207  
provided that the taxpayer is not regularly engaged in the 1208  
solicitation or promotion of sales at the place where delivery is 1209  
made. 1210

(2) Gross receipts from the sale of services shall be sitused 1211  
to the municipal corporation to the extent that such services are 1212  
performed in the municipal corporation. 1213

(3) To the extent included in income, gross receipts from the 1214  
sale of real property located in the municipal corporation shall 1215  
be sitused to the municipal corporation. 1216

(4) To the extent included in income, gross receipts from 1217  
rents and royalties from real property located in the municipal 1218  
corporation shall be sitused to the municipal corporation. 1219

(5) Gross receipts from rents and royalties from tangible 1220  
personal property shall be sitused to the municipal corporation 1221  
based upon the extent to which the tangible personal property is 1222  
used in the municipal corporation. 1223



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

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

~~(E) If, in computing the taxpayer's adjusted federal taxable  
income, the taxpayer deducted any amount with respect to a stock  
option granted to an employee, and if the employee is not required  
to include in income any amount or any portion thereof because it  
is exempted from taxation under division (H)(10) of section 718.01  
of the Revised Code and division (A)(2)(d) of section 718.03 of  
the Revised Code by a municipal corporation to which the taxpayer  
has apportioned a portion of its net profit, the taxpayer shall  
add the amount that is exempt from taxation to the taxpayer's net  
profit that was apportioned to that municipal corporation. In no  
case shall a taxpayer be required to add to its net profit that  
was apportioned to that municipal corporation any amount other  
than the amount upon which the employee would be required to pay  
tax were the amount related to the stock option not exempted from  
taxation.~~

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

~~A municipal corporation shall allow taxpayers to elect to use  
separate accounting for the purpose of calculating net profit~~

situated to the municipal corporation under this division, but 1256  
shall permit such an election only if the taxpayer requests to 1257  
make the same election in every municipal corporation in which the 1258  
taxpayer must report such net profit for the taxable year and if 1259  
the taxpayer agrees to use separate accounting with respect to 1260  
such net profit in every municipal corporation that approves such 1261  
a request for at least five consecutive taxable years after making 1262  
the election. 1263

(F)(1) Except as provided in division (F)(2) of this section, 1264  
commissions received by a real estate agent or broker relating to 1265  
the sale, purchase, or lease of real estate shall be situated to 1266  
the municipal corporation in which the real estate is located. Net 1267  
profit reported by the real estate agent or broker shall be 1268  
allocated to a municipal corporation based upon the ratio of the 1269  
commissions the agent or broker received from the sale, purchase, 1270  
or lease of real estate located in the municipal corporation to 1271  
the commissions received from the sale, purchase, or lease of real 1272  
estate everywhere in the taxable year. 1273

(2) An individual who is a resident of a municipal 1274  
corporation that imposes a municipal income tax shall report the 1275  
individual's net profit from all real estate activity on the 1276  
individual's annual tax return for that municipal corporation. The 1277  
individual may claim a credit for taxes the individual paid on 1278  
such net profit to another municipal corporation to the extent 1279  
that such a credit is allowed under the municipal income tax 1280  
ordinance, or rules of the municipal corporation of residence. 1281

(G) If, in computing a taxpayer's adjusted federal taxable 1282  
income, the taxpayer deducted any amount with respect to a stock 1283  
option granted to an employee, and if the employee is not required 1284  
to include in the employee's income any such amount or a portion 1285  
thereof because it is exempted from taxation under divisions 1286  
(C)(12) and (R)(1)(d) of section 718.01 of the Revised Code by a 1287

municipal corporation to which the taxpayer has apportioned a 1288  
portion of its net profit, the taxpayer shall add the amount that 1289  
is exempt from taxation to the taxpayer's net profit that was 1290  
apportioned to that municipal corporation. In no case shall a 1291  
taxpayer be required to add to its net profit that was apportioned 1292  
to that municipal corporation any amount other than the amount 1293  
upon which the employee would be required to pay tax were the 1294  
amount related to the stock option not exempted from taxation. 1295

This division applies solely for the purpose of making an 1296  
adjustment to the amount of a taxpayer's net profit that was 1297  
apportioned to a municipal corporation under this section. 1298

(H) When calculating the ratios described in division (A) of 1299  
this section for the purposes of that division or division (B) of 1300  
this section, the owner of a disregarded entity shall include in 1301  
the owner's ratios the property, payroll, and gross receipts of 1302  
such disregarded entity. 1303

**Sec. 718.03.** ~~(A) As used in this section:~~ 1304

~~(1) "Other payer" means any person, other than an~~ 1305  
~~individual's employer or the employer's agent, that pays an~~ 1306  
~~individual any amount included in the federal gross income of the~~ 1307  
~~individual.~~ 1308

~~(2) "Qualifying wages" means wages, as defined in section~~ 1309  
~~3121(a) of the Internal Revenue Code, without regard to any wage~~ 1310  
~~limitations, adjusted as follows:~~ 1311

~~(a) Deduct the following amounts:~~ 1312

~~(i) Any amount included in wages if the amount constitutes~~ 1313  
~~compensation attributable to a plan or program described in~~ 1314  
~~section 125 of the Internal Revenue Code;~~ 1315

~~(ii) For purposes of division (B) of this section, any amount~~ 1316  
~~included in wages if the amount constitutes payment on account of~~ 1317

<del>sickness or accident disability.</del>	1318
<del>(b) Add the following amounts:</del>	1319
<del>(i) Any amount not included in wages solely because the employee was employed by the employer prior to April 1, 1986;</del>	1320
<del>(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.</del>	1321
<del>(iii) Any amount not included in wages if the amount is an amount described in section 401(k) or 457 of the Internal Revenue Code. Division (A)(2)(b)(iii) of this section applies only to employee contributions and employee deferrals.</del>	1322
<del>(iv) Any amount that is supplemental unemployment compensation benefits described in section 3402(o)(2) of the Internal Revenue Code and not included in wages.</del>	1323
<del>(c) Deduct 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 has, by resolution or ordinance, been exempted from taxation by the municipal corporation.</del>	1324
<del>(d) Deduct 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, exempted the amount from withholding and tax.</del>	1325
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~~(B) Except as provided in division (F) of this section, for taxable years beginning after 2003, no municipal corporation shall require any employer or any agent of any employer or any other payer, to withhold tax with respect to any amount other than qualifying wages. Nothing in this section prohibits an employer from withholding tax on a basis greater than qualifying wages.~~

(C) Each employer, agent of an employer, or other payer located or doing business in a municipal corporation that imposes a tax on income in accordance with this chapter shall withhold from each employee an amount equal to the qualifying wages of the employee earned by the employee in the municipal corporation multiplied by the applicable rate of the municipal corporation's income tax, except for qualifying wages for which withholding is not required under section 718.011 of the Revised Code or division (D) or (F) of this section. An employer, agent of an employer, or other payer shall deduct and withhold the tax from qualifying wages on the date that the employer, agent, or other payer directly, indirectly, or constructively pays the qualifying wages to, or credits the qualifying wages to the benefit of, the employee.

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

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

(a) Taxes required to be deducted and withheld shall be remitted monthly to the tax administrator if the total taxes deducted and withheld or required to be deducted and withheld by

the employer, agent, or other payer on behalf of the municipal corporation in the preceding calendar year exceeded two thousand three hundred ninety-nine dollars, or if the total amount of taxes deducted and withheld or required to be deducted and withheld on behalf of the municipal corporation in any month of the preceding calendar quarter exceeded two hundred dollars.

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

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

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

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

(i) If the taxes were deducted and withheld or required to be deducted and withheld during the first fifteen days of a month,

the third banking day after the fifteenth day of that month; 1411

(ii) If the taxes were deducted and withheld or required to 1412  
be deducted and withheld after the fifteenth day of a month and 1413  
before the first day of the immediately following month, the third 1414  
banking day after the last day of that month. 1415

(b) Remit electronically to the tax administrator on the 1416  
following business day all taxes deducted and withheld on behalf 1417  
of the municipal corporation if on any day the total amount of 1418  
such taxes withheld but not remitted is at least one hundred 1419  
thousand dollars. 1420

(c) Make payment by electronic funds transfer to the tax 1421  
administrator of all taxes deducted and withheld on behalf of the 1422  
municipal corporation if the employer, agent of an employer, or 1423  
other payer that is required to make payments electronically for 1424  
the purpose of paying federal taxes withheld on payments to 1425  
employees under section 6302 of the Internal Revenue Code, 26 1426  
C.F.R. 31.6302-1, or any other federal statute or regulation. The 1427  
payment of tax by electronic funds transfer under this division 1428  
does not affect an employer's, agent's, or other payer's 1429  
obligation to file any return as required under this section. 1430

(C) An employer, agent of an employer, or other payer shall 1431  
make and file a return showing the amount of tax withheld by the 1432  
employer, agent, or other payer from the qualifying wages of each 1433  
employee and remitted to the tax administrator. Unless the tax 1434  
administrator requires all individual taxpayers to file a tax 1435  
return under section 718.05 of the Revised Code, a return filed by 1436  
an employer, agent, or other payer under this division shall be 1437  
accepted by a tax administrator and municipal corporation as the 1438  
return required of an employee whose sole income subject to the 1439  
tax under this chapter is the qualifying wages reported by the 1440  
employee's employer, agent of an employer, or other payer. 1441

(D) An employer, agent of an employer, or other payer is not 1442  
required to ~~make any withholding~~ withhold municipal income tax 1443  
with respect to an individual's disqualifying disposition of an 1444  
incentive stock option if, at the time of the disqualifying 1445  
disposition, the individual is not an employee of either the 1446  
corporation with respect to whose stock the option has been issued 1447  
or of such corporation's successor entity. 1448

~~(D)~~(E)(1) An employee is not relieved from liability for a 1449  
tax by the failure of the employer, agent of an employer, or other 1450  
payer to withhold the tax as required ~~by a municipal corporation~~ 1451  
under this chapter or by the employer's, agent's, or other payer's 1452  
exemption from the requirement to withhold the tax. 1453

(2) The failure of an employer, agent of an employer, or 1454  
other payer to remit to the municipal corporation the tax withheld 1455  
relieves the employee from liability for that tax unless the 1456  
employee colluded with the employer, agent, or other payer in 1457  
connection with the failure to remit the tax withheld. 1458

~~(E)~~(F) Compensation deferred before June 26, 2003, is not 1459  
subject to any municipal corporation income tax or municipal 1460  
income tax withholding requirement to the extent the deferred 1461  
compensation does not constitute qualifying wages at the time the 1462  
deferred compensation is paid or distributed. 1463

~~(F) A municipal corporation may require a casino facility or~~ 1464  
~~a casino operator, as defined in Section 6(C)(9) of Article XV,~~ 1465  
~~Ohio Constitution, and section 3772.01 of the Revised Code,~~ 1466  
~~respectively, or a lottery sales agent conducting video lottery~~ 1467  
~~terminals on behalf of the state to withhold and remit tax with~~ 1468  
~~respect to amounts other than qualifying wages.~~ 1469

(G) Each employer, agent of an employer, or other payer 1470  
required to withhold taxes is liable for the payment of that 1471  
amount required to be withheld, whether or not such taxes have 1472



been withheld, and such amount shall be deemed to be held in trust 1473  
for the municipal corporation until such time as the withheld 1474  
amount is remitted to the tax administrator. 1475

(H) On or before the last day of February of each year, an 1476  
employer shall file a withholding reconciliation return with the 1477  
tax administrator listing the names, addresses, and social 1478  
security numbers of all employees from whose qualifying wages tax 1479  
was withheld or should have been withheld for the municipal 1480  
corporation during the preceding calendar year and of all 1481  
employees from whose qualifying wages tax was not withheld for the 1482  
municipal corporation during the preceding calendar year as a 1483  
result of those wages qualifying as exempt income under division 1484  
(C)(16) of section 718.01 of the Revised Code, the amount of tax 1485  
withheld, if any, from each such employee, the total amount of 1486  
qualifying wages paid to such employee during the preceding 1487  
calendar year, and other information as may be required by the tax 1488  
administrator. 1489

(I) The officer or the employee of the employer, agent of an 1490  
employer, or other payer with control or direct supervision of or 1491  
charged with the responsibility for withholding the tax or filing 1492  
the reports and making payments as required by this section, shall 1493  
be personally liable for a failure to file a report or pay the tax 1494  
due as required by this section. The dissolution of an employer, 1495  
agent of an employer, or other payer does not discharge the 1496  
officer's or employee's liability for a failure of the employer, 1497  
agent of an employer, or other payer to file returns or pay any 1498  
tax due. 1499

(J) An employer is required to deduct and withhold municipal 1500  
income tax on tips and gratuities received by the employer's 1501  
employees and constituting qualifying wages only to the extent 1502  
that the tips and gratuities are under the employer's control. For 1503  
the purposes of this division, a tip or gratuity is under the 1504

employer's control if the tip or gratuity is paid by the customer 1505  
to the employer for subsequent remittance to the employee, or if 1506  
the customer pays the tip or gratuity by credit card, debit card, 1507  
or other electronic means. 1508

(K) A tax administrator shall consider any tax withheld by an 1509  
employer at the request of an employee when such tax is not 1510  
otherwise required to be withheld by this chapter to be tax 1511  
required to be withheld and remitted for the purposes of this 1512  
section. 1513

**Sec. 718.031.** (A) A municipal corporation shall require a 1514  
casino facility or a casino operator, as defined in Section 1515  
6(C)(9) of Article XV, Ohio Constitution, and section 3772.01 of 1516  
the Revised Code, respectively, or a lottery sales agent 1517  
conducting video lottery terminals on behalf of the state to 1518  
withhold and remit municipal income tax with respect to amounts 1519  
other than qualifying wages as provided in this section. 1520

(B) If a person's winnings at a casino facility are an amount 1521  
for which reporting to the internal revenue service of the amount 1522  
is required by section 6041 of the Internal Revenue Code, as 1523  
amended, the casino operator shall deduct and withhold municipal 1524  
income tax from the person's winnings at the rate of the tax 1525  
imposed by the municipal corporation in which the casino facility 1526  
is located. 1527

(C) Amounts deducted and withheld by a casino operator are 1528  
held in trust for the benefit of the municipal corporation to 1529  
which the tax is owed. 1530

(1) On or before the tenth day of each month, the casino 1531  
operator shall file a return electronically with the tax 1532  
administrator of the municipal corporation, identifying the person 1533  
from whose winnings amounts were deducted and withheld, the amount 1534  
of each such deduction and withholding during the preceding 1535

calendar month, the amount of the winnings from which each such 1536  
amount was withheld, the type of casino gaming that resulted in 1537  
such winnings, and any other information required by the tax 1538  
administrator. With this return, the casino operator shall remit 1539  
electronically to the municipal corporation all amounts deducted 1540  
and withheld during the preceding month. 1541

(2) Annually, on or before the thirty-first day of January, a 1542  
casino operator shall file an annual return electronically with 1543  
the tax administrator of the municipal corporation in which the 1544  
casino facility is located, indicating the total amount deducted 1545  
and withheld during the preceding calendar year. The casino 1546  
operator shall remit electronically with the annual return any 1547  
amount that was deducted and withheld and that was not previously 1548  
remitted. If the identity of a person and the amount deducted and 1549  
withheld with respect to that person were omitted on a monthly 1550  
return for that reporting period, that information shall be 1551  
indicated on the annual return. 1552

(3) Annually, on or before the thirty-first day of January, a 1553  
casino operator shall issue an information return to each person 1554  
with respect to whom an amount has been deducted and withheld 1555  
during the preceding calendar year. The information return shall 1556  
show the total amount of municipal income tax deducted from the 1557  
person's winnings during the preceding year. The casino operator 1558  
shall provide to the tax administrator a copy of each information 1559  
return issued under this division. The administrator may require 1560  
that such copies be transmitted electronically. 1561

(4) A casino operator that fails to file a return and remit 1562  
the amounts deducted and withheld shall be personally liable for 1563  
the amount withheld and not remitted. Such personal liability 1564  
extends to any penalty and interest imposed for the late filing of 1565  
a return or the late payment of tax deducted and withheld. 1566

(5) If a casino operator sells the casino facility or 1567

otherwise quits the casino business, the amounts deducted and withheld along with any penalties and interest thereon are immediately due and payable. The successor shall withhold an amount of the purchase money that is sufficient to cover the amounts deducted and withheld along with any penalties and interest thereon until the predecessor casino operator produces either of the following: 1568  
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(a) A receipt from the tax administrator showing that the amounts deducted and withheld and penalties and interest thereon have been paid; 1575  
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1577

(b) A certificate from the tax administrator indicating that no amounts are due. 1578  
1579

If the successor fails to withhold purchase money, the successor is personally liable for the payment of the amounts deducted and withheld and penalties and interest thereon. 1580  
1581  
1582

(6) The failure of a casino operator to deduct and withhold the required amount from a person's winnings does not relieve that person from liability for the municipal income tax with respect to those winnings. 1583  
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1585  
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(D) If a person's prize award from a video lottery terminal is an amount for which reporting to the internal revenue service is required by section 6041 of the Internal Revenue Code, as amended, the video lottery sales agent shall deduct and withhold municipal income tax from the person's prize award at the rate of the tax imposed by the municipal corporation in which the video lottery terminal facility is located. 1587  
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(E) Amounts deducted and withheld by a video lottery sales agent are held in trust for the benefit of the municipal corporation to which the tax is owed. 1594  
1595  
1596

(1) The video lottery sales agent shall issue to a person from whose prize award an amount has been deducted and withheld a 1597  
1598

receipt for the amount deducted and withheld, and shall obtain 1599  
from the person receiving a prize award the person's name, 1600  
address, and social security number in order to facilitate the 1601  
preparation of returns required by this section. 1602

(2) On or before the tenth day of each month, the video 1603  
lottery sales agent shall file a return electronically with the 1604  
tax administrator of the municipal corporation identifying the 1605  
persons from whose prize awards amounts were deducted and 1606  
withheld, the amount of each such deduction and withholding during 1607  
the preceding calendar month, the amount of the prize award from 1608  
which each such amount was withheld, and any other information 1609  
required by the tax administrator. With the return, the video 1610  
lottery sales agent shall remit electronically to the tax 1611  
administrator all amounts deducted and withheld during the 1612  
preceding month. 1613

(3) A video lottery sales agent shall maintain a record of 1614  
all receipts issued under division (E) of this section and shall 1615  
make those records available to the tax administrator upon 1616  
request. Such records shall be maintained in accordance with 1617  
section 5747.17 of the Revised Code and any rules adopted pursuant 1618  
thereto. 1619

(4) Annually, on or before the thirty-first day of January, 1620  
each video lottery terminal sales agent shall file an annual 1621  
return electronically with the tax administrator of the municipal 1622  
corporation in which the facility is located indicating the total 1623  
amount deducted and withheld during the preceding calendar year. 1624  
The video lottery sales agent shall remit electronically with the 1625  
annual return any amount that was deducted and withheld and that 1626  
was not previously remitted. If the identity of a person and the 1627  
amount deducted and withheld with respect to that person were 1628  
omitted on a monthly return for that reporting period, that 1629  
information shall be indicated on the annual return. 1630

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

(6) A video lottery sales agent who fails to file a return and remit the amounts deducted and withheld is personally liable for the amount deducted and withheld and not remitted. Such personal liability extends to any penalty and interest imposed for the late filing of a return or the late payment of tax deducted and withheld.

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

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

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

If the successor fails to withhold purchase money, the 1662  
successor is personally liable for the payment of the amounts 1663  
deducted and withheld and penalties and interest thereon. 1664

(G) The failure of a video lottery sales agent to deduct and 1665  
withhold the required amount from a person's prize award does not 1666  
relieve that person from liability for the municipal income tax 1667  
with respect to that prize award. 1668

(H) The tax administrator of a municipal corporation may 1669  
impose a penalty of up to one thousand dollars if a casino 1670  
operator or video lottery sales agent files a return late, fails 1671  
to file a return, remits amounts deducted and withheld late, or 1672  
fails to remit amounts deducted and withheld as required under 1673  
this section. Interest shall accrue on past due amounts deducted 1674  
and withheld at the rate prescribed in section 5703.47 of the 1675  
Revised Code. 1676

(I) Amounts deducted and withheld on behalf of a municipal 1677  
corporation shall be allowed as a credit against payment of the 1678  
tax imposed by the municipal corporation and shall be treated as 1679  
taxes paid for purposes of section 718.08 of the Revised Code. 1680  
This division applies only to the person for whom the amount is 1681  
deducted and withheld. 1682

(J) The tax administrator shall prescribe the forms of the 1683  
receipts and returns required under this section. 1684

**Sec. 718.04.** (A) A municipal corporation may levy a tax on 1685  
income only in accordance with the limitations specified in this 1686  
chapter. On or after January 1, 2015, the ordinance or resolution 1687  
levying the tax, as adopted or amended by the legislative 1688  
authority of the municipal corporation, shall include all of the 1689  
following: 1690

(1) A statement that the tax is an annual tax levied on the 1691

income of every person residing in or earning or receiving income 1692  
in the municipal corporation and that the tax shall be measured by 1693  
municipal taxable income; 1694

(2) A statement that the municipal corporation is levying the 1695  
tax in accordance with the limitations specified in this chapter 1696  
and that the resolution or ordinance thereby incorporates the 1697  
provisions of this chapter; 1698

(3) The rate of the tax; 1699

(4) Whether, and the extent to which, a credit, as described 1700  
in division (D) of this section, will be allowed against the tax; 1701

(5) The purpose or purposes of the tax; 1702

(6) Any other provision necessary for the administration of 1703  
the tax, provided that the provision does not conflict with any 1704  
provision of this chapter. 1705

(B) Any municipal corporation that, on or before the 1706  
effective date of the enactment of this section, levies an income 1707  
tax at a rate in excess of one per cent may continue to levy the 1708  
tax at the rate specified in the original ordinance or resolution, 1709  
provided that such rate continues in effect as specified in the 1710  
original ordinance or resolution. 1711

(C)(1) No municipal corporation shall tax income at other 1712  
than a uniform rate. 1713

(2) Except as provided in division (B) of this section, no 1714  
municipal corporation shall levy a tax on income at a rate in 1715  
excess of one per cent without having obtained the approval of the 1716  
excess by a majority of the electors of the municipality voting on 1717  
the question at a general, primary, or special election. The 1718  
legislative authority of the municipal corporation shall file with 1719  
the board of elections at least ninety days before the day of the 1720  
election a copy of the ordinance together with a resolution 1721



specifying the date the election is to be held and directing the 1722  
board of elections to conduct the election. The ballot shall be in 1723  
the following form: "Shall the Ordinance providing for a ... per 1724  
cent levy on income for (Brief description of the purpose of the 1725  
proposed levy) be passed? 1726

	<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 1731  
be used only for the specified purpose. 1732

(D) A municipal corporation may, by ordinance or resolution, 1733  
grant a credit to residents of the municipal corporation for all 1734  
or a portion of the taxes paid to other municipal corporations, in 1735  
this state or elsewhere, by the resident or by a pass-through 1736  
entity owned, directly or indirectly, by a resident, on the 1737  
resident's distributive or proportionate share of the income of 1738  
the pass-through entity. A municipal corporation is not required 1739  
to refund taxes not paid to the municipal corporation. 1740

(E) Except as otherwise provided in this chapter, a municipal 1741  
corporation that levies an income tax in effect for taxable years 1742  
beginning before January 1, 2015, may continue to administer and 1743  
enforce the provisions of such tax for all taxable years beginning 1744  
before January 1, 2015, provided that the provisions of such tax 1745  
are consistent with this chapter as it existed prior to the 1746  
effective date of the enactment of this section. 1747

(F) Nothing in this chapter authorizes a municipal 1748  
corporation to levy a tax on income or net profit, or to 1749  
administer or collect such a tax or penalties or interest related 1750  
to such a tax, contrary to the limitations specified in this 1751  
chapter. 1752

Sec. 718.05. (A) An annual return with respect to the income 1753  
tax levied by a municipal corporation shall be completed and filed 1754  
by every taxpayer for any taxable year for which the taxpayer is 1755  
liable for the tax. If the total credit allowed against the tax as 1756  
described in division (D) of section 718.04 of the Revised Code 1757  
for the year is equal to or exceeds the tax imposed by the 1758  
municipal corporation, no return shall be required unless the 1759  
municipal ordinance or resolution levying the tax requires the 1760  
filing of a return in such circumstances. 1761

(B) If an individual is deceased, any return or notice 1762  
required of that individual shall be completed and filed by that 1763  
decedent's executor, administrator, or other person charged with 1764  
the property of that decedent. 1765

(C) If an individual is unable to complete and file a return 1766  
or notice required by a municipal corporation in accordance with 1767  
this chapter, the return or notice required of that individual 1768  
shall be completed and filed by the individual's duly authorized 1769  
agent, guardian, conservator, fiduciary, or other person charged 1770  
with the care of the person or property of that individual. 1771

(D) Returns or notices required of an estate or a trust shall 1772  
be completed and filed by the fiduciary of the estate or trust. 1773

(E) No municipal corporation shall deny spouses the ability 1774  
to file a joint return. 1775

(F)(1) Each return required to be filed under this section 1776  
shall contain the signature of the taxpayer or the taxpayer's duly 1777  
authorized agent and of the person who prepared the return for the 1778  
taxpayer, and shall include the taxpayer's social security number 1779  
or taxpayer identification number. Each return shall be verified 1780  
by a declaration under penalty of perjury. 1781

(2) A tax administrator may require any taxpayer who is an 1782

individual to include, with each annual return, amended return, or 1783  
application for refund required under this section, complete 1784  
copies of any of the following that are applicable to the 1785  
taxpayer: all of the taxpayer's Internal Revenue Service form W-2, 1786  
"Wage and Tax Statements," including all information reported on 1787  
the taxpayer's federal W-2, as well as taxable wages reported or 1788  
withheld for any municipal corporation; any Internal Revenue 1789  
Service form 1099-MISC received by the taxpayer, schedule K1, form 1790  
2106, schedule C, schedule E, and schedule F; and pages one and 1791  
two of the taxpayer's Internal Revenue Service form 1040. An 1792  
individual taxpayer who files the annual return required by this 1793  
section electronically shall provide paper copies of any of the 1794  
foregoing to the tax administrator upon the tax administrator's 1795  
request. 1796

(3) A tax administrator may require any taxpayer that is not 1797  
an individual to include, with each annual net profit return, 1798  
amended net profit return, or application for refund required 1799  
under this section, complete copies of any of the following that 1800  
are applicable to the taxpayer: the taxpayer's Internal Revenue 1801  
Service form 1041, form 1065, form 1120, form 1120-REIT, form 1802  
1120F, form 1120S, schedule D, schedule E, schedule M-3, form 1803  
1125-A, form 4562, form 8825, form 8903, and form 8949; supporting 1804  
statements for "other income," "taxes and licenses," "other 1805  
deductions," and "other costs" reported on the foregoing forms and 1806  
schedules; the method of accounting and allocation used to 1807  
determine the income allocable to the municipal corporation; and, 1808  
if the taxpayer is a pass-through entity, any Internal Revenue 1809  
Service K-1 schedules issued or received by the taxpayer or a 1810  
schedule summarizing the information contained on such K-1 1811  
schedules, Internal Revenue Service forms 1096, the taxpayer's 1812  
federal consolidated schedules if filing a consolidated return 1813  
pursuant to section 718.06 of the Revised Code, and the taxpayer's 1814  
net operating loss carry forward schedule providing for each year 1815

in which the net operating loss was sustained, the method of 1816  
accounting and allocation used to determine the portion of net 1817  
operating loss allocable to the taxing municipal corporation, the 1818  
amount of net operating loss used as a deduction in prior years, 1819  
and the amount of net operating loss claimed as a deduction in the 1820  
current year. 1821

A taxpayer that is not an individual and that files an annual 1822  
net profit return electronically through the Ohio business gateway 1823  
or in some other manner shall either mail the documents required 1824  
under this division to the tax administrator at the time of filing 1825  
or, if electronic submission is available, submit the documents 1826  
electronically through the Ohio business gateway. The department 1827  
of taxation shall publish a method of electronically submitting 1828  
the documents required under this division through the Ohio 1829  
business gateway on or before January 1, 2015. The department 1830  
shall transmit all documents submitted electronically under this 1831  
division to the appropriate tax administrator. 1832

(4) A tax administrator may require that each annual 1833  
withholding reconciliation return required to be filed under this 1834  
chapter include complete copies of any of the following that are 1835  
applicable: an information return for each employee from whom 1836  
municipal income tax has been withheld that specifies the 1837  
municipal corporation for which the tax is withheld and all 1838  
information required for federal income tax reporting purposes on 1839  
Internal Revenue Service form W-2 or its equivalent. 1840

(5) Pursuant to section 718.24 of the Revised Code, the tax 1841  
administrator may request, and the taxpayer shall provide, any 1842  
information, statements, or documents required by the municipal 1843  
corporation to determine and verify the taxpayer's municipal 1844  
income tax liability. The requirements imposed under division (E) 1845  
of this section apply regardless of whether the taxpayer files on 1846  
a generic form or on a form prescribed by the tax administrator. 1847

(G)(1) Except as otherwise provided in this chapter, each 1848  
return required to be filed under this section shall be completed 1849  
and filed as required by the tax administrator on or before the 1850  
date prescribed for the filing of federal individual income tax 1851  
returns and notices under section 6072(a) of the Internal Revenue 1852  
Code. The taxpayer shall complete and file the return or notice on 1853  
forms prescribed by the tax administrator or on generic forms, 1854  
together with remittance made payable to the municipal corporation 1855  
or tax administrator. No remittance is required if the amount 1856  
shown to be due is ten dollars or less. 1857

(2) Any taxpayer that has requested an extension for filing a 1858  
federal income tax return may request an extension for the filing 1859  
of a municipal income tax return. The taxpayer shall make the 1860  
request by filing a copy of the taxpayer's request for a federal 1861  
filing extension through the Ohio business gateway or directly 1862  
with the tax administrator. The request for extension shall be 1863  
filed not later than the last day for filing the municipal income 1864  
tax return. The extended due date of the municipal income tax 1865  
return shall be the last day of the month following the month to 1866  
which the due date of the federal income tax return has been 1867  
extended. A municipal corporation may deny a taxpayer's request 1868  
for extension only if the taxpayer fails to timely file the 1869  
request, fails to file a copy of the request for the federal 1870  
extension, owes the municipal corporation any delinquent income 1871  
tax, penalty, or interest, or has failed to file any required 1872  
income tax return for a prior tax period. An extension of time to 1873  
file under this division is not an extension of the time to pay 1874  
any tax due unless the tax administrator grants an extension of 1875  
that date. 1876

(3) If a taxpayer does not request and obtain a federal 1877  
extension as described in division (G)(2) of this section, the 1878  
taxpayer may request an extension of time to file a municipal 1879

income tax return by filing the request through the Ohio business gateway or directly with the tax administrator of the municipal corporation with which the return is required to be filed. The request for extension shall be filed not later than the last day for filing the municipal income tax return. The extended due date of the municipal income tax return shall be the last day of the month following the month to which the tax administrator estimates the due date of the federal income tax return would have been extended had the taxpayer requested and obtained a federal extension. The tax administrator's estimate shall be based on federal income tax return extensions granted based on other similar requests.

(4) Upon good cause shown, the tax administrator may extend the period for filing any notice or return.

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

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

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

(H)(1) For taxable years beginning after 2014, a municipal corporation shall not require a taxpayer to remit tax with respect

to net profits if the amount due is less than ten dollars. 1911

(2) Any taxpayer not required to remit tax to a municipal corporation for a taxable year pursuant to division (H)(1) of this section shall file with the municipal corporation an annual net profit return under division (F)(3) of this section. 1912  
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(I) This division shall not apply to payments required to be made under division (B)(1)(a) or (2)(a) of section 718.03 of the Revised Code. Except as provided in section 718.08 of the Revised Code: 1916  
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(1) If any report, claim, statement, or other document required to be filed, or any payment required to be made, within a prescribed period or on or before a prescribed date under this chapter is delivered after that period or that date by United States mail to the tax administrator or other municipal official with which the report, claim, statement, or other document is required to be filed, or to which the payment is required to be made, the date of the postmark stamped on the cover in which the report, claim, statement, or other document, or payment is mailed shall be deemed to be the date of delivery or the date of payment. "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. 1920  
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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. 1933  
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(J) The amounts withheld by an employer, the agent of an employer, or an other payer as described in section 718.03 of the 1940  
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Revised Code shall be allowed to the recipient of the compensation 1942  
as credits against payment of the tax imposed on the recipient by 1943  
the municipal corporation, unless the amounts withheld were not 1944  
remitted to the municipal corporation and the recipient colluded 1945  
with the employer, agent, or other payer in connection with the 1946  
failure to remit the amounts withheld. 1947

(K) Each return required by a municipal corporation to be 1948  
filed in accordance with this section shall include a box that the 1949  
taxpayer may check to authorize another person, including a tax 1950  
return preparer who prepared the return, to communicate with the 1951  
tax administrator about matters pertaining to the return. The 1952  
return or instructions accompanying the return shall indicate that 1953  
by checking the box the taxpayer authorizes the tax administrator 1954  
to contact the preparer or other person concerning questions that 1955  
arise during the examination or other review of the return and 1956  
authorizes the preparer or other person only to provide the tax 1957  
administrator with information that is missing from the return, to 1958  
contact the tax administrator for information about the 1959  
examination or other review of the return or the status of the 1960  
taxpayer's refund or payments, and to respond to notices about 1961  
mathematical errors, offsets, or return preparation that the 1962  
taxpayer has received from the tax administrator and has shown to 1963  
the preparer or other person. 1964

(L) The tax administrator of a municipal corporation shall 1965  
accept for filing a generic form of any income tax return, report, 1966  
or document required by the municipal corporation in accordance 1967  
with this chapter, provided that the generic form, once completed 1968  
and filed, contains all of the information required by ordinance, 1969  
resolution, or rules adopted by the municipal corporation or tax 1970  
administrator, and provided that the taxpayer or tax return 1971  
preparer filing the generic form otherwise complies with the 1972  
provisions of this chapter and of the municipal corporation 1973



ordinance or resolution governing the filing of returns, reports, or documents. 1974  
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(M) 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. 1976  
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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.~~ 1980  
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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 month to which the due date for filing the federal return has been extended, provided that, on or before the date for filing the municipal income tax return, the person notifies the tax commissioner of the federal extension through the Ohio business gateway. An extension of time to file is not an extension of the time to pay any tax due.~~ 1986  
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~~(C) For taxable years beginning on or after January 1, 2005, a Any taxpayer subject to any municipal corporation's tax on income taxation with respect to the taxpayer's net profit from a business or profession may file any municipal income tax return or, estimated municipal income tax return, or extension for filing a municipal income tax return, and may make payment of amounts~~ 1999  
2000  
2001  
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2003  
2004

shown to be due on such returns, by using the Ohio business gateway. 2005  
2006

~~(D)(1) As used in this division, "qualifying wages" has the same meaning as in section 718.03 of the Revised Code.~~ 2007  
2008

~~(2)(B) Any employer, agent of an employer, or other payer may report the amount of municipal income tax withheld from qualifying wages paid on or after January 1, 2007, and may make remittance of such amounts, by using the Ohio business gateway.~~ 2009  
2010  
2011  
2012

~~(E)(C) Nothing in this section affects the due dates for filing employer withholding tax returns.~~ 2013  
2014

~~(F)(D) No municipal corporation shall be required to pay any fee or charge for the operation or maintenance of the Ohio business gateway.~~ 2015  
2016  
2017

~~(G)(E) The use of the Ohio business gateway by municipal corporations, taxpayers, or other persons pursuant to this section does not affect the legal rights of municipalities or taxpayers as otherwise permitted by law. This state shall not be a party to the administration of municipal income taxes or to an appeal of a municipal income tax matter, except as otherwise specifically provided by law.~~ 2018  
2019  
2020  
2021  
2022  
2023  
2024

~~(H)(F)(1) The tax commissioner shall adopt rules establishing:~~ 2025  
2026

(a) The format of documents to be used by taxpayers to file returns and make payments through the Ohio business gateway; and 2027  
2028

(b) The information taxpayers must submit when filing municipal income tax returns through the Ohio business gateway. 2029  
2030

The commissioner shall not adopt rules under this division that conflict with the requirements of section 718.05 of the Revised Code. 2031  
2032  
2033

(2) The commissioner shall consult with the Ohio business 2034

gateway steering committee before adopting the rules described in 2035  
division ~~(H)~~(F)(1) of this section. 2036

~~(I)~~(G) Nothing in this section shall be construed as limiting 2037  
or removing the ~~ability~~ authority of any municipal corporation to 2038  
administer, audit, and enforce the provisions of its municipal 2039  
income tax. 2040

(H) Within sixty days after a request by a tax administrator, 2041  
the tax commissioner shall provide to the tax administrator any 2042  
municipal income tax data the commissioner has acquired under 2043  
Chapter 5745. of the Revised Code. The tax commissioner may not 2044  
impose a fee or charge to defray the costs of providing such data, 2045  
including costs associated with the inspection, review, 2046  
production, photocopying, or transmission of that data. 2047

Sec. 718.052. (A) Each member of the national guard of any 2048  
state and each member of a reserve component of the armed forces 2049  
of the United States called to active duty pursuant to an 2050  
executive order issued by the president of the United States or an 2051  
act of the congress of the United States, and each civilian 2052  
serving as support personnel in a combat zone or contingency 2053  
operation in support of the armed forces, may apply to the tax 2054  
administrator of a municipal corporation for both an extension of 2055  
time for filing of the return and an extension of time for payment 2056  
of taxes required by the municipal corporation in accordance with 2057  
this chapter during the period of the member's or civilian's duty 2058  
service and for one hundred eighty days thereafter. The 2059  
application shall be filed on or before the one hundred eightieth 2060  
day after the member's or civilian's duty terminates. An applicant 2061  
shall provide such evidence as the tax administrator considers 2062  
necessary to demonstrate eligibility for the extension. 2063

(B)(1) If the tax administrator ascertains that an applicant 2064  
is qualified for an extension under this section, the tax 2065

administrator shall enter into a contract with the applicant for 2066  
the payment of the tax in installments that begin on the one 2067  
hundred eighty-first day after the applicant's active duty or 2068  
service terminates. Except as provided in division (B)(3) of this 2069  
section, the tax administrator may prescribe such contract terms 2070  
as the tax administrator considers appropriate. 2071

(2) If the tax administrator ascertains that an applicant is 2072  
qualified for an extension under this section, the applicant shall 2073  
neither be required to file any return, report, or other tax 2074  
document nor be required to pay any tax otherwise due to the 2075  
municipal corporation before the one hundred eighty-first day 2076  
after the applicant's active duty or service terminates. 2077

(3) Taxes paid pursuant to a contract entered into under 2078  
division (B)(1) of this section are not delinquent. The tax 2079  
administrator shall not require any payments of penalties or 2080  
interest in connection with those taxes for the extension period. 2081

(C)(1) Nothing in this division denies to any person 2082  
described in this division the application of divisions (A) and 2083  
(B) of this section. 2084

(2)(a) A qualifying taxpayer who is eligible for an extension 2085  
under the Internal Revenue Code shall receive both an extension of 2086  
time in which to file any return, report, or other tax document 2087  
and an extension of time in which to make any payment of taxes 2088  
required by a municipal corporation in accordance with this 2089  
chapter. The length of any extension granted under division 2090  
(C)(2)(a) of this section shall be equal to the length of the 2091  
corresponding extension that the taxpayer receives under the 2092  
Internal Revenue Code. As used in this section, "qualifying 2093  
taxpayer" means a member of the national guard, or a member of the 2094  
reserve component of the armed forces of the United States, who is 2095  
called to active duty pursuant to either an executive order issued 2096  
by the president of the United States or an act of the congress of 2097

the United States. 2098

(b) Taxes whose payment is extended in accordance with 2099  
division (C)(2)(a) of this section are not delinquent during the 2100  
extension period. Such taxes become delinquent on the first day 2101  
after the expiration of the extension period if the taxes are not 2102  
paid prior to that date. The tax administrator shall not require 2103  
any payment of penalties or interest in connection with those 2104  
taxes for the extension period. The tax administrator shall not 2105  
include any period of extension granted under division (C)(2)(a) 2106  
of this section in calculating the penalty or interest due on any 2107  
unpaid tax. 2108

(D) For each taxable year to which division (A), (B), or (C) 2109  
of this section applies to a taxpayer, the provisions of divisions 2110  
(B)(2) and (3) or (C) of this section, as applicable, apply to the 2111  
spouse of that taxpayer if the filing status of the spouse and the 2112  
taxpayer is married filing jointly for that year. 2113

**Sec. 718.06. (A) As used in this section:** 2114

(1) "Affiliated group of corporations" means an affiliated 2115  
group as defined in section 1504 of the Internal Revenue Code. 2116  
"Affiliated group of corporations" does not include an incumbent 2117  
local exchange carrier primarily engaged in the business of 2118  
providing local exchange telephone service in this state, or any 2119  
member of such a carrier's affiliated group that is an incumbent 2120  
local exchange carrier primarily engaged in the business of 2121  
providing local exchange telephone service, other than cellular 2122  
radio service, outside this state. 2123

(2) "Consolidated federal income tax return" means a 2124  
consolidated return filed for federal income tax purposes pursuant 2125  
to section 1501 of the Internal Revenue Code. 2126

(3) "Consolidated federal taxable income" means the 2127

consolidated taxable income of an affiliated group of 2128  
corporations, as computed for the purposes of filing a 2129  
consolidated federal income tax return, before consideration of 2130  
net operating losses or special deductions. "Consolidated federal 2131  
taxable income" does not include income or loss of an incumbent 2132  
local exchange carrier primarily engaged in the business of 2133  
providing local exchange telephone service in this state, or 2134  
income or loss of any member of such a carrier's affiliated group 2135  
that is an incumbent local exchange carrier primarily engaged in 2136  
the business of providing local exchange telephone service, other 2137  
than cellular radio service, outside this state. 2138

(4) "Incumbent local exchange carrier" has the same meaning 2139  
as in section 4927.01 of the Revised Code. 2140

(5) "Local exchange telephone service" has the same meaning 2141  
as in section 5727.01 of the Revised Code. 2142

(B)(1) For taxable years beginning on or after January 1, 2143  
2015, a taxpayer that is a member of an affiliated group of 2144  
corporations may elect to file a consolidated municipal income tax 2145  
return for a taxable year if at least one member of the affiliated 2146  
group of corporations is subject to the municipal income tax in 2147  
that taxable year and if the affiliated group of corporations 2148  
filed a consolidated federal income tax return with respect to 2149  
that taxable year. The election is binding for a five-year period 2150  
beginning with the first taxable year of the initial election 2151  
unless a change in the reporting method is required under federal 2152  
law. The election continues to be binding for each subsequent 2153  
five-year period unless the taxpayer elects to discontinue filing 2154  
consolidated municipal income tax returns under division (B)(2) of 2155  
this section or a taxpayer receives permission from the tax 2156  
administrator. The tax administrator shall approve such a request 2157  
for good cause shown. 2158

(2) An election to discontinue filing consolidated municipal 2159

income tax returns under this section must be made in the first 2160  
year following the last year of a five-year consolidated municipal 2161  
income tax return election period in effect under division (B)(1) 2162  
of this section. The election to discontinue filing a consolidated 2163  
municipal income tax return is binding for a five-year period 2164  
beginning with the first taxable year of the election. 2165

(3) An election made under division (B)(1) or (2) of this 2166  
section is binding on all members of the affiliated group of 2167  
corporations subject to a municipal income tax. 2168

(C) A taxpayer that is a member of an affiliated group of 2169  
corporations that filed a consolidated federal income tax return 2170  
for a taxable year shall file a consolidated municipal income tax 2171  
return for that taxable year if the tax administrator determines, 2172  
by a preponderance of the evidence, that intercompany transactions 2173  
have not been conducted at arm's length or that there has been a 2174  
distortive shifting of income or expenses with regard to 2175  
allocation of net profits to the municipal corporation. A taxpayer 2176  
that is required to file a consolidated municipal income tax 2177  
return for a taxable year shall file a consolidated municipal 2178  
income tax return for all subsequent taxable years unless the 2179  
taxpayer receives written permission from the tax administrator to 2180  
file a separate return or a taxpayer has experienced a change in 2181  
circumstances. 2182

(D) A taxpayer shall prepare a consolidated municipal income 2183  
tax return in the same manner as is required under the United 2184  
States department of treasury regulations that prescribe 2185  
procedures for the preparation of the consolidated federal income 2186  
tax return required to be filed by the common parent of the 2187  
affiliated group of which the taxpayer is a member. 2188

(E)(1) Except as otherwise provided in divisions (E)(2) and 2189  
(3) of this section, corporations that file a consolidated 2190  
municipal income tax return shall compute adjusted federal taxable 2191

income, as defined in section 718.01 of the Revised Code, by 2192  
substituting "consolidated federal taxable income" for "federal 2193  
taxable income" wherever "federal taxable income" appears in that 2194  
division and by substituting "an affiliated group of 2195  
corporation's" for "a C corporation's" wherever "a C 2196  
corporation's" appears in that division. 2197

(2) No corporation filing a consolidated municipal income tax 2198  
return shall make any adjustment otherwise required under division 2199  
(E) of section 718.01 of the Revised Code to the extent that the 2200  
item of income or deduction otherwise subject to the adjustment 2201  
has been eliminated or consolidated in the computation of 2202  
consolidated federal taxable income. 2203

(3) If the net profit or loss of a pass-through entity is 2204  
included in an affiliated group of corporations' consolidated 2205  
federal taxable income for a taxable year, the corporation filing 2206  
a consolidated municipal income tax return shall do one of the 2207  
following with respect to that pass-through entity's net profit or 2208  
loss for that taxable year: 2209

(a) Exclude the pass-through entity's net profit or loss from 2210  
the consolidated federal taxable income of the affiliated group 2211  
and, for the purpose of making the computations required in 2212  
section 718.02 of the Revised Code, exclude the property, payroll, 2213  
and gross receipts of the pass-through entity in the computation 2214  
of the affiliated group's net profit situated to a municipal 2215  
corporation. If the entity's net profit or loss is so excluded, 2216  
the entity shall be subject to taxation as a separate taxpayer on 2217  
the basis of the entity's net profits that would otherwise be 2218  
included in the consolidated federal taxable income of the 2219  
affiliated group. 2220

(b) Include the pass-through entity's net profit or loss in 2221  
the consolidated federal taxable income of the affiliated group 2222  
and, for the purpose of making the computations required in 2223



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 portion of the taxable year, or any one or more members of such an affiliated group.

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

**Sec. 718.07.** ~~On and after January 1, 2002, each~~ The tax administrator of a municipal corporation that imposes a tax on income in accordance with this chapter shall make electronic

versions of any rules or ordinances governing the tax available to 2255  
the public through the internet, including, but not limited to, 2256  
ordinances or rules governing the rate of tax; payment and 2257  
withholding of taxes; filing any prescribed returns, reports, or 2258  
other documents; dates for filing or paying taxes, including 2259  
estimated taxes; penalties, interest, ~~assessment~~, and other 2260  
collection remedies; rights of taxpayers to appeal; ~~and~~ procedures 2261  
for filing appeals; and a summary of taxpayers' rights and 2262  
responsibilities. ~~On and after that date, any municipal~~ 2263  
~~corporation that requires taxpayers to file income tax returns,~~ 2264  
~~reports, or other documents~~ The tax administrator shall make 2265  
blanks of ~~such~~ any prescribed returns, reports, or documents, and 2266  
any instructions pertaining thereto, available to the public 2267  
electronically through the internet. Electronic versions of rules, 2268  
ordinances, blanks, and instructions shall be made available 2269  
~~either~~ by posting them on the electronic site established by the 2270  
tax commissioner under section 5703.49 of the Revised Code ~~or~~ and, 2271  
if the municipal corporation or tax administrator maintains an 2272  
electronic site for the posting of such documents that is 2273  
accessible through the internet, by posting them on ~~an~~ that 2274  
electronic site ~~established by the municipal corporation that is~~ 2275  
~~accessible through the internet.~~ If a municipal corporation or tax 2276  
administrator establishes such an electronic site, the municipal 2277  
corporation shall incorporate an electronic link between that site 2278  
and the site established pursuant to section 5703.49 of the 2279  
Revised Code, and shall provide to the tax commissioner the 2280  
uniform resource locator of the site established pursuant to this 2281  
division. 2282

Sec. 718.08. (A) As used in this section: 2283

(1) "Estimated taxes" means the amount that the taxpayer 2284  
reasonably estimates to be the taxpayer's tax liability for a 2285  
municipal corporation's income tax for the current taxable year. 2286

(2) "Tax liability" means the total taxes due to a municipal corporation for the taxable year, after allowing any credit to which the taxpayer is entitled, and after applying any estimated tax payment, withholding payment, or credit from another taxable year. 2287  
2288  
2289  
2290  
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(B)(1) Every taxpayer shall make a declaration of estimated taxes for the current taxable year, on the form prescribed by the tax administrator, if the amount payable as estimated taxes is more than one hundred dollars. For the purposes of this section: 2292  
2293  
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(a) Taxes withheld from compensation shall be considered as paid to the municipal corporation for which the taxes were withheld in equal amounts on each payment date unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts withheld shall be considered as paid on the dates on which the amounts were actually withheld. 2296  
2297  
2298  
2299  
2300  
2301

(b) An overpayment of tax applied as a credit to a subsequent taxable year is deemed to be paid on the date of the postmark stamped on the cover in which the payment is mailed or, if the payment is made by electronic funds transfer, the date the payment is submitted. As used in this division, "date of the 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. 2302  
2303  
2304  
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(c) Taxes withheld by a casino operator or by a lottery sales agent under section 718.031 of the Revised Code are deemed to be paid to the municipal corporation for which the taxes were withheld on the date the taxes are withheld from the taxpayer's winnings. 2309  
2310  
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(2) Taxpayers filing joint returns shall file joint declarations of estimated taxes. A taxpayer may amend a declaration under rules prescribed by the tax administrator. A taxpayer having a taxable year of less than twelve months shall 2314  
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make a declaration under rules prescribed by the tax administrator. 2318  
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(3) The declaration of estimated taxes shall be filed on or before the date prescribed for the filing of municipal income tax returns under division (G) of section 718.05 of the Revised Code or on or before the fifteenth day of the fourth month after the taxpayer becomes subject to tax for the first time. 2320  
2321  
2322  
2323  
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(4) Taxpayers reporting on a fiscal year basis shall file a declaration on or before the fifteenth day of the fourth month after the beginning of each fiscal year or period. 2325  
2326  
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(5) The original declaration or any subsequent amendment may be increased or decreased on or before any subsequent quarterly payment day as provided in this section. 2328  
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(C)(1) The required portion of the tax liability for the taxable year that shall be paid through estimated taxes made payable to the municipal corporation or tax administrator, including the application of tax refunds to estimated taxes and withholding on or before the applicable payment date, shall be as follows: 2331  
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2333  
2334  
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(a) On or before the fifteenth day of the fourth month after the beginning of the taxable year, twenty-two and one-half per cent of the tax liability for the taxable year; 2337  
2338  
2339

(b) On or before the fifteenth day of the sixth month after the beginning of the taxable year, forty-five per cent of the tax liability for the taxable year; 2340  
2341  
2342

(c) On or before the fifteenth day of the ninth month after the beginning of the taxable year, sixty-seven and one-half per cent of the tax liability for the taxable year; 2343  
2344  
2345

(d) On or before the fifteenth day of the twelfth month of the taxable year, ninety per cent of the tax liability for the 2346  
2347

<u>taxable year.</u>	2348
<u>(2) When an amended declaration has been filed, the unpaid</u>	2349
<u>balance shown due on the amended declaration shall be paid in</u>	2350
<u>equal installments on or before the remaining payment dates.</u>	2351
<u>(3) On or before the fifteenth day of the fourth month of the</u>	2352
<u>year following that for which the declaration or amended</u>	2353
<u>declaration was filed, an annual return shall be filed and any</u>	2354
<u>balance which may be due shall be paid with the return in</u>	2355
<u>accordance with section 718.05 of the Revised Code.</u>	2356
<u>(D)(1) In the case of any underpayment of any portion of a</u>	2357
<u>tax liability, penalty and interest shall be imposed pursuant to</u>	2358
<u>section 718.27 of the Revised Code upon the amount of underpayment</u>	2359
<u>for the period of underpayment, unless the underpayment is due to</u>	2360
<u>reasonable cause as described in division (E) of this section. The</u>	2361
<u>amount of the underpayment shall be determined as follows:</u>	2362
<u>(a) For the first payment of estimated taxes each year,</u>	2363
<u>twenty-two and one-half per cent of the tax liability, less the</u>	2364
<u>amount of taxes paid by the date prescribed for that payment;</u>	2365
<u>(b) For the second payment of estimated taxes each year,</u>	2366
<u>forty-five per cent of the tax liability, less the amount of taxes</u>	2367
<u>paid by the date prescribed for that payment;</u>	2368
<u>(c) For the third payment of estimated taxes each year,</u>	2369
<u>sixty-seven and one-half per cent of the tax liability, less the</u>	2370
<u>amount of taxes paid by the date prescribed for that payment;</u>	2371
<u>(d) For the fourth payment of estimated taxes each year,</u>	2372
<u>ninety per cent of the tax liability, less the amount of taxes</u>	2373
<u>paid by the date prescribed for that payment.</u>	2374
<u>(2) The period of the underpayment shall run from the day the</u>	2375
<u>estimated payment was required to be made to the date on which the</u>	2376
<u>payment is made. For purposes of this section, a payment of</u>	2377

estimated taxes on or before any payment date shall be considered 2378  
a payment of any previous underpayment only to the extent the 2379  
payment of estimated taxes exceeds the amount of the payment 2380  
presently required to be paid to avoid any penalty. 2381

(E)(1) An underpayment of any portion of tax liability 2382  
determined under division (D) of this section shall be due to 2383  
reasonable cause and the penalty imposed by this section shall not 2384  
be added to the taxes for the taxable year if any of the following 2385  
apply: 2386

(a) The amount of estimated taxes that were paid equals at 2387  
least ninety per cent of the tax liability for the current taxable 2388  
year, determined by annualizing the income received during the 2389  
year up to the end of the month immediately preceding the month in 2390  
which the payment is due. 2391

(b) The amount of estimated taxes that were paid equals at 2392  
least one hundred per cent of the tax liability shown on the 2393  
return of the taxpayer for the preceding taxable year, provided 2394  
that the immediately preceding taxable year reflected a period of 2395  
twelve months and the taxpayer filed a return with the municipal 2396  
corporation under section 718.05 of the Revised Code for that 2397  
year. 2398

(c) The taxpayer is an individual who resides in the 2399  
municipal corporation but was not domiciled there on the first day 2400  
of the taxable year. 2401

(2) The tax administrator may waive the requirement for 2402  
filing a declaration of estimated taxes for any class of taxpayers 2403  
after finding that the waiver is reasonable and proper in view of 2404  
administrative costs and other factors. 2405

**Sec. 718.09.** (A) This section applies to either of the 2406  
following: 2407

(1) A municipal corporation that shares the same territory as 2408  
a city, local, or exempted village school district, to the extent 2409  
that not more than five per cent of the territory of the municipal 2410  
corporation is located outside the school district and not more 2411  
than five per cent of the territory of the school district is 2412  
located outside the municipal corporation; 2413

(2) A municipal corporation that shares the same territory as 2414  
a city, local, or exempted village school district, to the extent 2415  
that not more than five per cent of the territory of the municipal 2416  
corporation is located outside the school district, more than five 2417  
per cent but not more than ten per cent of the territory of the 2418  
school district is located outside the municipal corporation, and 2419  
that portion of the territory of the school district that is 2420  
located outside the municipal corporation is located entirely 2421  
within another municipal corporation having a population of four 2422  
hundred thousand or more according to the federal decennial census 2423  
most recently completed before the agreement is entered into under 2424  
division (B) of this section. 2425

(B) The legislative authority of a municipal corporation to 2426  
which this section applies may propose to the electors an income 2427  
tax, one of the purposes of which shall be to provide financial 2428  
assistance to the school district through payment to the district 2429  
of not less than twenty-five per cent of the revenue generated by 2430  
the tax, except that the legislative authority may not propose to 2431  
levy the income tax on the incomes of nonresident individuals. 2432  
Prior to proposing the tax, the legislative authority shall 2433  
negotiate and enter into a written agreement with the board of 2434  
education of the school district specifying the tax rate, the 2435  
percentage of tax revenue to be paid to the school district, the 2436  
purpose for which the school district will use the money, the 2437  
first year the tax will be levied, which shall be the first year 2438  
after the year in which the levy is approved or any later year, 2439

the date of the special election on the question of the tax, and 2440  
the method and schedule by which the municipal corporation will 2441  
make payments to the school district. The special election shall 2442  
be held on a day specified in division (D) of section 3501.01 of 2443  
the Revised Code, except that the special election may not be held 2444  
on the day for holding a primary election as authorized by the 2445  
municipal corporation's charter unless the municipal corporation 2446  
is to have a primary election on that day. 2447

After the legislative authority and board of education have 2448  
entered into the agreement, the legislative authority shall 2449  
provide for levying the tax by ordinance. The ordinance shall 2450  
include the provisions described in division (A) of section 718.04 2451  
of the Revised Code and shall state the tax rate, the percentage 2452  
of tax revenue to be paid to the school district, the purpose for 2453  
which the municipal corporation will use its share of the tax 2454  
revenue, the first year the tax will be levied, and that the 2455  
question of the income tax will be submitted to the electors of 2456  
the municipal corporation. The legislative authority also shall 2457  
adopt a resolution specifying the regular or special election date 2458  
the election will be held and directing the board of elections to 2459  
conduct the election. At least ninety days before the date of the 2460  
election, the legislative authority shall file certified copies of 2461  
the ordinance and resolution with the board of elections. 2462

(C) The board of elections shall make the necessary 2463  
arrangements for the submission of the question to the electors of 2464  
the municipal corporation, and shall conduct the election in the 2465  
same manner as any other municipal income tax election. Notice of 2466  
the election shall be published in a newspaper of general 2467  
circulation in the municipal corporation once a week for four 2468  
consecutive weeks, or as provided in section 7.16 of the Revised 2469  
Code, prior to the election, and shall include statements of the 2470  
rate and municipal corporation and school district purposes of the 2471



income tax, the percentage of tax revenue that will be paid to the 2472  
school district, and the first year the tax will be levied. The 2473  
ballot shall be in the following form: 2474

"Shall the ordinance providing for a ..... per cent levy on 2475  
income for (brief description of the municipal corporation and 2476  
school district purposes of the levy, including a statement of the 2477  
percentage of tax revenue that will be paid to the school 2478  
district) be passed? The income tax, if approved, will not be 2479  
levied on the incomes of individuals who do not reside in (the 2480  
name of the municipal corporation). 2481

	For the income tax	
	Against the income tax	"

(D) If the question is approved by a majority of the 2482  
electors, the municipal corporation shall impose the income tax 2483  
beginning ~~in~~ on the first day of January of the year specified in 2484  
the ordinance. The proceeds of the levy may be used only for the 2485  
specified purposes, including payment of the specified percentage 2486  
to the school district. 2487  
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**Sec. 718.10.** (A) This section applies to a group of two or 2492  
more municipal corporations that, taken together, share the same 2493  
territory as a single city, local, or exempted village school 2494  
district, to the extent that not more than five per cent of the 2495  
territory of the municipal corporations as a group is located 2496  
outside the school district and not more than five per cent of the 2497  
territory of the school district is located outside the municipal 2498  
corporations as a group. 2499

(B) The legislative authorities of the municipal corporations 2500  
in a group of municipal corporations to which this section applies 2501

each may propose to the electors an income tax, to be levied in 2502  
concert with income taxes in the other municipal corporations of 2503  
the group, except that a legislative authority may not propose to 2504  
levy the income tax on the incomes of individuals who do not 2505  
reside in the municipal corporation. One of the purposes of such a 2506  
tax shall be to provide financial assistance to the school 2507  
district through payment to the district of not less than 2508  
twenty-five per cent of the revenue generated by the tax. Prior to 2509  
proposing the taxes, the legislative authorities shall negotiate 2510  
and enter into a written agreement with each other and with the 2511  
board of education of the school district specifying the tax rate, 2512  
the percentage of the tax revenue to be paid to the school 2513  
district, the first year the tax will be levied, which shall be 2514  
the first year after the year in which the levy is approved or any 2515  
later year, and the date of the election on the question of the 2516  
tax, all of which shall be the same for each municipal 2517  
corporation. The agreement also shall state the purpose for which 2518  
the school district will use the money, and specify the method and 2519  
schedule by which each municipal corporation will make payments to 2520  
the school district. The special election shall be held on a day 2521  
specified in division (D) of section 3501.01 of the Revised Code, 2522  
including a day on which all of the municipal corporations are to 2523  
have a primary election. 2524

After the legislative authorities and board of education have 2525  
entered into the agreement, each legislative authority shall 2526  
provide for levying its tax by ordinance. Each ordinance shall 2527  
include the provisions described in division (A) of section 718.04 2528  
of the Revised Code and shall state the rate of the tax, the 2529  
percentage of tax revenue to be paid to the school district, the 2530  
purpose for which the municipal corporation will use its share of 2531  
the tax revenue, and the first year the tax will be levied. Each 2532  
ordinance also shall state that the question of the income tax 2533  
will be submitted to the electors of the municipal corporation on 2534

the same date as the submission of questions of an identical tax 2535  
to the electors of each of the other municipal corporations in the 2536  
group, and that unless the electors of all of the municipal 2537  
corporations in the group approve the tax in their respective 2538  
municipal corporations, none of the municipal corporations in the 2539  
group shall levy the tax. Each legislative authority also shall 2540  
adopt a resolution specifying the regular or special election date 2541  
the election will be held and directing the board of elections to 2542  
conduct the election. At least ninety days before the date of the 2543  
election, each legislative authority shall file certified copies 2544  
of the ordinance and resolution with the board of elections. 2545

(C) For each of the municipal corporations, the board of 2546  
elections shall make the necessary arrangements for the submission 2547  
of the question to the electors, and shall conduct the election in 2548  
the same manner as any other municipal income tax election. For 2549  
each of the municipal corporations, notice of the election shall 2550  
be published in a newspaper of general circulation in the 2551  
municipal corporation once a week for four consecutive weeks, or 2552  
as provided in section 7.16 of the Revised Code, prior to the 2553  
election. The notice shall include a statement of the rate and 2554  
municipal corporation and school district purposes of the income 2555  
tax, the percentage of tax revenue that will be paid to the school 2556  
district, and the first year the tax will be levied, and an 2557  
explanation that the tax will not be levied unless an identical 2558  
tax is approved by the electors of each of the other municipal 2559  
corporations in the group. The ballot shall be in the following 2560  
form: 2561

"Shall the ordinance providing for a ... per cent levy on 2562  
income for (brief description of the municipal corporation and 2563  
school district purposes of the levy, including a statement of the 2564  
percentage of income tax revenue that will be paid to the school 2565  
district) be passed? The income tax, if approved, will not be 2566

levied on the incomes of individuals who do not reside in (the 2567  
name of the municipal corporation). In order for the income tax to 2568  
be levied, the voters of (the other municipal corporations in the 2569  
group), which are also in the (name of the school district) school 2570  
district, must approve an identical income tax and agree to pay 2571  
the same percentage of the tax revenue to the school district. 2572

	For the income tax	
	Against the income tax	"

(D) If the question is approved by a majority of the electors 2577  
and identical taxes are approved by a majority of the electors in 2578  
each of the other municipal corporations in the group, the 2579  
municipal corporation shall impose the tax beginning ~~in~~ on the 2580  
first day of January of the year specified in the ordinance. The 2581  
proceeds of the levy may be used only for the specified purposes, 2582  
including payment of the specified percentage to the school 2583  
district. 2584

**Sec. 718.11.** (A)(1) The legislative authority of each 2585  
municipal corporation that imposes a tax on income in accordance 2586  
with this chapter shall maintain a local board of tax review to 2587  
hear appeals as provided in this section. The legislative 2588  
authority of any municipal corporation that does not impose a tax 2589  
on income on ~~the effective date of this amendment~~ June 26, 2003, 2590  
but that imposes such a tax after that date, shall establish such 2591  
a board by ordinance not later than one hundred eighty days after 2592  
the tax takes effect. 2593

(2) The local board of tax review shall consist of three 2594  
members. Two members shall be appointed by the legislative 2595  
authority of the municipal corporation, but such appointees may 2596  
not be employees, elected officials, or contractors with the 2597

municipal corporation at any time during their term or in the five 2598  
years immediately preceding the date of appointment. One member 2599  
shall be appointed by the top administrative official of the 2600  
municipal corporation. This member may be an employee of the 2601  
municipal corporation, but may not be the director of finance or 2602  
equivalent officer, or the tax administrator or other similar 2603  
official or an employee directly involved in municipal tax 2604  
matters, or any direct subordinate thereof. 2605

(3) The term for members of the local board of tax review 2606  
appointed by the legislative authority of the municipal 2607  
corporation shall be two years. There is no limit on the number of 2608  
terms that a member may serve if the member is reappointed by the 2609  
legislative authority. The board member appointed by the top 2610  
administrative official of the municipal corporation shall serve 2611  
at the discretion of the administrative official. 2612

(4) Members of the board of tax review appointed by the 2613  
legislative authority may be removed by the legislative authority 2614  
by majority vote for malfeasance, misfeasance, or nonfeasance in 2615  
office. To remove such a member, the legislative authority must 2616  
give the member a copy of the charges against the member and 2617  
afford the member an opportunity to be publicly heard in person or 2618  
by counsel in the member's own defense upon not less than ten 2619  
days' notice. The decision by the legislative authority on the 2620  
charges is final and not appealable. 2621

(5) A member of the board who, for any reason, ceases to meet 2622  
the qualifications for the position prescribed by this section 2623  
shall resign immediately by operation of law. 2624

(6) A vacancy in an unexpired term shall be filled in the 2625  
same manner as the original appointment within sixty days of when 2626  
the vacancy was created. Any member appointed to fill a vacancy 2627  
occurring prior to the expiration of the term for which the 2628  
member's predecessor was appointed shall hold office for the 2629

remainder of such term. No vacancy on the board shall impair the 2630  
power and authority of the remaining members to exercise all the 2631  
powers of the board. 2632

(B) Whenever a written determination by the tax administrator 2633  
issues a decision regarding a municipal income tax obligation that 2634  
is subject to appeal as provided in this section or in an 2635  
ordinance or regulation of the municipal corporation is issued, 2636  
the tax administrator shall notify the taxpayer in writing at the 2637  
same time of the taxpayer's right to appeal the ~~decision and of~~ 2638  
written determination, the manner in which the taxpayer may appeal 2639  
the ~~decision~~ ruling, and the address to which the appeal should be 2640  
directed. 2641

(C) Any person who is aggrieved by a decision by the tax 2642  
administrator and who has filed with the municipal corporation the 2643  
required returns or other documents pertaining to the municipal 2644  
income tax obligation at issue in the decision has been issued a 2645  
written determination by the tax administrator may appeal the 2646  
decision ruling to the board created pursuant to this section by 2647  
filing a request with the board. The request shall be in writing, 2648  
shall ~~state~~ specify the reason or reasons why the decision ruling 2649  
should be deemed incorrect or unlawful, and shall be filed within 2650  
~~thirty~~ sixty days after the ~~tax administrator issues taxpayer~~ 2651  
receives the decision complained of ruling. 2652

(D) The local board of tax review shall schedule a hearing to 2653  
be held within ~~forty-five~~ sixty days after receiving ~~the request~~ 2654  
an appeal of a written determination by the tax administrator 2655  
under division (C) of this section, unless the taxpayer requests 2656  
additional time to prepare or waives a hearing. If the taxpayer 2657  
does not waive the hearing, the taxpayer may appear before the 2658  
board and may be represented by an attorney at law, certified 2659  
public accountant, or other representative. The board may allow a 2660  
hearing to be continued as jointly agreed to by the parties, but 2661

the hearing must be completed within one hundred twenty days after 2662  
the first day of the hearing. 2663

(E) The board may affirm, reverse, or modify ~~the tax~~ 2664  
~~administrator's decision~~ a written determination by the tax 2665  
administrator or any part of that ~~decision~~ ruling. The board shall 2666  
issue a final decision on the appeal within ninety days after the 2667  
board's final hearing on the appeal, and send a copy of its final 2668  
decision by ordinary mail to all of the parties to the appeal 2669  
within fifteen days after issuing the decision. The taxpayer or 2670  
the tax administrator may appeal the board's decision as provided 2671  
in section 5717.011 of the Revised Code. 2672

~~Each~~ (F) The local board of appeal tax review created 2673  
pursuant to this section shall adopt rules governing its 2674  
procedures and shall keep a record of its transactions. Such 2675  
records are not public records available for inspection under 2676  
section 149.43 of the Revised Code. Hearings requested by a 2677  
taxpayer before a local board of appeal tax review created 2678  
pursuant to this section are not meetings of a public body subject 2679  
to section 121.22 of the Revised Code. 2680

**Sec. 718.12.** (A)(1)(a) Civil actions to recover municipal 2681  
income taxes and penalties and interest on municipal income taxes 2682  
shall be brought within the later of: 2683

(i) Three years after the tax was due or the return was 2684  
filed, whichever is later; or 2685

(ii) One year after the conclusion of the qualifying deferral 2686  
period, if any. 2687

(b) The time limit described in division (A)(1)(a) of this 2688  
section may be extended at any time if both the tax administrator 2689  
and the employer, agent of the employer, other payer, or taxpayer 2690  
consent in writing to the extension. Any extension shall also 2691

extend for the same period of time the time limit described in 2692  
division (C) of this section. 2693

(2) As used in this section, "qualifying deferral period" 2694  
means a period of time beginning and ending as follows: 2695

(a) Beginning on the date a person who is aggrieved by a 2696  
written determination by the tax administrator files with a local 2697  
board of tax review the request described in section 718.11 of the 2698  
Revised Code. That date shall not be affected by any subsequent 2699  
decision, finding, or holding by any administrative body or court 2700  
that the local board of tax review with which the aggrieved person 2701  
filed the request did not have jurisdiction to affirm, reverse, or 2702  
modify the written determination by the tax administrator or any 2703  
part of that determination. 2704

(b) Ending the later of the sixtieth day after the date on 2705  
which the decision of the local board of tax review becomes final 2706  
or, if any party appeals from the decision of the local board of 2707  
tax review, the sixtieth day after the date on which the decision 2708  
of the local board of tax review is either ultimately affirmed in 2709  
whole or in part or ultimately reversed and no further appeal of 2710  
either that affirmation, in whole or in part, or that reversal is 2711  
available or taken. 2712

(B) Prosecutions for an offense made punishable under a 2713  
resolution or ordinance imposing an income tax shall be commenced 2714  
within three years after the commission of the offense, provided 2715  
that in the case of fraud, failure to file a return, or the 2716  
omission of twenty-five per cent or more of income required to be 2717  
reported, prosecutions may be commenced within six years after the 2718  
commission of the offense. 2719

(C) A claim for a refund of municipal income taxes shall be 2720  
brought within the time limitation provided in section 718.19 of 2721  
the Revised Code. 2722



(D) Interest shall be allowed and paid on any overpayment by 2723  
a taxpayer of any municipal income tax obligation from the date of 2724  
the overpayment until the date of the refund of the overpayment, 2725  
except that if any overpayment is refunded within ninety days 2726  
after the final filing date of the annual return or ninety days 2727  
after the completed return is filed, whichever is later, no 2728  
interest shall be allowed on the refund. For the purpose of 2729  
computing the payment of interest on amounts overpaid, no amount 2730  
of tax for any taxable year shall be considered to have been paid 2731  
before the date on which the return on which the tax is reported 2732  
is due, without regard to any extension of time for filing that 2733  
return. Interest shall be paid at the interest rate described in 2734  
division (A)(5) of section 718.27 of the Revised Code. 2735

(E) Within sixty days after the final determination of any 2736  
federal or state tax liability affecting the taxpayer's municipal 2737  
tax liability, that taxpayer shall make and file an amended 2738  
municipal return showing income subject to the municipal income 2739  
tax based upon such final determination of federal or state tax 2740  
liability, and pay any additional municipal income tax shown due 2741  
thereon or make a claim for refund of any overpayment, unless the 2742  
tax or overpayment is less than ten dollars. 2743

(F)(1) Notwithstanding the fact that an appeal is pending, 2744  
the petitioner may pay all or a portion of the written 2745  
determination by the tax administrator that is the subject of the 2746  
appeal. The acceptance of a payment by the municipal corporation 2747  
does not prejudice any claim for refund upon final determination 2748  
of the appeal. 2749

(2) If upon final determination of the appeal an error in the 2750  
written determination by the tax administrator is corrected by the 2751  
tax administrator, upon an appeal so filed or pursuant to a 2752  
decision of the local board of tax review created under section 2753  
718.11 of the Revised Code, of the Ohio board of tax appeals, or 2754

any court to which the decision of the Ohio board of tax appeals 2755  
has been appealed, so that the amount due from the party assessed 2756  
under the corrected written determination is less than the amount 2757  
paid, there shall be issued to the appellant or to the appellant's 2758  
assigns or legal representative a refund in the amount of the 2759  
overpayment as provided by section 718.19 of the Revised Code, 2760  
with interest on that amount as provided by division (D) of this 2761  
section. 2762

(G) No civil action to recover municipal income tax or 2763  
related penalties or interest shall be brought during either of 2764  
the following time periods: 2765

(1) The period during which a taxpayer has a right to appeal 2766  
the imposition of that tax or interest or those penalties; 2767

(2) The period during which an appeal related to the 2768  
imposition of that tax or interest or those penalties is pending. 2769

**Sec. 718.121.** (A) Except as provided in division (B) of this 2770  
section, if tax or withholding is paid to a municipal corporation 2771  
on income or wages, and if a second municipal corporation imposes 2772  
or assesses a tax on that income or wages after the time period 2773  
allowed for a refund of the tax or withholding paid to the first 2774  
municipal corporation, the second municipal corporation shall 2775  
allow a nonrefundable credit, against the tax or withholding the 2776  
second municipality claims is due with respect to such income or 2777  
wages, equal to the tax or withholding paid to the first municipal 2778  
corporation with respect to such income or wages. 2779

(B) If the tax rate in the second municipal corporation is 2780  
less than the tax rate in the first municipal corporation, then 2781  
the credit described in division (A) of this section shall be 2782  
calculated using the tax rate in effect in the second municipal 2783  
corporation. 2784

(C) If the tax rate in the second municipal corporation is 2785  
greater than the tax rate in the first municipal corporation, the 2786  
tax due in excess of the credit afforded is to be paid to the 2787  
second municipal corporation, along with any interest accruing 2788  
thereto during the period of nonpayment. 2789

(D) Nothing in this section permits any credit carryforward. 2790

**Sec. 718.13.** (A) Any information gained as a result of 2791  
returns, investigations, hearings, or verifications required or 2792  
authorized by this chapter or by a charter or ordinance of a 2793  
municipal corporation levying an income tax pursuant to this 2794  
chapter is confidential, and no person shall access or disclose 2795  
such information except in accordance with a proper judicial order 2796  
or in connection with the performance of that person's official 2797  
duties or the official business of the municipal corporation as 2798  
authorized by this chapter or the charter or ordinance authorizing 2799  
the levy. The tax administrator of the municipal corporation or a 2800  
designee thereof may furnish copies of returns filed or otherwise 2801  
received under this chapter and other related tax information to 2802  
the internal revenue service ~~and to~~, the tax commissioner, and tax 2803  
administrators of other municipal corporations. 2804

(B) This section does not prohibit ~~the legislative authority~~ 2805  
~~of a municipal corporation, by ordinance or resolution,~~ from 2806  
~~authorizing the tax administrator to publish~~ publishing or 2807  
disclosing statistics in a form that does not disclose information 2808  
with respect to particular taxpayers. 2809

**Sec. 718.18.** (A)(1) Subject to division (B) of this section, 2810  
a copy of each written determination by the tax administrator 2811  
shall be served upon the person affected thereby either by 2812  
personal service, by certified mail, or by a delivery service 2813  
authorized under section 5703.056 of the Revised Code. 2814

(2) With the permission of the person affected by a written determination by the tax administrator, the tax administrator may deliver the determination through alternative means as provided in this section, including, but not limited to, delivery by secure electronic mail. Delivery by such means satisfies the requirements for delivery under this section. 2815  
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(B)(1)(a) If certified mail is returned because of an undeliverable address, a tax administrator shall utilize reasonable means to ascertain a new last known address, including the use of a change of address service offered by the postal service or an authorized delivery service under section 5703.056 of the Revised Code. If, after using reasonable means, the tax administrator is unable to ascertain a new last known address, the written determination by the tax administrator shall be sent by ordinary mail and considered served. If the ordinary mail is subsequently returned because of an undeliverable address, the determination remains appealable within sixty days after the determination's postmark. 2821  
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(b) Notwithstanding delivery for collection under division (B)(1)(a) of this section, once the tax administrator or other municipal official, or the designee of either, serves a written determination by the tax administrator on the person to whom the determination is directed, the person may protest the ruling of that determination by filing an appeal with the local board of tax review within sixty days after the receipt of service. The delivery of a written determination of the tax administrator under division (B)(1)(a) of this section is prima facie evidence that delivery is complete and that the determination is served. 2833  
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(2) If mailing of a written determination by a tax administrator by certified mail is returned for some cause other than an undeliverable address, the tax administrator shall resend the written determination by ordinary mail. The written 2843  
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determination shall show the date the tax administrator sends the 2847  
written determination and include the following statement: 2848

"This written determination by the tax administrator is 2849  
deemed to be served on the addressee under applicable law ten days 2850  
from the date this written determination was mailed by the tax 2851  
administrator as shown on the written determination, and all 2852  
periods within which an appeal may be filed apply from and after 2853  
that date." 2854

Unless the mailing is returned because of an undeliverable 2855  
address, the mailing of that information is prima facie evidence 2856  
that delivery of the written determination was completed ten days 2857  
after the tax administrator sent the written determination by 2858  
ordinary mail and that the written determination was served. 2859

If the ordinary mail is subsequently returned because of an 2860  
undeliverable address, the tax administrator shall proceed under 2861  
division (B)(1)(a) of this section. A person may challenge the 2862  
presumption of delivery and service under this division in 2863  
accordance with division (C) of this section. 2864

(C)(1) A person disputing the presumption of delivery and 2865  
service under division (B) of this section bears the burden of 2866  
proving by a preponderance of the evidence that the address to 2867  
which the written determination by the tax administrator was sent 2868  
was not an address with which the person was associated at the 2869  
time the tax administrator originally mailed the written 2870  
determination by certified mail. For the purposes of this section, 2871  
a person is associated with an address at the time the tax 2872  
administrator originally mailed the written determination if, at 2873  
that time, the person was residing, receiving legal documents, or 2874  
conducting business at the address; or if, before that time, the 2875  
person had conducted business at the address and, when the written 2876  
determination was mailed, the person's agent or the person's 2877  
affiliate was conducting business at the address. For the purposes 2878

of this section, a person's affiliate is any other person that, at 2879  
the time the written determination was mailed, owned or controlled 2880  
at least twenty per cent, as determined by voting rights, of the 2881  
addressee's business. 2882

(2) If the person elects to appeal a written determination by 2883  
the tax administrator that has otherwise become final and is 2884  
subject to collection, the person must do so within sixty days 2885  
after the initial contact by the official, or the official's 2886  
designee, with the person. The official may enter into a 2887  
compromise with the person if the person does not file an appeal 2888  
with the local board of tax review. 2889

(D) Nothing in this section prohibits the tax administrator 2890  
or the tax administrator's designee from delivering a written 2891  
determination by a tax administrator by personal service. 2892

(E) Collection actions taken upon any written determination 2893  
by the tax administrator being appealed under division (B)(1)(b) 2894  
of this section shall be stayed upon the pendency of an appeal 2895  
under this section. If an appeal is filed pursuant to this section 2896  
on a claim that has been delivered for collection, the collection 2897  
activities with respect to the written determination shall be 2898  
stayed. 2899

(F) As used in this section: 2900

(1) "Last known address" means the address the tax 2901  
administrator has at the time a document is originally sent by 2902  
certified mail, or any address the tax administrator can ascertain 2903  
using reasonable means such as the use of a change of address 2904  
service offered by the postal service or an authorized delivery 2905  
service under section 5703.056 of the Revised Code. 2906

(2) "Undeliverable address" means an address to which the 2907  
postal service or an authorized delivery service under section 2908  
5703.056 of the Revised Code is not able to deliver a written 2909

determination of the tax administrator, except when the reason for 2910  
nondelivery is because the addressee fails to acknowledge or 2911  
accept the determination. 2912

Sec. 718.19. (A) Upon receipt of a refund application, the 2913  
tax administrator of a municipal corporation, in accordance with 2914  
this section, shall refund to employers, agents of employers, 2915  
other payers, or taxpayers, with respect to any income or 2916  
withholding tax levied by the municipal corporation: 2917

(1) Overpayments of more than ten dollars; 2918

(2) Amounts in excess of ten dollars paid erroneously. 2919

(B) Except as otherwise provided in this chapter, 2920  
applications for refund shall be filed with the tax administrator, 2921  
on the form prescribed by the tax administrator within three years 2922  
after the tax was due or paid, whichever is later. The tax 2923  
administrator may require an applicant to file with the 2924  
application any documentation that substantiates the applicant's 2925  
claim for a refund. 2926

On filing of the refund application, the tax administrator 2927  
shall determine the amount of refund due and certify such amount 2928  
to the appropriate municipal corporation official for payment. 2929

(C) An application for a refund that is received after the 2930  
last day for filing specified in division (B) of this section 2931  
shall be considered to have been filed in a timely manner if any 2932  
of the following situations exist: 2933

(1) The application is delivered by the postal service, and 2934  
the earliest postal service postmark on the cover in which the 2935  
application is enclosed is not later than the last day for filing 2936  
the application. 2937

(2) The application is delivered by the postal service, the 2938  
only postmark on the cover in which the application is enclosed 2939

was affixed by a private postal meter, the date of that postmark 2940  
is not later than the last day for filing the application, and the 2941  
application is received within seven days of such last day. 2942

(3) The application is delivered by the postal service, no 2943  
postmark date was affixed to the cover in which the application is 2944  
enclosed or the date of the postmark so affixed is not legible, 2945  
and the application is received within seven days of the last day 2946  
for making the application. 2947

(D) As used in this section, "withholding tax" has the same 2948  
meaning as in section 718.27 of the Revised Code. 2949

**Sec. 718.22.** (A) A tax administrator may, by rule, prescribe 2950  
uniform requirements as to the keeping of records and other 2951  
pertinent documents related to the liability of any person for a 2952  
tax imposed by a municipal corporation in accordance with this 2953  
chapter, and as to the filing of copies of federal income tax 2954  
returns and determinations. Such records and other documents shall 2955  
be open to the tax administrator's inspection during business 2956  
hours and shall be preserved for a period of six years following 2957  
the end of the taxable year to which the records or documents 2958  
relate, unless the tax administrator, in writing, consents to 2959  
their destruction within that period, or by order requires that 2960  
they be kept longer. 2961

(B) In addition to any requirements prescribed pursuant to 2962  
division (A) of this section, the tax administrator of a municipal 2963  
corporation may require any person, by notice served on that 2964  
person, to keep such records as the tax administrator determines 2965  
necessary to show whether or not that person is liable, and the 2966  
extent of such liability, for the income tax levied by the 2967  
municipal corporation or for the withholding of such tax. 2968

**Sec. 718.23.** (A) A tax administrator, or any authorized agent 2969



or employee thereof may examine the books, papers, records, and 2970  
federal and state income tax returns of any employer, taxpayer, or 2971  
other person that is subject to, or that the tax administrator 2972  
believes is subject to, the provisions of this chapter for the 2973  
purpose of verifying the accuracy of any return made or, if no 2974  
return was filed, to ascertain the tax due under this chapter. 2975  
Upon written request by the tax administrator or a duly authorized 2976  
agent or employee thereof, every employer, taxpayer, or other 2977  
person subject to this section is required to furnish the 2978  
opportunity for the tax administrator, authorized agent, or 2979  
employee to investigate and examine such books, papers, records, 2980  
and federal and state income tax returns at a reasonable time and 2981  
place designated in the request. 2982

(B) The tax administrator may examine under oath any person 2983  
that the tax administrator reasonably believes has knowledge 2984  
concerning any income that was or would have been returned for 2985  
taxation or any transaction tending to affect such income. The tax 2986  
administrator may, for this purpose, compel any such person to 2987  
attend a hearing or examination and to produce any books, papers, 2988  
records, and federal income tax returns in such person's 2989  
possession or control. The person may be assisted or represented 2990  
by an attorney, accountant, bookkeeper, or other tax practitioner 2991  
at any such hearing or examination. This division does not 2992  
authorize the practice of law by a person who is not an attorney. 2993

No person issued written notice by the tax administrator 2994  
compelling such attendance or production of books, papers, 2995  
records, or federal income tax returns under this division shall 2996  
fail to comply. 2997

Sec. 718.24. Nothing in this chapter shall limit the 2998  
authority of a tax administrator to perform any of the following 2999  
duties or functions, unless the performance of such duties or 3000

functions is expressly limited by a provision of the Revised Code 3001  
or the charter or ordinances of the municipal corporation: 3002

(A) Exercise all powers whatsoever of an inquisitorial nature 3003  
as provided by law, including, the right to inspect books, 3004  
accounts, records, memorandums, and federal and state income tax 3005  
returns, to examine persons under oath, to issue orders or 3006  
subpoenas for the production of books, accounts, papers, records, 3007  
documents, and testimony, to take depositions, to apply to a court 3008  
for attachment proceedings as for contempt, to approve vouchers 3009  
for the fees of officers and witnesses, and to administer oaths; 3010  
provided that the powers referred to in this division of this 3011  
section shall be exercised by the tax administrator only in 3012  
connection with the performance of the duties respectively 3013  
assigned to the tax administrator under a municipal corporation 3014  
income tax ordinance or resolution adopted in accordance with this 3015  
chapter; 3016

(B) Appoint agents and prescribe their powers and duties; 3017

(C) Confer and meet with officers of other municipal 3018  
corporations and states and officers of the United States on any 3019  
matters pertaining to their respective official duties as provided 3020  
by law; 3021

(D) Exercise the authority provided by law, including orders 3022  
from bankruptcy courts, relative to remitting or refunding taxes, 3023  
including penalties and interest thereon, illegally or erroneously 3024  
imposed or collected, or for any other reason overpaid, and, in 3025  
addition, the tax administrator may investigate any claim of 3026  
overpayment and make a written statement of the tax 3027  
administrator's findings, and, if the tax administrator finds that 3028  
there has been an overpayment, approve and issue a refund payable 3029  
to the taxpayer, the taxpayer's assigns, or legal representative 3030  
as provided in this chapter; 3031

(E) Exercise the authority provided by law relative to 3032  
consenting to the compromise and settlement of tax claims; 3033

(F) Exercise the authority provided by law relative to the 3034  
use of alternative apportionment methods by taxpayers in 3035  
accordance with section 718.02 of the Revised Code; 3036

(G) Make all tax findings, determinations, computations, and 3037  
orders the tax administrator is by law authorized and required to 3038  
make and, pursuant to time limitations provided by law, on the tax 3039  
administrator's own motion, review, redetermine, or correct any 3040  
tax findings, determinations, computations, or orders the tax 3041  
administrator has made, but the tax administrator shall not 3042  
review, redetermine, or correct any tax finding, determination, 3043  
computation, or order which the tax administrator has made as to 3044  
which an appeal has been filed with the local board of tax review 3045  
or other appropriate tribunal, unless such appeal or application 3046  
is withdrawn by the appellant or applicant, is dismissed, or is 3047  
otherwise final; 3048

(H) Destroy any or all returns or other tax documents in the 3049  
manner authorized by law; 3050

(I) Enter into an agreement with a taxpayer to simplify the 3051  
withholding obligations described in section 718.03 of the Revised 3052  
Code. 3053

**Sec. 718.25.** A person may round to the nearest whole dollar 3054  
all amounts the person is required to enter on any return, report, 3055  
voucher, or other document required under this chapter. Any 3056  
fractional part of a dollar that equals or exceeds fifty cents 3057  
shall be rounded to the next whole dollar, and any fractional part 3058  
of a dollar that is less than fifty cents shall be dropped. If a 3059  
person chooses to round amounts entered on a document, the person 3060  
shall round all amounts entered on the document. 3061

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

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

(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.

(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 3093  
pursuant to section 718.27 of the Revised Code. 3094

(3) The penalties provided for under divisions (C)(1) and (2) 3095  
of this section may be billed and imposed in the same manner as 3096  
the tax or fee with respect to which the identifying information 3097  
is sought and are in addition to any applicable criminal penalties 3098  
described in section 718.99 of the Revised Code for a violation of 3099  
section 718.35 of the Revised Code and any other penalties that 3100  
may be imposed by the tax administrator by law. 3101

**Sec. 718.27. (A) As used in this section:** 3102

(1) "Applicable law" means this chapter, the resolutions, 3103  
ordinances, codes, directives, instructions, and rules adopted by 3104  
a municipal corporation provided such resolutions, ordinances, 3105  
codes, directives, instructions, and rules impose or directly or 3106  
indirectly address the levy, payment, remittance, or filing 3107  
requirements of a municipal income tax. 3108

(2) "Income tax," "estimated income tax," and "withholding 3109  
tax" means any income tax, estimated income tax, and withholding 3110  
tax imposed by a municipal corporation pursuant to applicable law, 3111  
including at any time before January 1, 2015. 3112

(3) A "return" includes any tax return, report, 3113  
reconciliation, schedule, and other document required to be filed 3114  
with a tax administrator or municipal corporation by a taxpayer, 3115  
employer, any agent of the employer, or any other payer pursuant 3116  
to applicable law, including at any time before January 1, 2015. 3117

(4) "Federal short-term rate" means the rate of the average 3118  
market yield on outstanding marketable obligations of the United 3119  
States with remaining periods to maturity of three years or less, 3120  
as determined under section 1274 of the Internal Revenue Code, for 3121  
July of the current year. 3122

(5) "Interest rate as described in division (A) of this section" means the federal short-term rate, rounded to the nearest whole number per cent, plus five per cent. The rate shall apply for the calendar year next following the July of the year in which the federal short-term rate is determined in accordance with division (A)(4) of this section. 3123  
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(6) "Unpaid estimated income tax" means estimated income tax due but not paid by the date the tax is required to be paid under applicable law. 3129  
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(7) "Unpaid income tax" means income tax due but not paid by the date the income tax is required to be paid under applicable law. 3132  
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(8) "Unpaid withholding tax" means withholding tax due but not paid by the date the withholding tax is required to be paid under applicable law. 3135  
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(9) "Withholding tax" includes amounts an employer, any agent of an employer, or any other payer did not withhold in whole or in part from an employee's qualifying wages, but that, under applicable law, the employer, agent, or other payer is required to withhold from an employee's qualifying wages. 3138  
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(B)(1) This section applies to the following: 3143

(a) Any return required to be filed under applicable law for taxable years beginning on or after January 1, 2015; 3144  
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(b) Income tax, estimated income tax, and withholding tax required to be paid or remitted to the municipal corporation on or after January 1, 2015. 3146  
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(2) This section does not apply to returns required to be filed or payments required to be made before January 1, 2015, regardless of the filing or payment date. Returns required to be filed or payments required to be made before January 1, 2015, but 3149  
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filed or paid after that date shall be subject to the ordinances 3153  
or rules, as adopted before January 1, 2015, of the municipal 3154  
corporation to which the return is to be filed or the payment is 3155  
to be made. 3156

(C) Each municipal corporation levying a tax on income shall 3157  
impose on a taxpayer, employer, any agent of the employer, and any 3158  
other payer, and must attempt to collect, the interest amounts and 3159  
penalties prescribed under division (C) of this section when the 3160  
taxpayer, employer, any agent of the employer, or any other payer 3161  
for any reason fails, in whole or in part, to make to the 3162  
municipal corporation timely and full payment or remittance of 3163  
income tax, estimated income tax, or withholding tax or to file 3164  
timely with the municipal corporation any return required to be 3165  
filed. 3166

(1) Interest shall be imposed at the rate described in 3167  
division (A) of this section, per annum, on all unpaid income tax, 3168  
unpaid estimated income tax, and unpaid withholding tax. 3169

(2)(a) With respect to unpaid income tax and unpaid estimated 3170  
income tax, a municipal corporation shall impose a penalty equal 3171  
to fifteen per cent of the amount not timely paid. 3172

(b) With respect to any unpaid withholding tax, a municipal 3173  
corporation shall impose a penalty equal to fifty per cent of the 3174  
amount not timely paid. 3175

(3)(a) With respect to annual income tax returns for 3176  
individuals, a municipal corporation shall impose a penalty of 3177  
twenty-five dollars for each failure to timely file each return, 3178  
regardless of the liability shown thereon. 3179

(b) With respect to returns other than annual income tax 3180  
returns for individuals and estimated income tax returns, a 3181  
municipal corporation shall impose a penalty of twenty-five 3182  
dollars for each failure to timely file each return, regardless of 3183

the liability shown thereon for each month, or any fraction 3184  
thereof, during which the return remains unfiled regardless of the 3185  
liability shown thereon. The penalty shall not exceed one hundred 3186  
fifty dollars for each failure. 3187

(D)(1) With respect to the income taxes, estimated income 3188  
taxes, withholding taxes, and returns, no municipal corporation 3189  
shall impose, seek to collect, or collect any penalty, amount of 3190  
interest, charges, or additional fees not described in this 3191  
section. 3192

(2) With respect to the income taxes, estimated income taxes, 3193  
withholding taxes, and returns not described in division (A) of 3194  
this section, nothing in this section requires a municipal 3195  
corporation to refund or credit any penalty, amount of interest, 3196  
charges, or additional fees that the municipal corporation has 3197  
properly imposed or collected before January 1, 2015. 3198

(E) Nothing in this section limits the authority of a 3199  
municipal corporation to abate or partially abate penalties or 3200  
interest imposed under this section when the tax administrator 3201  
determines, in the tax administrator's sole discretion, that such 3202  
abatement is appropriate. 3203

(F) By the thirty-first day of October of each year the 3204  
municipal corporation shall publish the rate described in division 3205  
(A) of this section applicable to the next succeeding calendar 3206  
year. 3207

(G) The municipal corporation may impose on the taxpayer, 3208  
employer, any agent of the employer, or any other payer the 3209  
municipal corporation's post-judgment collection costs and fees, 3210  
including attorney's fees. 3211

**Sec. 718.28.** (A) As used in this section, "claim" means a 3212  
claim for an amount payable to a municipal corporation that arises 3213



pursuant to the municipal income tax imposed in accordance with 3214  
this chapter. 3215

(B) Nothing in this chapter prohibits a tax administrator 3216  
from doing either of the following if such action is in the best 3217  
interests of the municipal corporation: 3218

(1) Compromise a claim; 3219

(2) Extend for a reasonable period the time for payment of a 3220  
claim by agreeing to accept monthly or other periodic payments. 3221

(C) The tax administrator may consider the following 3222  
standards when ascertaining with respect to a claim whether a 3223  
compromise or payment-over-time agreement is in the best interests 3224  
of the municipal corporation: 3225

(1) There exists a doubt as to whether the claim can be 3226  
collected. 3227

(2) There exists an economic hardship such that a compromise 3228  
or agreement would facilitate effective tax administration. 3229

(3) There exists a joint liability among spouses, one of whom 3230  
is an innocent spouse, provided that any relief under this 3231  
standard shall only affect the claim as to the innocent spouse. A 3232  
spouse granted relief under section 6015 of the Internal Revenue 3233  
Code with regard to any income item is rebuttably presumed to be 3234  
an innocent spouse with regard to that income item to the extent 3235  
that income item is included in or otherwise affects the 3236  
computation of a municipal income tax or any penalty or interest 3237  
on that tax. 3238

(4) Any other reasonable standard that the tax administrator 3239  
establishes. 3240

(D) The tax administrator's rejection of a compromise or 3241  
payment-over-time agreement proposed by a person with respect to a 3242  
claim shall not be appealable. 3243

(E) A compromise or payment-over-time agreement with respect 3244  
to a claim shall be binding upon and shall inure to the benefit of 3245  
only the parties to the compromise or agreement, and shall not 3246  
extinguish or otherwise affect the liability of any other person. 3247

(F) A compromise or payment-over-time agreement with respect 3248  
to a claim shall be void if the taxpayer defaults under the 3249  
compromise or agreement or if the compromise or agreement was 3250  
obtained by fraud or by misrepresentation of a material fact. Any 3251  
amount that was due before the compromise or agreement and that is 3252  
unpaid shall remain due, and any penalties or interest that would 3253  
have accrued in the absence of the compromise or agreement shall 3254  
continue to accrue and be due. 3255

**Sec. 718.30.** Nothing in this chapter prohibits the 3256  
legislative authority of a municipal corporation, or a tax 3257  
administrator pursuant to authority granted to the administrator 3258  
by resolution or ordinance, to adopt rules to administer an income 3259  
tax imposed by the municipal corporation in accordance with this 3260  
chapter. Such rules shall not conflict with or be inconsistent 3261  
with any provision of this chapter. All rules adopted under this 3262  
section shall be published and posted on the internet as described 3263  
in section 718.07 of the Revised Code. 3264

**Sec. 718.31.** (A) To carry out the purposes of laws that a tax 3265  
administrator is required to administer, the tax administrator or 3266  
any person employed by the tax administrator for that purpose, 3267  
upon demand, may inspect the books, accounts, records, memoranda, 3268  
and federal and state income tax returns of any person subject to 3269  
those laws, and may examine under oath any officer, agent, or 3270  
employee of that person. Any person other than the tax 3271  
administrator who makes a demand pursuant to this section shall 3272  
produce the person's authority to make the inspection. 3273

(B) If a person receives at least ten days' written notice of 3274  
a demand made under division (A) of this section and refuses to 3275  
comply with that demand, the tax administrator may impose a 3276  
penalty on the person pursuant to section 718.27 of the Revised 3277  
Code. 3278

(C) No person hired or retained by a tax administrator to 3279  
examine or inspect a taxpayer's books shall be paid on a 3280  
contingency basis. 3281

**Sec. 718.35.** No person shall knowingly make, present, aid, or 3282  
assist in the preparation or presentation of a false or fraudulent 3283  
report, return, schedule, statement, claim, or document authorized 3284  
or required by municipal corporation ordinance or state law to be 3285  
filed with a tax administrator, or knowingly procure, counsel, or 3286  
advise the preparation or presentation of such report, return, 3287  
schedule, statement, claim, or document, or knowingly change, 3288  
alter, or amend, or knowingly procure, counsel or advise such 3289  
change, alteration, or amendment of the records upon which such 3290  
report, return, schedule, statement, claim, or document is based 3291  
with intent to defraud the municipal corporation or a tax 3292  
administrator. 3293

**Sec. 718.38.** (A) An "opinion of the tax administrator" means 3294  
an opinion issued under this section with respect to prospective 3295  
municipal income tax liability. It does not include ordinary 3296  
correspondence of the tax administrator. 3297

(B) A taxpayer may submit a written request for an opinion of 3298  
the tax administrator as to whether or how certain income, source 3299  
of income, or a certain activity or transaction will be taxed. The 3300  
written response of the tax administrator shall be an "opinion of 3301  
the tax administrator" and shall bind the tax administrator, in 3302  
accordance with divisions (C), (G), and (H) of this section, 3303

provided all of the following conditions are satisfied: 3304

(1) The taxpayer's request fully and accurately describes the 3305  
specific facts or circumstances relevant to a determination of the 3306  
taxability of the income, source of income, activity, or 3307  
transaction, and, if an activity or transaction, all parties 3308  
involved in the activity or transaction are clearly identified by 3309  
name, location, or other pertinent facts. 3310

(2) The request relates to a tax imposed by the municipal 3311  
corporation in accordance with this chapter. 3312

(3) The tax administrator's response is signed by the tax 3313  
administrator and designated as an "opinion of the tax 3314  
administrator." 3315

(C) An opinion of the tax administrator shall remain in 3316  
effect and shall protect the taxpayer for whom the opinion was 3317  
prepared and who reasonably relies on it from liability for any 3318  
taxes, penalty, or interest otherwise chargeable on the activity 3319  
or transaction specifically held by the tax administrator's 3320  
opinion to be taxable in a particular manner or not to be subject 3321  
to taxation for any taxable years that may be specified in the 3322  
opinion, or until the earliest of the following dates: 3323

(1) The effective date of a written revocation by the tax 3324  
administrator sent to the taxpayer by certified mail, return 3325  
receipt requested. The effective date of the revocation shall be 3326  
the taxpayer's date of receipt or one year after the issuance of 3327  
the opinion, whichever is later; 3328

(2) The effective date of any amendment or enactment of a 3329  
relevant section of the Revised Code, uncodified state law, or the 3330  
municipal corporation's income tax ordinance that would 3331  
substantially change the analysis and conclusion of the opinion of 3332  
the tax administrator; 3333

(3) The date on which a court issues an opinion establishing 3334

or changing relevant case law with respect to the Revised Code, 3335  
uncodified state law, or the municipal corporation's income tax 3336  
ordinance; 3337

(4) If the opinion of the tax administrator was based on the 3338  
interpretation of federal law, the effective date of any change in 3339  
the relevant federal statutes or regulations, or the date on which 3340  
a court issues an opinion establishing or changing relevant case 3341  
law with respect to federal statutes or regulations; 3342

(5) The effective date of any change in the taxpayer's 3343  
material facts or circumstances; 3344

(6) The effective date of the expiration of the opinion, if 3345  
specified in the opinion. 3346

(D) A taxpayer is not relieved of tax liability for any 3347  
activity or transaction related to a request for an opinion that 3348  
contained any misrepresentation or omission of one or more 3349  
material facts. 3350

(E) If a tax administrator provides written advice under this 3351  
section, the opinion shall include a statement that: 3352

(1) The tax consequences stated in the opinion may be subject 3353  
to change for any of the reasons stated in division (C) of this 3354  
section; 3355

(2) It is the duty of the taxpayer to be aware of such 3356  
changes. 3357

(F) A tax administrator may refuse to offer an opinion on any 3358  
request received under this section. 3359

(G) This section binds a tax administrator only with respect 3360  
to opinions of the tax administrator issued on or after January 1, 3361  
2015. 3362

(H) An opinion of a tax administrator binds that tax 3363  
administrator only with respect to the taxpayer for whom the 3364

opinion was prepared and does not bind the tax administrator of 3365  
any other municipal corporation. 3366

(I) A tax administrator shall make available the text of all 3367  
opinions issued under this section, except those opinions prepared 3368  
for a taxpayer who has requested that the text of the opinion 3369  
remain confidential. In no event shall the text of an opinion be 3370  
made available until the tax administrator has removed all 3371  
information that identifies the taxpayer and any other parties 3372  
involved in the activity or transaction. 3373

(J) An opinion of the tax administrator issued under this 3374  
section may not be appealed. 3375

**Sec. 718.41.** (A) A taxpayer shall file an amended return with 3376  
the tax administrator in such form as the tax administrator 3377  
requires if any of the facts, figures, computations, or 3378  
attachments required in the taxpayer's annual return to determine 3379  
the tax due levied by the municipal corporation in accordance with 3380  
this chapter must be altered as the result of an adjustment to the 3381  
taxpayer's federal income tax return, whether initiated by the 3382  
taxpayer or the internal revenue service, and such alteration 3383  
affects the taxpayer's tax liability under this chapter. If a 3384  
taxpayer intends to file an amended consolidated municipal income 3385  
tax return, the taxpayer shall notify the tax administrator before 3386  
filing the amended return. 3387

(B)(1) In the case of an underpayment, the amended return 3388  
shall be accompanied by payment of any combined additional tax due 3389  
together with interest thereon. If the combined tax shown to be 3390  
due is ten dollars or less, such amount need not accompany the 3391  
amended return. Except as provided under division (B)(2) of this 3392  
section, the amended return shall not reopen those facts, figures, 3393  
computations, or attachments from a previously filed return that 3394  
are not affected, either directly or indirectly, by the adjustment 3395

to the taxpayer's federal or state income tax return unless the 3396  
applicable statute of limitations for civil actions or 3397  
prosecutions under section 718.12 of the Revised Code has not 3398  
expired for a previously filed return. 3399

(2) The additional tax to be paid shall not exceed the amount 3400  
of tax that would be due if all facts, figures, computations, and 3401  
attachments were reopened. 3402

(C)(1) In the case of an overpayment, an application for 3403  
refund may be filed under this division within the period 3404  
prescribed by section 718.12 of the Revised Code for filing the 3405  
amended return even if it is filed beyond the period prescribed in 3406  
section 718.19 of the Revised Code if it otherwise conforms to the 3407  
requirements of that section. If the amount of the refund is ten 3408  
dollars or less, no refund need be paid by the municipal 3409  
corporation to the taxpayer. Except as set forth in division 3410  
(C)(2) of this section, an application filed under this division 3411  
shall claim refund of overpayments resulting from alterations to 3412  
only those facts, figures, computations, or attachments required 3413  
in the taxpayer's annual return that are affected, either directly 3414  
or indirectly, by the adjustment to the taxpayer's federal or 3415  
state income tax return unless it is also filed within the time 3416  
prescribed in section 718.19 of the Revised Code. Except as set 3417  
forth in division (C)(2) of this section, the application shall 3418  
not reopen those facts, figures, computations, or attachments that 3419  
are not affected, either directly or indirectly, by the adjustment 3420  
to the taxpayer's federal or state income tax return. 3421

(2) The amount to be refunded shall not exceed the amount of 3422  
refund that would be due if all facts, figures, computations, and 3423  
attachments were reopened. 3424

**Sec. ~~718.04~~ 718.50.** (A) No municipal corporation other than 3425  
the municipal corporation of residence shall levy a tax on the 3426

income of any member or employee of the Ohio general assembly 3427  
including the lieutenant governor which income is received as a 3428  
result of services rendered as such member or employee and is paid 3429  
from appropriated funds of this state. 3430

(B) No municipal corporation other than the municipal 3431  
corporation of residence and the city of Columbus shall levy a tax 3432  
on the income of the chief justice or a justice of the supreme 3433  
court received as a result of services rendered as the chief 3434  
justice or justice. No municipal corporation other than the 3435  
municipal corporation of residence shall levy a tax on the income 3436  
of a judge sitting by assignment of the chief justice or on the 3437  
income of a district court of appeals judge sitting in multiple 3438  
locations within the district, received as a result of services 3439  
rendered as a judge. 3440

Sec. 718.99. (A) Except as provided in division (B) of this 3441  
section, whoever violates section 718.35 of the Revised Code, 3442  
division (A) of section 718.13 of the Revised Code, or section 3443  
718.03 of the Revised Code by failing to remit municipal income 3444  
taxes deducted and withheld from an employee, shall be guilty of a 3445  
misdemeanor of the first degree and shall be subject to a fine of 3446  
one thousand dollars or imprisonment for a term of up to six 3447  
months, or both, unless the violation is punishable by a municipal 3448  
ordinance or resolution imposing a greater penalty or requiring 3449  
dismissal from office or discharge from employment, or both, in 3450  
which case the municipal ordinance or resolution shall govern. 3451

(B) Any person who discloses information received from the 3452  
Internal Revenue Service in violation of division (A) of section 3453  
718.13 of the Revised Code shall be guilty of a felony of the 3454  
fifth degree and shall be subject to a fine of not more than five 3455  
thousand dollars plus the costs of prosecution, or imprisonment 3456  
for a term not exceeding five years, or both, unless the violation 3457



is punishable by a municipal ordinance imposing a greater penalty 3458  
or requiring dismissal from office or discharge from employment, 3459  
or both, in which case the municipal ordinance shall govern. 3460

(C) Each instance of access or disclosure in violation of 3461  
division (A) of section 718.13 of the Revised Code constitutes a 3462  
separate offense. 3463

(D) Nothing in this chapter prohibits a municipal corporation 3464  
from prosecuting offenses which are made punishable under a 3465  
municipal ordinance or resolution levying an income tax and for 3466  
which no other penalty is provided under this chapter. 3467

**Sec. 5703.059.** (A) The tax commissioner may adopt rules 3468  
requiring returns, including any accompanying schedule or 3469  
statement, for any of the following taxes to be filed 3470  
electronically using the Ohio business gateway as defined in 3471  
section ~~718.051~~ 718.01 of the Revised Code, filed telephonically 3472  
using the system known as the Ohio telefile system, or filed by 3473  
any other electronic means prescribed by the commissioner: 3474

(1) Employer income tax withholding under Chapter 5747. of 3475  
the Revised Code; 3476

(2) Motor fuel tax under Chapter 5735. of the Revised Code; 3477

(3) Cigarette and tobacco product tax under Chapter 5743. of 3478  
the Revised Code; 3479

(4) Severance tax under Chapter 5749. of the Revised Code; 3480

(5) Use tax under Chapter 5741. of the Revised Code; 3481

(6) Commercial activity tax under Chapter 5751. of the 3482  
Revised Code; 3483

(7) Financial institutions tax under Chapter 5726. of the 3484  
Revised Code; 3485

(8) Motor fuel receipts tax under Chapter 5736. of the 3486

Revised Code;	3487
(9) Horse-racing taxes under Chapter 3769. of the Revised Code.	3488 3489
(B) The tax commissioner may adopt rules requiring any payment of tax shown on such a return to be due to be made electronically in a manner approved by the commissioner.	3490 3491 3492
(C) A rule adopted under this section does not apply to returns or reports filed or payments made before six months after the effective date of the rule. The commissioner shall publicize any new electronic filing requirement on the department's web site. The commissioner shall educate the public of the requirement through seminars, workshops, conferences, or other outreach activities.	3493 3494 3495 3496 3497 3498 3499
(D) Any person required to file returns and make payments electronically under rules adopted under this section may apply to the commissioner, on a form prescribed by the commissioner, to be excused from that requirement. For good cause shown, the commissioner may excuse the applicant from the requirement and permit the applicant to file the returns or reports or make the payments required under this section by nonelectronic means.	3500 3501 3502 3503 3504 3505 3506
<b>Sec. 5703.57.</b> (A) As used in this section, "Ohio business gateway" has the same meaning as in section 718.051 of the Revised Code.	3507 3508 3509
(B) There is hereby created the Ohio business gateway steering committee to direct the continuing development of the Ohio business gateway and to oversee its operations. The committee shall provide general oversight regarding operation of the Ohio business gateway and shall recommend to the department of administrative services enhancements that will improve the Ohio business gateway. The committee shall consider all banking,	3510 3511 3512 3513 3514 3515 3516

technological, administrative, and other issues associated with 3517  
the Ohio business gateway and shall make recommendations regarding 3518  
the type of reporting forms or other tax documents to be filed 3519  
through the Ohio business gateway. 3520

(C) The committee shall consist of: 3521

(1) The following members, appointed by the governor with the 3522  
advice and consent of the senate: 3523

(a) Not more than four representatives of the business 3524  
community; 3525

(b) Not more than ~~one representative~~ three representatives of 3526  
municipal tax administrators selected from a list of candidates 3527  
provided by the Ohio municipal league; and 3528

(c) Not more than two tax practitioners. 3529

(2) The following ex officio members: 3530

(a) The director or other highest officer of each state 3531  
agency that has tax reporting forms or other tax documents filed 3532  
with it through the Ohio business gateway or the director's 3533  
designee; 3534

(b) The secretary of state or the secretary of state's 3535  
designee; 3536

(c) The treasurer of state or the treasurer of state's 3537  
designee; 3538

(d) The director of budget and management or the director's 3539  
designee; 3540

(e) The state chief information officer or the officer's 3541  
designee; 3542

(f) The tax commissioner or the tax commissioner's designee; 3543  
and 3544

(g) The director of development or the director's designee. 3545

An appointed member shall serve until the member resigns or 3546  
is removed by the governor. Vacancies shall be filled in the same 3547  
manner as original appointments. 3548

(D) A vacancy on the committee does not impair the right of 3549  
the other members to exercise all the functions of the committee. 3550  
The presence of a majority of the members of the committee 3551  
constitutes a quorum for the conduct of business of the committee. 3552  
The concurrence of at least a majority of the members of the 3553  
committee is necessary for any action to be taken by the 3554  
committee. On request, each member of the committee shall be 3555  
reimbursed for the actual and necessary expenses incurred in the 3556  
discharge of the member's duties. 3557

(E) The committee is a part of the department of taxation for 3558  
administrative purposes. 3559

(F) Each year, the governor shall select a member of the 3560  
committee to serve as chairperson. The chairperson shall appoint 3561  
an official or employee of the department of taxation to act as 3562  
the committee's secretary. The secretary shall keep minutes of the 3563  
committee's meetings and a journal of all meetings, proceedings, 3564  
findings, and determinations of the committee. 3565

(G) The committee may hire professional, technical, and 3566  
clerical staff needed to support its activities. 3567

(H) The committee shall meet as often as necessary to perform 3568  
its duties. 3569

**Sec. 5717.011.** (A) As used in this chapter, "tax 3570  
administrator" has the same meaning as in section 718.01 of the 3571  
Revised Code. 3572

(B) Appeals from a ~~municipal~~ decision of a local board of 3573  
~~appeal~~ tax review created under section 718.11 of the Revised Code 3574  
may be taken by the taxpayer or the tax administrator to the board 3575

of tax appeals or may be taken by the taxpayer or the tax 3576  
administrator to a court of common pleas as otherwise provided by 3577  
law. If the taxpayer or the tax administrator elects to make an 3578  
appeal to the board of tax appeals or court of common pleas, and 3579  
subject to section 5703.021 of the Revised Code with respect to 3580  
appeals assigned to the small claims docket, the appeal shall be 3581  
taken by the filing of a notice of appeal with the board of tax 3582  
appeals or court of common pleas, the ~~municipal~~ local board of 3583  
~~appeal~~ tax review, and the opposing party. The notice of appeal 3584  
shall be filed within sixty days after the day the appellant 3585  
receives notice of the decision issued under section 718.11 of the 3586  
Revised Code. An appeal filed with a court of common pleas is 3587  
governed by the Rules of Civil Procedure and other rules of 3588  
practice and procedure applicable to civil actions. For an appeal 3589  
filed with the board of tax appeals, the notice of appeal may be 3590  
filed in person or by certified mail, express mail, facsimile 3591  
transmission, electronic transmission, or by authorized delivery 3592  
service as provided in section 5703.056 of the Revised Code. If 3593  
the notice of appeal is filed by certified mail, express mail, or 3594  
authorized delivery service as provided in section 5703.056 of the 3595  
Revised Code, the date of the United States postmark placed on the 3596  
sender's receipt by the postal service or the date of receipt 3597  
recorded by the authorized delivery service shall be treated as 3598  
the date of filing with the board. If notice of appeal is filed by 3599  
facsimile transmission or electronic transmission, the date and 3600  
time the notice is received by the board shall be the date and 3601  
time reflected on a timestamp provided by the board's electronic 3602  
system, and the appeal shall be considered filed with the board on 3603  
the date reflected on that timestamp. Any timestamp provided by 3604  
another computer system or electronic submission device shall not 3605  
affect the time and date the notice is received by the board. The 3606  
notice of appeal shall have attached thereto and incorporated 3607  
therein by reference a true copy of the decision issued under 3608

section 718.11 of the Revised Code, but failure to attach a copy 3609  
of such notice and incorporate it by reference in the notice of 3610  
appeal does not invalidate the appeal. 3611

(C) A notice of appeal for an appeal filed with the board of 3612  
tax appeals shall contain a short and plain statement of the 3613  
claimed errors in the decision of the ~~municipal~~ local board of 3614  
~~appeal~~ tax review showing that the appellant is entitled to relief 3615  
and a demand for the relief to which the appellant claims to be 3616  
entitled. An appellant may amend the notice of appeal once as a 3617  
matter of course within sixty days after the certification of the 3618  
transcript. Otherwise, an appellant may amend the notice of appeal 3619  
only after receiving leave of the board or the written consent of 3620  
each adverse party. Leave of the board shall be freely given when 3621  
justice so requires. 3622

(D) Upon the filing of a notice of appeal with the board of 3623  
tax appeals, the ~~municipal~~ local board of ~~appeal~~ tax review shall 3624  
certify to the board of tax appeals a transcript of the record of 3625  
the proceedings before it, together with all evidence considered 3626  
by it in connection therewith. Such appeals may be heard by the 3627  
board at its office in Columbus or in the county where the 3628  
appellant resides, or it may cause its examiners to conduct such 3629  
hearings and to report to it their findings for affirmation or 3630  
rejection. The board may order the appeal to be heard upon the 3631  
record and the evidence certified to it by the tax administrator, 3632  
but upon the application of any interested party the board shall 3633  
order the hearing of additional evidence, and the board may make 3634  
such investigation concerning the appeal as it considers proper. 3635  
An appeal may proceed pursuant to section 5703.021 of the Revised 3636  
Code on the small claims docket if the appeals qualifies under 3637  
that section. 3638

(E) If an issue being appealed under this section is 3639  
addressed in a municipal corporation's ordinance or regulation, 3640

the tax administrator, upon the request of the board of tax 3641  
appeals, shall provide a copy of the ordinance or regulation to 3642  
the board of tax appeals. 3643

**Sec. 5717.03.** (A) A decision of the board of tax appeals on 3644  
an appeal filed with it pursuant to section 5717.01, 5717.011, or 3645  
5717.02 of the Revised Code shall be entered of record on the 3646  
journal together with the date when the order is filed with the 3647  
secretary for journalization. 3648

(B) In case of an appeal from a decision of a county board of 3649  
revision, the board of tax appeals shall determine the taxable 3650  
value of the property whose valuation or assessment by the county 3651  
board of revision is complained of, or in the event the complaint 3652  
and appeal is against a discriminatory valuation, shall determine 3653  
a valuation which shall correct such discrimination, and shall 3654  
determine the liability of the property for taxation, if that 3655  
question is in issue, and the board of tax appeals' decision and 3656  
the date when it was filed with the secretary for journalization 3657  
shall be sent by the board to all persons who were parties to the 3658  
appeal before the board, to the person in whose name the property 3659  
is listed, or sought to be listed, if such person is not a party 3660  
to the appeal, to the county auditor of the county in which the 3661  
property involved in the appeal is located, and to the tax 3662  
commissioner. 3663

In correcting a discriminatory valuation, the board of tax 3664  
appeals shall increase or decrease the value of the property whose 3665  
valuation or assessment by the county board of revision is 3666  
complained of by a per cent or amount which will cause such 3667  
property to be listed and valued for taxation by an equal and 3668  
uniform rule. 3669

(C) In the case of an appeal from a review, redetermination, 3670  
or correction of a tax assessment, valuation, determination, 3671

finding, computation, or order of the tax commissioner, the order 3672  
of the board of tax appeals and the date of the entry thereof upon 3673  
its journal shall be sent by the board to all persons who were 3674  
parties to the appeal before the board, the person in whose name 3675  
the property is listed or sought to be listed, if the decision 3676  
determines the valuation or liability of property for taxation and 3677  
if such person is not a party to the appeal, the taxpayer or other 3678  
person to whom notice of the tax assessment, valuation, 3679  
determination, finding, computation, or order, or correction or 3680  
redetermination thereof, by the tax commissioner was by law 3681  
required to be given, the director of budget and management, if 3682  
the revenues affected by such decision would accrue primarily to 3683  
the state treasury, and the county auditors of the counties to the 3684  
undivided general tax funds of which the revenues affected by such 3685  
decision would primarily accrue. 3686

(D) In the case of an appeal from a ~~municipal~~ decision of a 3687  
local board of ~~appeal~~ tax review created under section 718.11 of 3688  
the Revised Code, the order of the board of tax appeals and the 3689  
date of the entry thereof upon the board's journal shall be sent 3690  
by the board to all persons who were parties to the appeal before 3691  
the board. 3692

(E) In the case of all other appeals or applications filed 3693  
with and determined by the board, the board's order and the date 3694  
when the order was filed by the secretary for journalization shall 3695  
be sent by the board to the person who is a party to such appeal 3696  
or application, to such persons as the law requires, and to such 3697  
other persons as the board deems proper. 3698

(F) The orders of the board may affirm, reverse, vacate, 3699  
modify, or remand the tax assessments, valuations, determinations, 3700  
findings, computations, or orders complained of in the appeals 3701  
determined by the board, and the board's decision shall become 3702  
final and conclusive for the current year unless reversed, 3703



vacated, or modified as provided in section 5717.04 of the Revised Code. When an order of the board becomes final the tax commissioner and all officers to whom such decision has been sent shall make the changes in their tax lists or other records which the decision requires.

(G) If the board finds that issues not raised on the appeal are important to a determination of a controversy, the board may remand the cause for an administrative determination and the issuance of a new tax assessment, valuation, determination, finding, computation, or order, unless the parties stipulate to the determination of such other issues without remand. An order remanding the cause is a final order. If the order relates to any issue other than a municipal income tax matter appealed under sections 718.11 and 5717.011 of the Revised Code, the order may be appealed to the court of appeals in Franklin county. If the order relates to a municipal income tax matter appealed under sections 718.11 and 5717.011 of the Revised Code, the order may be appealed to the court of appeals for the county in which the municipal corporation in which the dispute arose is primarily situated.

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

**Sec. 5739.12.** (A)(1) Each person who has or is required to have a vendor's license, on or before the twenty-third day of each month, shall make and file a return for the preceding month in the form prescribed by the tax commissioner, and shall pay the tax shown on the return to be due. The return shall be filed electronically using the Ohio business gateway, as defined in section ~~718.051~~ 718.01 of the Revised Code, the Ohio telefile system, or any other electronic means prescribed by the

commissioner. Payment of the tax shown on the return to be due 3735  
shall be made electronically in a manner approved by the 3736  
commissioner. The commissioner may require a vendor that operates 3737  
from multiple locations or has multiple vendor's licenses to 3738  
report all tax liabilities on one consolidated return. The return 3739  
shall show the amount of tax due from the vendor to the state for 3740  
the period covered by the return and such other information as the 3741  
commissioner deems necessary for the proper administration of this 3742  
chapter. The commissioner may extend the time for making and 3743  
filing returns and paying the tax, and may require that the return 3744  
for the last month of any annual or semiannual period, as 3745  
determined by the commissioner, be a reconciliation return 3746  
detailing the vendor's sales activity for the preceding annual or 3747  
semiannual period. The reconciliation return shall be filed by the 3748  
last day of the month following the last month of the annual or 3749  
semiannual period. The commissioner may remit all or any part of 3750  
amounts or penalties that may become due under this chapter and 3751  
may adopt rules relating thereto. Such return shall be filed 3752  
electronically as directed by the tax commissioner, and payment of 3753  
the amount of tax shown to be due thereon, after deduction of any 3754  
discount provided for under this section, shall be made 3755  
electronically in a manner approved by the tax commissioner. 3756

(2) Any person required to file returns and make payments 3757  
electronically under division (A)(1) of this section may apply to 3758  
the tax commissioner on a form prescribed by the commissioner to 3759  
be excused from that requirement. For good cause shown, the 3760  
commissioner may excuse the person from that requirement and may 3761  
permit the person to file the returns and make the payments 3762  
required by this section by nonelectronic means. 3763

(B)(1) If the return is filed and the amount of tax shown 3764  
thereon to be due is paid on or before the date such return is 3765  
required to be filed, the vendor shall be entitled to a discount 3766

of three-fourths of one per cent of the amount shown to be due on 3767  
the return. 3768

(2) A vendor that has selected a certified service provider 3769  
as its agent shall not be entitled to the discount if the 3770  
certified service provider receives a monetary allowance pursuant 3771  
to section 5739.06 of the Revised Code for performing the vendor's 3772  
sales and use tax functions in this state. Amounts paid to the 3773  
clerk of courts pursuant to section 4505.06 of the Revised Code 3774  
shall be subject to the applicable discount. The discount shall be 3775  
in consideration for prompt payment to the clerk of courts and for 3776  
other services performed by the vendor in the collection of the 3777  
tax. 3778

(C)(1) Upon application to the tax commissioner, a vendor who 3779  
is required to file monthly returns may be relieved of the 3780  
requirement to report and pay the actual tax due, provided that 3781  
the vendor agrees to remit to the commissioner payment of not less 3782  
than an amount determined by the commissioner to be the average 3783  
monthly tax liability of the vendor, based upon a review of the 3784  
returns or other information pertaining to such vendor for a 3785  
period of not less than six months nor more than two years 3786  
immediately preceding the filing of the application. Vendors who 3787  
agree to the above conditions shall make and file an annual or 3788  
semiannual reconciliation return, as prescribed by the 3789  
commissioner. The reconciliation return shall be filed 3790  
electronically as directed by the tax commissioner, and payment of 3791  
the amount of tax shown to be due thereon, after deduction of any 3792  
discount provided in this section, shall be made electronically in 3793  
a manner approved by the commissioner. Failure of a vendor to 3794  
comply with any of the above conditions may result in immediate 3795  
reinstatement of the requirement of reporting and paying the 3796  
actual tax liability on each monthly return, and the commissioner 3797  
may at the commissioner's discretion deny the vendor the right to 3798

report and pay based upon the average monthly liability for a 3799  
period not to exceed two years. The amount ascertained by the 3800  
commissioner to be the average monthly tax liability of a vendor 3801  
may be adjusted, based upon a review of the returns or other 3802  
information pertaining to the vendor for a period of not less than 3803  
six months nor more than two years preceding such adjustment. 3804

(2) The commissioner may authorize vendors whose tax 3805  
liability is not such as to merit monthly returns, as ascertained 3806  
by the commissioner upon the basis of administrative costs to the 3807  
state, to make and file returns at less frequent intervals. When 3808  
returns are filed at less frequent intervals in accordance with 3809  
such authorization, the vendor shall be allowed the discount 3810  
provided in this section in consideration for prompt payment with 3811  
the return, provided the return is filed and payment is made of 3812  
the amount of tax shown to be due thereon, at the time specified 3813  
by the commissioner, but a vendor that has selected a certified 3814  
service provider as its agent shall not be entitled to the 3815  
discount. 3816

(D) Any vendor who fails to file a return or to pay the full 3817  
amount of the tax shown on the return to be due in the manner 3818  
prescribed under this section and the rules of the commissioner 3819  
may, for each such return, be required to forfeit and pay into the 3820  
state treasury an additional charge not exceeding fifty dollars or 3821  
ten per cent of the tax required to be paid for the reporting 3822  
period, whichever is greater, as revenue arising from the tax 3823  
imposed by this chapter, and such sum may be collected by 3824  
assessment in the manner provided in section 5739.13 of the 3825  
Revised Code. The commissioner may remit all or a portion of the 3826  
additional charge and may adopt rules relating to the imposition 3827  
and remission of the additional charge. 3828

(E) If the amount required to be collected by a vendor from 3829  
consumers is in excess of the applicable percentage of the 3830

vendor's receipts from sales that are taxable under section 3831  
5739.02 of the Revised Code, or in the case of sales subject to a 3832  
tax levied pursuant to section 5739.021, 5739.023, or 5739.026 of 3833  
the Revised Code, in excess of the percentage equal to the 3834  
aggregate rate of such taxes and the tax levied by section 5739.02 3835  
of the Revised Code, such excess shall be remitted along with the 3836  
remittance of the amount of tax due under section 5739.10 of the 3837  
Revised Code. 3838

(F) The commissioner, if the commissioner deems it necessary 3839  
in order to insure the payment of the tax imposed by this chapter, 3840  
may require returns and payments to be made for other than monthly 3841  
periods. 3842

(G) Any vendor required to file a return and pay the tax 3843  
under this section whose total payment for a year equals or 3844  
exceeds the amount shown in division (A) of section 5739.122 of 3845  
the Revised Code is subject to the accelerated tax payment 3846  
requirements in divisions (B) and (C) of that section. For a 3847  
vendor that operates from multiple locations or has multiple 3848  
vendor's licenses, in determining whether the vendor's total 3849  
payment equals or exceeds the amount shown in division (A) of that 3850  
section, the vendor's total payment amount shall be the amount of 3851  
the vendor's total tax liability for the previous calendar year 3852  
for all of the vendor's locations or licenses. 3853

**Sec. 5739.124.** (A) If required by the tax commissioner, a 3854  
permit holder required to make payments under section 5739.032 of 3855  
the Revised Code shall file all returns and reports 3856  
electronically. The commissioner may require the permit holder to 3857  
use the Ohio business gateway, as defined in section ~~718.051~~ 3858  
718.01 of the Revised Code, or any other electronic means approved 3859  
by the commissioner, to file the returns and reports, or to remit 3860  
the tax, in lieu of the manner prescribed under section 5739.032 3861

of the Revised Code. 3862

(B) A person required under this section to file reports and 3863  
returns electronically may apply to the tax commissioner to be 3864  
excused from that requirement. Applications shall be made on a 3865  
form prescribed by the commissioner. The commissioner may approve 3866  
the application for good cause. 3867

(C)(1) If a person required to file a report or return 3868  
electronically under this section fails to do so, the tax 3869  
commissioner may impose an additional charge not to exceed the 3870  
following: 3871

(a) For each of the first two failures, five per cent of the 3872  
amount required to be reported on the report or return; 3873

(b) For the third and any subsequent failure, ten per cent of 3874  
the amount required to be reported on the report or return. 3875

(2) The charges authorized under division (C)(1) of this 3876  
section are in addition to any other charge or penalty authorized 3877  
under this chapter, and shall be considered as revenue arising 3878  
from taxes imposed under this chapter. An additional charge may be 3879  
collected by assessment in the manner prescribed by section 3880  
5739.13 of the Revised Code. The commissioner may waive all or a 3881  
portion of such a charge and may adopt rules governing such 3882  
waiver. 3883

**Sec. 5741.122.** (A) If required by the tax commissioner, a 3884  
person required to make payments under section 5741.121 of the 3885  
Revised Code shall file all returns and reports electronically. 3886  
The commissioner may require the person to use the Ohio business 3887  
gateway, as defined in section ~~718.051~~ 718.01 of the Revised Code, 3888  
or any other electronic means approved by the commissioner, to 3889  
file the returns and reports, or to remit the tax, in lieu of the 3890  
manner prescribed under section 5741.121 of the Revised Code. 3891

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

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

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

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

(2) The charges authorized under division (C)(1) of this section are in addition to any other charge or penalty authorized under this chapter, and shall be considered as revenue arising from taxes imposed under this chapter. An additional charge may be collected by assessment in the manner prescribed by section 5741.13 of the Revised Code. The commissioner may waive all or a portion of such a charge and may adopt rules governing such waiver.

**Sec. 5747.063.** (A)(1) If a person's winnings at a casino facility are an amount for which reporting to the internal revenue service of the amount is required by section 6041 of the Internal Revenue Code, as amended, the casino operator shall deduct and withhold Ohio income tax from the person's winnings at a rate of four per cent of the amount won ~~and shall deduct and withhold municipal income tax from the person's winnings at the rate of tax of the municipal corporation in which the casino facility is located.~~ A person's amount of winnings shall be determined each time the person exchanges amounts won in tokens, chips, casino

credit, or other prepaid representations of value for cash or a 3923  
cash equivalent. The casino operator shall issue, to a person from 3924  
whose winnings an amount has been deducted and withheld, a receipt 3925  
for the amount deducted and withheld, and also shall obtain from 3926  
the person additional information that will be necessary for the 3927  
casino operator to prepare the returns required by this section. 3928

(2) If a person's winnings at a casino facility require 3929  
reporting to the internal revenue service under division (A)(1) of 3930  
this section, the casino operator also shall require the person to 3931  
state in writing, under penalty of falsification, whether the 3932  
person is in default under a support order. 3933

(B) Amounts deducted and withheld by a casino operator are 3934  
held in trust for the benefit of the state ~~and municipal~~ 3935  
~~corporations, as applicable.~~ 3936

(1) On or before the tenth day of each month, the casino 3937  
operator shall file a return electronically with the tax 3938  
commissioner ~~and the tax administrator of the municipal~~ 3939  
~~corporation, as applicable,~~ identifying the persons from whose 3940  
winnings amounts were deducted and withheld, the amount of each 3941  
such deduction and withholding during the preceding calendar 3942  
month, the amount of the winnings from which each such amount was 3943  
withheld, the type of casino gaming that resulted in such 3944  
winnings, and any other information required by the tax 3945  
commissioner. With the return, the casino operator shall remit 3946  
electronically to the commissioner ~~and the tax administrator of~~ 3947  
~~the municipal corporation, as applicable,~~ all the amounts deducted 3948  
and withheld during the preceding month. 3949

(2)(a) A casino operator shall maintain a record of each 3950  
written statement provided under division (A)(2) of this section 3951  
in which a person admits to being in default under a support 3952  
order. The casino operator shall make these records available to 3953



the director of job and family services upon request. 3954

(b) A casino operator shall maintain copies of receipts 3955  
issued under division (A)(1) of this section and of written 3956  
statements provided under division (A)(2) of this section and 3957  
shall make these copies available to the tax commissioner upon 3958  
request. 3959

(c) A casino operator shall maintain the information 3960  
described in divisions (B)(2)(a) and (b) of this section in 3961  
accordance with section 5747.17 of the Revised Code and any rules 3962  
adopted pursuant thereto. 3963

(3) Annually, on or before the thirty-first day of January, a 3964  
casino operator shall file an annual return electronically with 3965  
the tax commissioner ~~and the tax administrator of the municipal~~ 3966  
~~corporation, as applicable,~~ indicating the total amount deducted 3967  
and withheld during the preceding calendar year. The casino 3968  
operator shall remit electronically with the annual return any 3969  
amount that was deducted and withheld and that was not previously 3970  
remitted. If the identity of a person and the amount deducted and 3971  
withheld with respect to that person were omitted on a monthly 3972  
return, that information shall be indicated on the annual return. 3973

(4)(a) A casino operator who fails to file a return and remit 3974  
the amounts deducted and withheld is personally liable for the 3975  
amount deducted and withheld and not remitted. The commissioner 3976  
~~and the tax administrator of the municipal corporation, as~~ 3977  
~~applicable,~~ may impose a penalty up to one thousand dollars if a 3978  
return is filed late, if amounts deducted and withheld are 3979  
remitted late, if a return is not filed, or if amounts deducted 3980  
and withheld are not remitted. Interest accrues on past due 3981  
amounts deducted and withheld at the rate prescribed in section 3982  
5703.47 of the Revised Code. The commissioner ~~and the tax~~ 3983  
~~administrator of the municipal corporation, as applicable,~~ may 3984  
collect past due amounts deducted and withheld and penalties and 3985

interest thereon by assessment under section 5747.13 of the Revised Code as if they were income taxes collected by an employer.

(b) If a casino operator sells the casino facility or otherwise quits the casino business, the amounts deducted and withheld and any penalties and interest thereon are immediately due and payable. The successor shall withhold an amount of the purchase money that is sufficient to cover the amounts deducted and withheld and penalties and interest thereon until the predecessor casino operator produces either a receipt from the commissioner ~~and the tax administrator of the municipal corporation, as applicable,~~ showing that the amounts deducted and withheld and penalties and interest thereon have been paid or a certificate from the commissioner ~~and the tax administrator of the municipal corporation, as applicable,~~ indicating that no amounts deducted and withheld or penalties and interest thereon are due. If the successor fails to withhold purchase money, the successor is personally liable for payment of the amounts deducted and withheld and penalties and interest thereon, up to the amount of the purchase money.

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

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

(D) Amounts deducted and withheld shall be allowed as a 4018  
credit against payment of the tax imposed by section 5747.02 of 4019  
the Revised Code and shall be treated as taxes paid for purposes 4020  
of section 5747.09 of the Revised Code. This division applies only 4021  
to the person for whom the amount is deducted and withheld. 4022

(E) The failure of a casino operator to deduct and withhold 4023  
the required amount from a person's winnings does not relieve the 4024  
person from liability for the tax imposed by section 5747.02 of 4025  
the Revised Code with respect to those winnings. And compliance 4026  
with this section does not relieve a casino operator or a person 4027  
who has winnings at a casino facility from compliance with 4028  
relevant provisions of federal tax laws. 4029

(F) The commissioner ~~and the tax administrator of the~~ 4030  
~~municipal corporation, as applicable,~~ shall prescribe the form of 4031  
the receipt and returns required by this section. The director of 4032  
job and family services shall prescribe the form of the statement 4033  
required by this section. 4034

(G) The requirements imposed under this section are in 4035  
addition to the municipal income tax withholding requirements 4036  
under section 718.031 of the Revised Code. 4037

(H) The commissioner may adopt rules that are necessary to 4038  
administer this section. 4039

**Sec. 5747.064.** (A) As used in this section, "video lottery 4040  
terminal" has the same meaning as in section 3770.21 of the 4041  
Revised Code. 4042

(B) If a person's prize award from a video lottery terminal 4043  
is an amount for which reporting to the internal revenue service 4044  
of the amount is required by section 6041 of the Internal Revenue 4045  
Code, as amended, the lottery sales agent shall deduct and 4046  
withhold Ohio income tax from the person's prize award at a rate 4047

of four per cent of the amount won ~~and shall deduct and withhold~~ 4048  
~~municipal income tax from the person's winnings at the rate of tax~~ 4049  
~~of the municipal corporation in which the video lottery terminal~~ 4050  
~~facility is located.~~ The lottery sales agent shall issue, to a 4051  
person from whose prize award an amount has been deducted or 4052  
withheld, a receipt for the amount deducted and withheld, and also 4053  
shall obtain from the person additional information that will be 4054  
necessary for the lottery sales agent to prepare the returns 4055  
required by this section. 4056

(C) Amounts deducted and withheld by a lottery sales agent 4057  
are held in trust for the benefit of the state ~~and municipal~~ 4058  
~~corporations, as applicable.~~ 4059

(1) On or before the tenth day of each month, the lottery 4060  
sales agent shall file a return electronically with the tax 4061  
commissioner ~~and the tax administrator of the municipal~~ 4062  
~~corporation, as applicable,~~ identifying the persons from whose 4063  
prize awards amounts were deducted and withheld, the amount of 4064  
each such deduction and withholding during the preceding month, 4065  
the amount of the prize award from which each such amount was 4066  
withheld, and any other information required by the commissioner 4067  
~~and the tax administrator of the municipal corporation, as~~ 4068  
~~applicable.~~ With the return, the lottery sales agent shall remit 4069  
electronically to the commissioner ~~and the tax administrator of~~ 4070  
~~the municipal corporation, as applicable,~~ all the amounts deducted 4071  
and withheld during the preceding month. 4072

(2) A lottery sales agent shall maintain a record of all 4073  
receipts issued under division (B) of this section and shall make 4074  
those records available to the commissioner ~~and the tax~~ 4075  
~~administrator of the municipal corporation, as applicable,~~ upon 4076  
request. Such records shall be maintained in accordance with 4077  
section 5747.17 of the Revised Code and any rules adopted pursuant 4078  
thereto. 4079

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

(4)(a) A lottery sales agent who fails to file a return and remit the amounts deducted and withheld is personally liable for the amount deducted and withheld and not remitted. The commissioner ~~and the tax administrator of the municipal corporation, as applicable,~~ may impose a penalty of up to one thousand dollars if a return is filed late, if amounts deducted and withheld are remitted late, if a return is not filed, or if amounts deducted and withheld are not remitted. Interest accrues on past due amounts deducted and withheld at the rate prescribed in section 5703.47 of the Revised Code. The commissioner ~~and the tax administrator of the municipal corporation, as applicable,~~ may collect past due amounts deducted and withheld and penalties and interest thereon by assessment under section 5747.13 of the Revised Code as if they were income taxes collected by an employer.

(b) If a lottery sales agent ceases to operate video lottery terminals, the amounts deducted and withheld and any penalties and interest thereon are immediately due and payable. A successor of the lottery sales agent that purchases the video lottery terminals from the agent shall withhold an amount of the purchase money that is sufficient to cover the amounts deducted and withheld and

penalties and interest thereon until the predecessor lottery sales agent produces either a receipt from the tax commissioner ~~and the tax administrator of the municipal corporation, as applicable,~~ showing that the amounts deducted and withheld and penalties and interest thereon have been paid or a certificate from the commissioner ~~and the tax administrator of the municipal corporation, as applicable,~~ indicating that no amounts deducted and withheld or penalties and interest thereon are due. If the successor fails to withhold purchase money, the successor is personally liable for payment of the amounts deducted and withheld and penalties and interest thereon, up to the amount of the purchase money.

(D)(1) Annually, on or before the thirty-first day of January, a lottery sales agent shall issue an information return to each person with respect to whom an amount has been deducted and withheld during the preceding calendar year. The information return shall show the total amount deducted from the person's prize award by the lottery sales agent during the preceding year.

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

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

(F) The failure of a lottery sales agent to deduct and withhold the required amount from a person's prize award does not

relieve the person from liability for the tax imposed by section 4144  
5747.02 of the Revised Code with respect to that income. 4145  
Compliance with this section does not relieve a lottery sales 4146  
agent or a person who has a prize award from compliance with 4147  
relevant provisions of federal tax laws. 4148

(G) The commissioner ~~and the tax administrator of the~~ 4149  
~~municipal corporation, as applicable,~~ shall prescribe the form of 4150  
the receipt and returns required by this section and ~~the~~ 4151  
~~commissioner~~ may promulgate any rules necessary to administer the 4152  
section. 4153

(H) The requirements imposed under this section are in 4154  
addition to the municipal income tax withholding requirements 4155  
under section 718.031 of the Revised Code. 4156

**Sec. 5747.50.** (A) As used in this section: 4157

(1) "County's proportionate share of the calendar year 2007 4158  
LGF and LGRAF distributions" means the percentage computed for the 4159  
county under division (B)(1)(a) of section 5747.501 of the Revised 4160  
Code. 4161

(2) "County's proportionate share of the total amount of the 4162  
local government fund additional revenue formula" means each 4163  
county's proportionate share of the state's population as 4164  
determined for and certified to the county for distributions to be 4165  
made during the current calendar year under division (B)(2)(a) of 4166  
section 5747.501 of the Revised Code. If prior to the first day of 4167  
January of the current calendar year the federal government has 4168  
issued a revision to the population figures reflected in the 4169  
estimate produced pursuant to division (B)(2)(a) of section 4170  
5747.501 of the Revised Code, such revised population figures 4171  
shall be used for making the distributions during the current 4172  
calendar year. 4173

(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:

(a) The total amount available for distribution to counties from the local government fund during the current month.

(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.

(4) "Local government fund additional revenue distribution base available during that month" means the total amount available for distribution to counties during the month from the local government fund, less any amounts to be distributed in that month from the local government fund under division (B)(1) of this section, provided that the local government fund additional revenue distribution base available during that month shall not be less than zero.

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

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

(1) The county's proportionate share of the calendar year 2007 LGF and LGRAF distributions multiplied by the 2007 LGF and LGRAF county distribution base available in that month, provided that if the 2007 LGF and LGRAF county distribution base available



in that month is zero, no payment shall be made under division 4205  
(B)(1) of this section for the month or the remainder of the 4206  
calendar year; and 4207

(2) The county's proportionate share of the total amount of 4208  
the local government fund additional revenue formula multiplied by 4209  
the local government fund additional revenue distribution base 4210  
available during that month. 4211

Money received into the treasury of a county under this 4212  
division shall be credited to the undivided local government fund 4213  
in the treasury of the county on or before the fifteenth day of 4214  
each month. On or before the twentieth day of each month, the 4215  
county auditor shall issue warrants against all of the undivided 4216  
local government fund in the county treasury in the respective 4217  
amounts allowed as provided in section 5747.51 of the Revised 4218  
Code, and the treasurer shall distribute and pay such sums to the 4219  
subdivision therein. 4220

(C)(1) As used in division (C) of this section: 4221

(a) "Total amount available for distribution to 4222  
municipalities during the current month" means the product 4223  
obtained by multiplying the total amount available for 4224  
distribution from the local government fund during the current 4225  
month by the aggregate municipal share. 4226

(b) "Aggregate municipal share" means the quotient obtained 4227  
by dividing the total amount distributed directly from the local 4228  
government fund to municipal corporations during calendar year 4229  
2007 by the total distributions from the local government fund and 4230  
local government revenue assistance fund during calendar year 4231  
2007. 4232

(2) On or before the tenth day of each month, the tax 4233  
commissioner shall provide for payment from the local government 4234  
fund to each municipal corporation an amount equal to the product 4235

derived by multiplying the municipal corporation's percentage of 4236  
the total amount distributed to all such municipal corporations 4237  
under this division during calendar year 2007 by the total amount 4238  
available for distribution to municipal corporations during the 4239  
current month. 4240

(3) Payments received by a municipal corporation under this 4241  
division shall be paid into its general fund and may be used for 4242  
any lawful purpose. 4243

(4) The amount distributed to municipal corporations under 4244  
this division during any calendar year shall not exceed the amount 4245  
distributed directly from the local government fund to municipal 4246  
corporations during calendar year 2007. If that maximum amount is 4247  
reached during any month, distributions to municipal corporations 4248  
in that month shall be as provided in divisions (C)(1) and (2) of 4249  
this section, but no further distributions shall be made to 4250  
municipal corporations under division (C) of this section during 4251  
the remainder of the calendar year. 4252

(5) Upon being informed of a municipal corporation's 4253  
dissolution, the tax commissioner shall cease providing for 4254  
payments to that municipal corporation under division (C) of this 4255  
section. The proportionate shares of the total amount available 4256  
for distribution to each of the remaining municipal corporations 4257  
under this division shall be increased on a pro rata basis. 4258

(D) Each municipal corporation which has in effect a tax 4259  
imposed under Chapter 718. of the Revised Code shall, no later 4260  
than the thirty-first day of August of each year, certify to the 4261  
tax commissioner, on a form prescribed by the commissioner, the 4262  
~~total~~ amount of income ~~taxes~~ tax revenue collected and refunded by 4263  
such municipal corporation pursuant to such chapter during the 4264  
preceding calendar year, arranged by the type of income from which 4265  
the revenue was collected or the refund was issued. The municipal 4266  
corporation shall also report the amount of income tax revenue 4267

collected and refunded on behalf of a joint economic development 4268  
district or a joint economic development zone that levies an 4269  
income tax administered by the municipal corporation and the 4270  
amount of such revenue distributed to contracting parties during 4271  
the preceding calendar year. The tax commissioner may withhold 4272  
payment of local government fund moneys pursuant to division (C) 4273  
of this section from any municipal corporation for failure to 4274  
comply with this reporting requirement. 4275

**Sec. 5751.07.** (A) Any person required to file returns under 4276  
this chapter shall remit each tax payment, and, if required by the 4277  
tax commissioner, file the tax return or the annual report, 4278  
electronically. The commissioner may require taxpayers to use the 4279  
Ohio business gateway as defined in section ~~718.051~~ 718.01 of the 4280  
Revised Code to file returns and remit the tax, or may provide 4281  
another means for taxpayers to file and remit the tax 4282  
electronically. 4283

(B) A person required by this section to remit taxes or file 4284  
returns electronically may apply to the tax commissioner, on the 4285  
form prescribed by the commissioner, to be excused from that 4286  
requirement. The commissioner may excuse a person from the 4287  
requirements of this division for good cause. 4288

(C)(1) If a person required to remit taxes or file a return 4289  
electronically under this section fails to do so, the commissioner 4290  
may impose a penalty not to exceed the following: 4291

(a) For either of the first two tax periods the person so 4292  
fails, the greater of twenty-five dollars or five per cent of the 4293  
amount of the payment that was required to be remitted; 4294

(b) For the third and any subsequent tax periods the person 4295  
so fails, the greater of fifty dollars or ten per cent of the 4296  
amount of the payment that was required to be remitted. 4297

(2) The penalty imposed under division (C)(1) of this section 4298  
is in addition to any other penalty imposed under this chapter and 4299  
shall be considered as revenue arising from the tax imposed under 4300  
this chapter. A penalty may be collected by assessment in the 4301  
manner prescribed by section 5751.09 of the Revised Code. The tax 4302  
commissioner may abate all or a portion of such a penalty. 4303

(D) The tax commissioner may adopt rules necessary to 4304  
administer this section. 4305

**Section 2.** That existing sections 709.023, 718.02, 718.03, 4306  
718.04, 718.051, 718.07, 718.09, 718.10, 718.11, 718.121, 718.13, 4307  
5703.059, 5703.57, 5717.011, 5717.03, 5739.12, 5739.124, 5741.122, 4308  
5747.063, 5747.064, 5747.50, and 5751.07 and sections 718.01, 4309  
718.011, 718.041, 718.05, 718.06, 718.08, 718.12, and 718.14 of 4310  
the Revised Code are hereby repealed. 4311

**Section 3.** That the version of section 5703.02 of the Revised 4312  
Code that is scheduled to take effect January 1, 2015, be amended 4313  
to read as follows: 4314

**Sec. 5703.02.** There is hereby created the board of tax 4315  
appeals, which shall exercise the following powers and perform the 4316  
following duties: 4317

(A) Exercise the authority provided by law to hear and 4318  
determine all appeals of questions of law and fact arising under 4319  
the tax laws of this state in appeals from decisions, orders, 4320  
determinations, or actions of any tax administrative agency 4321  
established by the law of this state, including but not limited to 4322  
appeals from: 4323

(1) Actions of county budget commissions; 4324

(2) Decisions of county boards of revision; 4325

(3) Actions of any assessing officer or other public official 4326

under the tax laws of this state;	4327
(4) Final determinations by the tax commissioner of any preliminary, amended, or final tax assessments, reassessments, valuations, determinations, findings, computations, or orders made by the tax commissioner;	4328 4329 4330 4331
(5) Adoption and promulgation of rules of the tax commissioner.	4332 4333
(B) Appoint a secretary of the board of tax appeals, who shall serve in the unclassified civil service at the pleasure of the board, and any other employees as are necessary in the exercise of the powers and the performance of the duties and functions that the board is by law authorized and required to exercise, and prescribe the duties of all employees, and to fix their compensation as provided by law;	4334 4335 4336 4337 4338 4339 4340
(C) Maintain a journal, which shall be open to public inspection and in which the secretary shall keep a record of all of the proceedings and the vote of each of its members upon every action taken by it;	4341 4342 4343 4344
(D) Adopt and promulgate, in the manner provided by section 5703.14 of the Revised Code, and enforce all rules relating to the procedure of the board in hearing appeals it has the authority or duty to hear, and to the procedure of officers or employees whom the board may appoint; provided that section 5703.13 of the Revised Code shall apply to and govern the procedure of the board. Such rules shall include, but need not be limited to, the following:	4345 4346 4347 4348 4349 4350 4351 4352
(1) Rules governing the creation and implementation of a mediation program, including procedures for requesting, requiring participation in, objecting to, and conducting a mediation;	4353 4354 4355
(2) Rules requiring the tax commissioner, county boards of revision, and <del>municipal</del> <u>local</u> boards of <del>appeal</del> <u>tax review</u> created	4356 4357

under section 718.11 of the Revised Code to electronically file 4358  
any transcript required to be filed with the board of tax appeals, 4359  
and instructions and procedures for the electronic filing of such 4360  
transcripts. 4361

(3) Rules establishing procedures to control and manage 4362  
appeals filed with the board. The procedures shall include, but 4363  
not be limited to, the establishment of a case management schedule 4364  
that shall include expected dates related to discovery deadlines, 4365  
disclosure of evidence, pre-hearing motions, and the hearing, and 4366  
other case management issues considered appropriate. 4367

**Section 4.** That the existing version of section 5703.02 of 4368  
the Revised Code that is scheduled to take effect January 1, 2015, 4369  
is hereby repealed. 4370

**Section 5.** Sections 3 and 4 of this act take effect on 4371  
January 1, 2015. 4372

**Section 6.** This act applies to municipal taxable years 4373  
beginning on or after January 1, 2015. For municipal taxable years 4374  
beginning before January 1, 2015, tax administrators may continue 4375  
to administer, audit, and enforce the income tax of a municipal 4376  
corporation under Chapter 718. and ordinances and resolutions of 4377  
the municipal corporation as that chapter and those ordinances and 4378  
resolutions existed before January 1, 2015. 4379

**Section 7.** (A) There is hereby created the Municipal Income 4380  
Tax Net Operating Loss Review Committee for the purpose of 4381  
evaluating and quantifying the potential fiscal impact to 4382  
municipal corporations levying an income tax requiring such 4383  
municipal corporations to allow taxpayers to carry forward net 4384  
operating losses for five years. The Committee is a public body 4385  
for the purposes of section 121.22 of the Revised Code. 4386

(B) The Committee shall be composed of the following members:	4387
(1) Two members of the House of Representatives who are not of the same political party, appointed by the Speaker of the House of Representatives;	4388 4389 4390
(2) Two members of the Senate who are not of the same political party, appointed by the President of the Senate;	4391 4392
(3) Three members representing municipal income taxpayers, appointed by the Speaker of the House of Representatives;	4393 4394
(4) Three members representing municipal corporations that levy an income tax in calendar year 2015, appointed by the President of the Senate;	4395 4396 4397
(5) One member appointed by the Governor, who shall serve as the chairperson of the Committee.	4398 4399
The appointing authorities shall appoint members of the Committee not later than March 1, 2014. An appointed member shall serve until the member resigns or is removed by the member's appointing authority. Vacancies shall be filled in the same manner as original appointments. A vacancy on the committee does not impair the right of the other members to exercise all the functions of the Committee.	4400 4401 4402 4403 4404 4405 4406
The Committee shall meet for the first time on or before March 1, 2014. Thereafter, the Committee shall meet at the call of the chairperson. The presence of a majority of the members of the Committee constitutes a quorum for the conduct of business of the Committee. The concurrence of at least a majority of the members of the Committee is necessary to approve the report issued by the Committee under division (E) of this section. Members of the Committee shall not be compensated or reimbursed for members' expenses.	4407 4408 4409 4410 4411 4412 4413 4414 4415
(C) On or before July 1, 2014, the Committee shall prescribe	4416

a method that municipal corporations shall use to estimate the 4417  
difference between the municipal corporation's actual or projected 4418  
municipal income tax revenue in 2012, 2013, 2014, 2015, 2016, 4419  
2017, and 2018 and the actual or projected municipal income tax 4420  
revenue that would have resulted in each of those years if the 4421  
municipal corporation allowed net operating loss to be carried 4422  
forward for five years for losses incurred in 2011, 2012, and 4423  
2013. 4424

(D) On or before December 31, 2014, each municipal 4425  
corporation that levies an income tax in 2011, 2012, or 2013 shall 4426  
report to the Municipal Income Tax Net Operating Loss Review 4427  
Committee the difference between the municipal corporation's 4428  
actual or projected municipal income tax revenue in 2012, 2013, 4429  
2014, 2015, 2016, 2017, and 2018 and the actual or projected 4430  
municipal income tax revenue that would have resulted in each of 4431  
those years if the municipal corporation allowed net operating 4432  
loss to be carried forward for five years for losses incurred in 4433  
2011, 2012, and 2013, as estimated by the method prescribed by the 4434  
Committee under division (C) of this section. 4435

(E) If the Municipal Income Tax Net Operating Loss Review 4436  
Committee receives reports from a representative sample, then the 4437  
Committee shall review the information reported by municipal 4438  
corporations under division (D) of this section and calculate the 4439  
total of the revenue effects reported by such municipal 4440  
corporations. On or before May 1, 2015, the Committee shall issue 4441  
a written report to the Speaker and Minority Leader of the House 4442  
of Representatives and the President and Minority Leader of the 4443  
Senate reporting the Committee's findings and estimated revenue 4444  
impact of requiring municipal corporations levying an income tax 4445  
to allow net operating loss to be carried forward for five years. 4446  
The report shall contain recommendations to address revenue 4447  
shortfalls, which may include, but which shall not be limited to, 4448



the use of supplemental funds from the Local Government Fund to 4449  
mitigate those shortfalls. 4450

(F) Nothing in this section delays or otherwise affects the 4451  
taxable years to which division (E)(8) of section 718.01 of the 4452  
Revised Code, as enacted by this act, apply as prescribed in that 4453  
division. 4454

(G) The Municipal Income Tax Net Operating Loss Review 4455  
Committee shall cease to exist on May 1, 2015. 4456

(H) As used in this section, "representative sample" includes 4457  
the cities of Cleveland and Columbus, five cities or villages with 4458  
a higher ratio of business taxpayers to resident individual 4459  
taxpayers relative to the state average, and five cities or 4460  
villages with a higher ratio of resident individual taxpayers to 4461  
business taxpayers relative to the state average. 4462